Downsizing at the U.S. General Accounting Office

Personnel Appeals Board

Office of EEO Oversight

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A. History

In 1995, Congress sent a legislative branch appropriations bill to the President, which he signed, that reduced the fiscal year 1996 budget of the U.S. General Accounting Office (GAO) by 15 percent. At the same time, Congress indicated that it would be calling for an additional 10 percent reduction in GAO's budget for fiscal year 1997. In order to accommodate those reductions, GAO determined that it would have to trim its workforce from the fiscal year 1995 level of approximately 4,350 employees[1] to 3,500 employees (a loss of 850 positions) by the beginning of fiscal year 1997.[2] The Comptroller General created a team of senior managers and executives and charged it with developing a plan for accomplishing the reductions. The team, headed by the Special Assistant to the Comptroller General, was comprised of five Assistant Comptroller Generals, an Associate General Counsel, the manager of a regional office, a Director in NSIAD, the Director of the Personnel Office, a deputy to an Assistant Comptroller General, and a representative from the Office of Congressional Relations. The team's recommendations called for closing certain field offices,[3] reducing administrative, technical, and support positions (APSS) through a reduction-in-force (RIF), transferring agency functions, and offering employees buyouts and the option of retiring early.[4] In making those recommendations, the Budget Reduction Team created a framework for a target workforce of 3,500 employees. Within that framework, the team envisioned a structure for the agency with 2,000 employees in headquarters; 1,000 in field offices; and 500 in support positions and staff offices. Deciding which field offices to close was determined by a number of factors such as proximity to headquarters, cost, issue area considerations, and federal expenditure by region.

[1]GAO began reducing its staff in 1992 when it had approximately 5,300 employees on board. The reduction was accomplished through a hiring freeze, which was still in effect at the end of FY 96, a 1993 buyout and separation incentives program, and normal attrition. More than 400 employees took advantage of the buyout and separation incentives.

[2]Nearly 80 percent of GAO's budget is consumed by salaries and personnel-related costs. Statement of John H. Luke, Deputy Assistant Comptroller General for Human Resources, GAO, before the Subcommittee on Civil Service, Committee on Government Reform and Oversight, House of Representatives (May 23, 1996).

[3]In 1993, Congress directed GAO to streamline its field office structure. Because the closings that resulted from that directive were not related to downsizing, they were not included. Field office closings addressed in this report are Cincinnati, Detroit, and New York. The downsizing team concluded that staff from the closed field offices should not be permitted to transfer to other GAO offices. The team noted that, in prior office closing situations, as many as 50 percent of the affected employees relocated within GAO and if that occurred, it would be inconsistent with downsizing goals.

[4]In late spring of 1995, GAO sought and received congressional approval to offer a buyout, which meant that the agency would pay any employees who separated before September 30, 1995, their severance allowance or $25,000, whichever was the lower amount. In addition, the Office of Personnel Management (OPM) approved GAO's offering of early retirements through September 30, 1995, to employees who were at least 50 years old and had 20 years of service or who had 25 years of service, regardless of age.

According to Deputy Assistant Comptroller General for Human Resources John H. Luke, the decision to reduce APSS staff by 350 was fueled by the sweeping changes in the agency's support needs in recent years, such as installation of an agency-wide LAN, the availability of voice mail and e-mail, and increased desktop publishing capability.[5] In July 1995, the team sent its recommendations to the Comptroller General who approved them. At that time, the separation incentive programs were underway with 393 employees voluntarily leaving GAO before the September 30, 1995 deadline for the buyout and early retirement offers. In November 1995, GAO closed the New York, Cincinnati, and Detroit field offices, resulting in the separations of 205 employees. More than half of the field employees were RIFed; the remainder, resigned, retired, or transferred to another Federal agency.

The third phase of the staff reductions began in April 1996, when the agency issued RIF notices to 154 employees (143 separations; 11 downgrades/reassignments). Prior to issuance of the notices, the agency petitioned Congress for the authority to develop its own RIF regulations which it deemed necessary in order to minimize disruption to ongoing work and to promote efficiency. Congress acceded to GAO's request and a draft RIF order was prepared and circulated for comment. The final order, issued late in February 1996, differed in five significant areas from executive branch regulations on the subject: (1) it separated GAO employees by pay system (four tiers) rather than by GS level; (2) it left to management discretion whether to place employees with RIF notices on administrative leave; (3) it grouped permanent full-time and part-time employees together rather than maintaining them on separate registers;[6] , (4) it allowed the deferral of the effective date of a RIF for RIFed employees who were within one year of retirement eligibility instead of mandating instant separations, and (5) it provided employees the option to offer to be released by RIF action without regard to retention standing. The GAO order also added credit for performance, parallelling executive branch retention order criteria. In addition, at the request of GAO, Congress rescinded the Personnel Appeals Board's authority to stay a RIF action pending an appeal.[7] Most of the RIF-related separations became final in

[5]Letter from John H. Luke to M. Gail Gerebenics, PAB's Co-Director of EEO Oversight (March 14, 1997).

[6]The suggestion to place part-time and full-time employees on the same retention register was made by the Board's Office of General Counsel as one of the number of comments it offered when the draft order was circulated.

[7]In amendments to the GAOPA, passed on November 19, 1995, 31 U.S.C. §753(b) was added, stating that "The Board has no authority to issue a stay of any reduction in force action." The Board opposed the change to the statute.

June, 1996. During that same month, 37 employees from GAO's claims unit relocated in the executive branch when the claims function, which GAO had performed since 1921, was transferred to four executive branch agencies.[8] During the 15 months of the staff reductions, normal attrition also occurred with 171 employees leaving the agency for a variety of reasons. By the end of the core 15 month period of downsizing, a total of 905 employees separated from the agency.

B. PAB Processing of RIF Cases

Prior to the issuance of any RIF notices, the Board reviewed its own regulations to determine whether the upcoming RIF warranted any changes in Board procedures. In interim regulations published in March 1996, the Board decided to revise its regulations to streamline, at the employee's option, the procedure for filing an appeal from a separation from employment resulting from a RIF action. The new provisions were published on an interim basis to allow for comment from employees and agency officials. They amended PAB regulations to give employees who lose their jobs through a RIF the additional option of filing an appeal directly with the Board, without first obtaining a right to appeal letter from the PAB Office of General Counsel (PAB/OGC). An employee may challenge a RIF-based separation by filing an appeal with the Clerk of the Board within 30 days after the effective date of the RIF action. Individuals subject to the new provisions may, nonetheless, choose to follow the PAB's normal process, by filing a charge with the PAB/OGC. That office investigates the charges and, if it finds reasonable grounds to believe that the employee's rights have been violated, represents the individual before the PAB unless the employee elects not to be represented. If the PAB/OGC does not find reasonable grounds to believe that a violation has occurred, the employee may still pursue the matter, *pro se* or through private counsel, before the Board after the PAB/OGC issues a right to appeal letter.

In July, after the period to allow for comments had expired and the comments had been reviewed and considered, the Board issued its final regulations that, for the most part, followed the interim regulations. In finalizing the regulations, the PAB clarified that in RIF-based termination cases involving EEO allegations, an individual may pursue his or her claim on an expedited basis by filing directly with the Board, bypassing both the agency's Civil Rights Office and the PAB/OGC.

[8]The GAO employees were re-assigned to the General Services Administration Board of Contract Appeals, the Office of Personnel Management, the Department of Defense Office of Hearings and Appeals, and the Treasury Department. See, The Legislative Branch Appropriations Act of 1996, P.L. 104-53, 109 Stat. 514, 535.

A. Objectives

In conducting this study, the PAB's objectives were: (1) To determine the overall impact of GAO's downsizing on the agency's EEO profile; and (2) to evaluate whether there is any statistical indication that race, sex, national origin, disability or age played a role in who was separated during the downsizing process.

B. Methodology

In order to determine the overall impact of downsizing on GAO's EEO profile, a comparison was drawn between the agency's profile as of June 1995, before downsizing began, with its profile in 1996, after downsizing was completed. For each date, a profile of the agency was prepared showing the total number of employees in each of the following EEO categories: White, Black, Hispanic, Asian and other. The profiles also indicate the make-up of the agency on each of the two dates by gender, age, and disability. Finally, the EEO information about the agency was broken down by job and grade categories, and by divisions and offices. In order to evaluate whether EEO status was a factor in who was separated during downsizing, the Board compared the representation of each EEO group among those separated with the representation of that group within the agency before downsizing began. The Board sought to determine whether any group appears to be disproportionately represented among those separated. In making these comparisons, the Board looked at the same EEO, occupational and organizational categories as are detailed above. Finally, all separations occurring during the downsizing period were studied, as were the separations occurring as a result of each different downsizing technique.

C. PAB Study

The Board's study focuses on the equal employment opportunity (EEO) implications of the downsizing activity that occurred between July 1, 1995 and September 30, 1996, a period that encompassed the buyout and early retirement offers, three field office closings, and the reduction-in-force conducted at headquarters. The Board is conducting this study pursuant to the authority granted to it under the GAO Personnel Act of 1980 which directs the Board to oversee equal employment at GAO through review and evaluation of GAO's procedures and practices.[9]

[9] 31 U.S.C. §732(f)(2)(A); See applicable regulations at 4 C.F.R. §§28.91 and 28.92.

Downsizing Figures

The agency's downsizing changed the EEO profile of the GAO workforce very little. The chart below shows the actual figures and workforce percentages for each EEO category:[10]

GAO Workforce	Before Downsizing	After Downsizing
White Male	1927 (44%)	1554 (44.94%)
White Female	1174 (26.8%)	940 (27.18%)
Black Male	244 (5.58%)	191 (5.52%)
Black Female	712 (16.26%)	513 (14.84%)
Hispanic Male	96 (2.2%)	76 (2.20%)
Hispanic Female	70 (1.6%)	53 (1.53%)
Asian Male	61 (1.4%)	52 (1.5%)
Asian Female	83 (1.9%)	71 (2.05%)
Other Male	4 (.10%)	3 (.09%)
Other Female	8 (.18%)	5 (.14%)

GAO Workforce	Before Downsizing	After Downsizing
AGE		
Under 40	1563 (35.7%)	1059 (30.62%)
40 & over	2816 (64.3%)	2399 (69.38%)
FEMALE		
Under 40	1014 (49.5%)	680 (43%)
40 & over	1033 (50.46%)	902 (57%)
MALE		
Under 40	549 (23.54%)	379 (20.2%)
40 & over	1783 (76.46%)	1497 (79.8%)

During the core quarter of the agency-wide RIF (April 1, 1996 through June 30, 1996), a total of 229 employees left the agency. Of those, 143 received RIF notices; 112 were ultimately RIFed. EEO data on that quarter follow:

[10]The figures for employees with severe disabilities hardly varied: 1.34% (59 employees) prior to downsizing and 1.27% (44 employees) after; for employees with non-severe disabilities 3.8% (166 employees) before and 3.5% (122 employees) after.

Reasons for Termination (Core Quarter)

	Male	Female
Resignation	14	7
Buyout (delayed)	6	5
Full retirement	3	2
Termination/removal	1	1
Left for another Federal agency	15	27
Expiration of appointment	14	8
Involuntary termination (RIF)	25	87
Resignation - ILIA	2	12
	80	**149**

Of the 229 employees who separated from the agency during the core quarter, 124 were 40 years old or under; of those, 75 were RIFed. Females 40 and under made up 22 percent of the GAO workforce prior to the RIF and constituted 52.5 percent of those RIFed. Males 40 and under made up 12.2 percent of the workforce and were 14 percent of those RIFed. In the 41 and over group, 25 percent of those RIFed were female, consistent with their representation in the workforce at GAO. In the same group, 8 percent of those RIFed were 41 or over and male; they constituted nearly 41 percent of the GAO workforce.

Of the 149 females who separated from the agency during the core quarter, 101 were black, 43 were white, 3 were Asian, and 2 were Hispanic. Of the 80 males who separated from GAO, 18 were black, 59 were white, 2 were Asian, and 1 was Hispanic. Prior to the RIF, black females constituted 16.26 percent of the GAO population; 58 percent (65) of the 112 employees who were RIFed in June 1996 were black females. Black males made up 5.58 percent of the GAO workforce and were 10.7 percent of those RIFed. White males constituted 44 percent of the agency prior to the RIF and constituted 9.8 percent of those RIFed. A total of nine employees with disabilities separated from the agency during this time period. Of the 112 employees who were RIFed, three had non-severe disabilities and two had severe disabilities, numbers too small to be of statistical significance. Prior to the RIF, employees with severe disabilities made up 1.3 percent of the agency; employees with non-severe disabilities constituted 3.5 percent. Seventy-three percent of the RIFed employees were at grade 7 or below; prior to the RIF, they constituted approximately 8 percent of the workforce.

[11]ILIA — In Lieu of Involuntary Action. Fourteen employees voluntarily resigned prior to the issuance of RIF notices, waiving their retention and assignment rights.

Reasons for Leaving the Agency by Grade/Pay Plan During the 15 Month Downsizing (Includes Field Office Closings).

Grade/Pay plan	1-7	8-10	11-14	15	Bands 1D & 1F	Band II	Band III
Resign and/or Buyout	13.87%	8.8%	7.7%	1.4%	27%	31.7%	9.6%
Voluntary Retirement	13.6%	8.1%	6.4%	3.6%	10%	40%	18.2%
Other Federal Employment	14.3%	22.6%	29.8%	3.6%	11.9%	15.4%	2.4%
Expiration of Appointment	95.7%		2.1%	2.1%			
RIF	42.2%	6.5%	9.1%		17.2%	23.7%	1.3%

Summaries

Studies of Executive Branch downsizing by the Office of Personnel Management and GAO concluded that recent rounds of downsizing, which relied more heavily on separation incentives than RIFs, did not adversely affect workforce diversity.[12] According to the studies, the use of buyouts actually increased the percentages of women and minorities in the Federal workforce. The primary reason underlying that conclusion reached by the authors of the GAO study was that the percentage of males and white employees taking advantage of the buyouts was higher than their representation in the workforce. The authors also noted that women and minorities generally do not fare as well in a RIF situation as they tend to rank lower on the retention registers when seniority and military veteran status are factors. In cases in which reductions-in-force are used sparingly, recent diversity gains are preserved. In addition, the GAO study found that 72 percent of Executive Branch buyouts went to employees who retired, albeit some of them early. The GAO experience with the separation incentives and the RIF was noticeably similar to that of the Executive Branch. After the separation incentives, RIFs, office closings, and attrition that occurred during the 15 month period, a look at the agency's profile shows that the percentage of white females increased by less than a percentage point and the overall percentage of females decreased by a percentage point. The percentage of minority employees at GAO after downsizing decreased by slightly more than one percentage point. Of the nearly 400 employees who left the agency during the time period when the separation incentive program offers were extant, nearly 74 percent were 41 years old or more; 72.5 percent were white; 57 percent were male; and 31 percent were Band II employees, the largest representation in any wage group.[13] The buyout attracted older employees as 73.5 percent of those taking the buyout were 51 years old or older whereas only 3 percent of the employees who were RIFed were in that age category. In fact, 55 percent of the RIFed employees were 40 years old or younger although they constituted 35 percent of the workforce. Sixty-two percent were female (43 percent of the workforce) and 32 percent were minority.

At GAO, black females under the age of 40 constituted the largest percentages of employees who were RIFed in the general reduction-in-force that followed the closings of the field offices. Prior to the RIF, black females constituted 16.26 percent of the GAO population; 58 percent of the employees who were RIFed in June were black females.

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[12]Federal Downsizing, (GAO/GGD-96-62, Aug. 26, 1996).

[13]These figures do not include the 195 employees separated during the closings of the New York, Cincinnati, and Detroit regional offices.

Success at downsizing requires strategic planning that allows the agency to minimize disruption while maintaining production and skill levels. Management at GAO used several different tools to achieve its downsizing goals and by doing so, also managed to preserve a markedly similar EEO profile before and after the downsizing. In order to be able to continue to carry out its mission, however, the agency decided that the deep cuts would be taken at the administrative and support levels and that decision did have EEO implications. Eleven percent of the employees who took advantage of the separation incentives were in grades 4 through 7; 73 percent of the RIFed employees were at grade 7 or below. Those grades accounted for 8 percent of the workforce just prior to the RIF and were 73 percent minority.

Of the 395 employees who left the agency during the quarter that the separation incentives were offered, 298 (75 percent) of them were evaluators, senior staff, SES or in grades GS-13 and higher. Those categories of employees were, taken as a whole, more than 80 percent white.

According to John Luke, Assistant Comptroller General for Human Resources, the agency was cognizant of the fact that an APSS RIF would likely have a disproportionate impact on African-Americans and females at the agency as they made up the majority of the APSS population.[14] He notes that the agency took a number of steps to minimize the number of RIFS, including allowing staff to volunteer to be RIFed and monitoring attrition on a daily basis. Both measures ultimately reduced the number of RIFS as more than a dozen employees waived their bumping and retreating rights and normal attrition exceeded projections.

Conclusions

As has been borne out by other studies and the GAO experience, downsizing can be accomplished without adversely affecting the overall representation of women and minorities in the agency's workforce. At GAO, as in other agencies, the separation incentives (buyouts and early retirements) primarily attracted workers who were at or near retirement age. Because women and minorities constitute a group of more recent hires in the Federal government, many of them are not eligible for retirement. Consequently, the workers taking advantage of the separation incentives tend to be older white males who, by virtue of length of

[14]In response to Board questions, Mr. Luke also pointed out that, to the extent that the RIF had an impact on African-American females, it was in occupations in which they have not been underrepresented at GAO and, thus, not a concern for EEO remedial purposes.

Government service, are often in the higher or senior levels of government.

Conversely, when a RIF is necessary to meet downsizing objectives, agency officials should be cognizant of the fact that those who are most likely to be involuntarily separated are young, lower-graded minorities and females who often have neither the seniority nor military service that are among the criteria used in determining who will survive a reduction-in-force. Because GAO had of number of tools at its disposal to accomplish its downsizing goals, only a quarter of the 905 employees who separated from GAO during the 15 months of agency downsizing ultimately were RIFed.[15] Seeking and obtaining buyout and early retirement authority gave the agency a means to downsize that was more cost effective than a wide-ranging reduction-in-force and that did not adversely affect the agency's ability to carry out its mission.

While the Board notes that the overall impact of downsizing on the agency's EEO profile was negligible, the non-field related RIF, albeit fairly contained, did have EEO implications by virtue of the fact that the administrative, support and clerical job series' targeted for the RIF were predominantly female and minority. The general RIF was concentrated in those series in which there had not been historical underrepresention of minorities and females at GAO and it may have been compelled by the fact that many of the positions had been rendered obsolete or redundant due to rapid and widespread technological advances at GAO.

By striving to reduce the number of employees who ultimately had to be RIFed, the agency mitigated the overall impact of the RIF on its employees and preserved its workforce diversity.

[15]This figure includes the field office closings.

Comments

Summary of Agency's Comments

The agency agreed that the Board's report, in general, accurately reflects GAO's downsizing efforts in the 15 month period under review. The agency did, however, ask that the Board analyze the total RIF (headquarters and the three field units) rather than concentrating on the APSS RIF. A profile of the entire downsizing effort by grade and band has now been included. Because the focus of the report is the eeo implications of downsizing and the APSS RIF did have eeo ramifications, the Board's conclusions with respect to that portion of the downsizing stand.

Summary of Employee Group Comments

Six of the organizations that represent employees at GAO commented on the draft report. Most of them asked that the eeo profile data contained in the report be expanded to include field office staff affected in the downsizing and to include a breakdown by band or grade. That information is now included in the report. Several of the employee groups suggested that the Board re-open its study to analyze the agency's decision to RIF in the APSS ranks which would include a study of administrative systems and processing requirements and the availability of cross-training opportunities. Such an analysis would be beyond the scope of the Board's study which some of the groups found to be too narrow. Finally, several employee groups questioned why GAO management was interviewed for the study and employees were not. No interviews were conducted during this study. At one point, the Board sent a letter to the Deputy Assistant Comptroller General for Human Resources asking that he clarify some matters that had arisen during the course of the study. He sent a letter in response, some of which is reflected in the report.