IG-U-044

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

September 29, 1997

MEMORANDUM

TO: Commission

FROM: Inspector General Janet L. Altenhofen

SUBJECT: Inspection Report 05-97: Examination of Reported Changes in Commission Ratios of Supervisors to Employees

This inspection was initiated in response to a referral to our office in November 1995 that the Office of Operations had an excessively high number of supervisors and the supervisory ratios were wasteful. We deferred taking action on this referral since the Commission was planning a Reduction-in-Force (RIF) in January 1996 that could have had a significant impact on the ratio. The objectives of this inspection were to determine the Commission's supervisory ratios before and after the RIF, and to evaluate whether the current ratios are excessive based on existing federal policy and guidance as well as the Commission's size and operations.

We found that, as of June 1997, the Commission's supervisory ratio was 1-to-4.7 based upon the number of supervisory positions designated in accordance with definitions set forth in Federal law and regulations. This ratio is less than the government-wide ratio of 1-to-7 and far less than the 1-to-15 ratio suggested by the National Performance Review (NPR). The ratio has remained basically unchanged since 1993 and was not affected by the RIF. Most supervisors thought the current supervisory ratio was appropriate, and the NPR suggested ratio was excessive considering the nature of the Commission's operations.

The NPR also had a goal to halve the number of supervisors in five years. In approximately four years, the Commission reduced the number of supervisors from 80 to 61, significantly less than the goal. We identified very few positions that were reclassified from supervisory to non-supervisory.

The Commission and office supervisory ratios were low even though the Commission commonly uses the team concept which should enable it to have fewer supervisors according to the NPR. We believe this is primarily due to that supervisory responsibilities are often needed to justify grade levels.

We agree with the tentative plans a few supervisors had for reclassifying supervisory positions and believe a review of certain positions to verify the supervisory designations would be beneficial. However, these efforts will likely have only a minimal effect on the Commission's supervisory ratio. A real difference would require wide-scale changes such as significantly fewer divisions and/or branches, or elimination of supervisors at the branch level.

The Commission apparently intended to evaluate such changes as part of the Streamlining Plan which included planned actions to review and assess possible reorganization plans and other initiatives to achieve adequate and effective supervisor to employee ratios. If the Commission did an evaluation and decided to restructure the organization, the changes should be reflected in different reporting and oversight responsibilities for staff, and not simply be a paperwork exercise designed to achieve a larger span of control.

Scope

This inspection was conducted from June through September 1997. We interviewed staff in the Office of Personnel concerning definitions of and statistics on supervisors and to review position descriptions. We interviewed 30 of the 59 employees identified as supervisors as of June 24, 1997, for their opinions on the Commission's organizational structure and supervisory ratios. The supervisors included office directors, division directors, and branch chiefs from the Offices of the Secretary, External Relations, General Counsel (OGC), Operations, Economics (EC), Industries, Information Services (OIS), Investigations, Tariff Affairs and Trade Agreements (TATA), Unfair Import Investigations (OUII), Administration, Finance and Budget (OFB), and Management Services (OMS).

We contacted multiple organizations for guidance and information relating to supervisory ratios. These included: the Office of Management and Budget (OMB); the Executive Office of the President; the U.S. Office of Personnel Management (OPM); the U.S. Department of Labor, Bureau of Labor Statistics; and the U.S. Department of Commerce, Office of Federal Statistical Policy and Standards.

We reviewed the following documents for guidance: Title 5, U.S.C. 7103; OMB Circulars No. A-11, Budget Preparation; the OPM General Schedule Supervisory Guide; the Federal Personnel Manual Supplement 292-1, Data Element Standards; the Bureau of Labor Statistics' Occupational Outlook Handbook and Occupational Employment Statistics; the Department of Commerce's Standard Occupational Classification Manual; President Clinton's memorandum "Streamlining the Bureaucracy" dated September 11,1993; and various NPR reports. We also reviewed the Commission's Streamlining Plan and a Comparative Staffing Study.

Background

As of June 21, 1997, the Commission had 347.5 funded permanent positions, of which 336.5 were filled, excluding the Commissioners, who were designated as supervisors, and their staff were not included in the statistics for this report.

Of the funded permanent positions, 61 were classified as supervisors. According to OPM's automated Central Personnel Data File (CPDF), as of June 24, 1997, 59 of the filled positions were supervisors. The Chief of the Budget Division was not listed in the CPDF, but was classified as a supervisor on the position description. The Office of Personnel said that the position description was properly marked, and there apparently is an error in the CPDF which will be corrected. Of the eleven vacant positions, the Director of Economics was supervisory.

Nearly all office directors, division chiefs, and branch chiefs were supervisory positions as shown on Figures 1 and 1a. A few organizational entities had no supervisory positions (positions in red), and some supervisors were not the head of an entity (positions in blue). The Director of Personnel said that the significant determination is whether the employee is supervising at least one employee, regardless of being associated with an organizational entity. Therefore, the EEO Director and Trade Remedy Assistance Officer are the heads of an organizational entity but do not qualify as supervisors. Conversely, employees who are not the head of an organizational entity can qualify as a supervisor if they are responsible for at least one employee, such as the Offset Duplicating Press Supervisor in OMS.

The Commission had 18 offices, 23 divisions, and 16 branches at the time of our review, as shown in Figures 2 and 2a. Commission policy does not address establishing organizational entities. The mission and function statements only address offices.

Official data on the number of employees reporting to the head of these entities was not readily available. Each employee's position description sets forth to whom the position reports, but this was not always stated in a way to clearly identify the supervisor. For example, a position description referencing "the supervisor" could be interpreted as either the division chief or the office director. Based on interviews with selected supervisors, a review of selected position descriptions, and adjustments for part-time positions, we estimated the number of employees reporting to the head of each entity as shown in Figures 1 and 1a. Changes made subsequent to our field work, such as those in the OGC, are discussed in the body of this report.

The estimates in Figures 2 and 2a are based on employee assignments to organizational entities as shown in the Commission's Telephone Directory. The figures differ from Figures 1 and 1a because employees do not necessarily report to the head of the organizational entity to which they belong.

The General Counsel questioned our use of funded Full Time Equivalent (FTE) positions for the calculation of supervisory ratios. She commented that the omission of certain personnel, such as temporary employees, from the calculation of supervisory ratios may understate the agency's need to retain that supervisor. Also, part-time employees can at times produce more work than their treatment as half an FTE would suggest. These factors might be relevant in justifying a supervisory position, but could not be readily quantified to be reflected in our report.

Definition of "supervisor"

The official definitions for a supervisor and a manager in the Federal government are set forth in Title 5, U.S.C. 7103 (a) (10) & (11) as follows:

> *SUPERVISOR - An individual ... having authority ... to hire, direct, assign, promote, reward, transfer, furlough, layoff, recall, suspend, discipline, or remove employees, to adjust their grievances, or to effectively recommend such action, if the exercise of the authority ... requires the consistent exercise of independent judgement...;*
>
> *MANAGEMENT OFFICIAL - An individual ... in a position the duties and responsibilities of which require or authorize the individual to formulate, determine, or influence the policies of the agency;*

The Office of Personnel determines whether an employee is a supervisor in accordance with the criteria established in the General Schedule Supervisory Guide used for the classification of position descriptions. The position description is coded, the code is recorded on a Standard Form 52 and entered into the personnel management system, and the information is transmitted to the CPDF. Since March 1994, both supervisors and managers have been assigned the same code for entry in the CPDF.

According to the Office of Personnel, an employee must be responsible for the technical and administrative supervision of at least one employee to be designated a supervisor (a prior OPM policy that an employee must supervise a minimum of three employees to be designated a supervisor was eliminated years ago). Most managers meet this criteria, but managers who do not meet this criteria are technically not supervisors. Since the documentation available did not readily identify managers with no employees to supervise and few employees would fall into this category, we included all employees identified on the CPDF list as supervisors.

Employees may have titles in addition to the official title on the position description, that may imply that they are supervisors. For example, a title could relate to the Commission's organizational structure, such as an office director, division chief, or branch chief, or group leader; some of these positions do not have employees reporting to the head of the unit. Employees also routinely accept leadership responsibilities delegated to them in roles such as project or team leaders; these employees provide technical guidance and training for team members, but are not necessarily supervisors.

NPR suggested supervisory ratio

The NPR report, issued in September 1993, recommended that the Federal government reduce the number of positions associated with management control structures by half over a five year period. As part of this initiative, the NPR suggested that the President should establish a government-wide goal of increasing the span of control from 1-to-7 to 1-to-15. Doubling the span of management control also supported another NPR goal to reduce structures of central management control.

The supervisors interviewed consistently said that the NPR suggested ratio was not appropriate for the Commission. In summary, the supervisors said that expanded supervisory spans of control may work for organizations with assembly line work loads, but the Commission is a complex agency, with a technical mission that requires technical management oversight to produce consistent work products of quality and integrity.

The Director of Industries, whose office has the most employees and branches, expanded on why the suggested ratio was not appropriate for the Commission. He said that when the branch size reaches eight or nine analysts, the branch chief's workload becomes excessive and comprehensive guidance, training, and reviews cannot be provided. Technical review of analysts work by a supervisor that is knowledgeable in the subject field is critical, particularly in a period of downsizing since the overall number of analysts declines but the workload and complexity of tasks do not. Further, the Commission is increasingly hiring new analysts at the entry level, which means guidance and training is even more vital.

In December 1995, the Committee on Government Reform and Oversight issued a report entitled "Making Government Work: Fulfilling the Mandate for Change" that supports the comments made by the office directors. The Committee questioned the validity of the private sector ratios and the application of the ratio to the Federal government's widely varying missions. In the Committee's view, the span of control should remain a management prerogative, based on the complexity of the work involved and not some arbitrary standard.

Streamlining Plan

In a memorandum dated September 11, 1993, the President directed agencies to prepare streamlining plans consistent with the NPR's recommendation to reduce the executive branch civilian workforce by the close of FY 1999. The plan was to specifically address how the agency would reduce the ratio of managers and supervisors to other personnel, with a goal of reducing the percentage of supervisors in halving the current ratio in five years.

The Commission submitted a Streamlining Plan to OMB on November 30, 1993, that described how the Commission planned to meet the OMB assigned reduced staffing ceilings. The plan's actions for streamlining organizationally primarily addressed staff reductions. Actions pertinent to supervisory ratios were that the Commission would review and assess possible reorganization plans to achieve efficiency and economy and initiatives to achieve adequate and effective supervisor to employee ratios.

A report was not prepared on the accomplishments of the Streamlining Plan, which was merged with the Commission's Strategic Plan. We found that the overall streamlining goal to reduce staff was achieved through attrition and the RIF in January 1996, but the goals of halving the number of supervisors and an increased supervisory ratio have not been achieved.

-- In September 1993, the Commission had 416 FTE positions; the Office of Personnel identified 81 employees as supervisors. The Commission would have to eliminate 40 supervisory positions by September 1998 to achieve the NPR goal to halve the number of agency supervisors five years after the NPR was issued. As of August 1997, the Commission had eliminated 21 supervisory positions, mostly as part of reorganizations, and has no definite plans to eliminate any additional positions.

-- The supervisory ratio has virtually not changed since September 1993, when the supervisory ratio was 1-to-4.1. As of June 21, 1997, the Commission had a supervisory ratio of 1-to-4.6.

We identified only three positions where the supervisory designation was reclassified, as follows:

-- One GS-15 supervisory assistant general counsel position was reclassified as a staff attorney with no supervisory responsibilities. The reclassification did not reduce the grade of the incumbent because the full performance level of a non-supervisory attorney is GS-15.

-- As part of the Office of External Relations reorganization, position descriptions for the Congressional Liaison and Director of Public Affairs were rewritten and classified as non-supervisory.

The Director of Operations stated that over the past five years, Commission managers have periodically examined layers of review and whether they could be reduced. Each time, the conclusion was that elimination of supervisory positions would not benefit the budget. For example, he considered whether to eliminate branch chiefs, but rejected the idea because the employees would retain their grades based on non-managerial duties or the historical practice to administratively classify positions to avoid downgrades related to reorganizations. Therefore, no budget savings would be realized.

Our review of selected position descriptions indicated that points for supervision were needed to justify the grade levels for the branch chiefs, so budget savings are possible. Even if administrative classifications resulted in no budget savings, increased efficiency should be possible. For example, several supervisors in the Office of Administration said the staffing of both branch chiefs and division chiefs in the Office of Operations with supervisors created multiple layers of review for administrative functions that was not needed. The Office of Operations disagreed that increased efficiency would necessarily occur with fewer supervisors.

The Commission's experience is similar to that government-wide according to a report issued by the General Accounting Office (GAO). The GAO study concluded that while civilian employment in executive agencies declined about 10 percent (230,500 employees) from January 1993 to March 1996, the proportion of management positions to the total work force stayed roughly the same. The supervisory ratio changed minimally from 1-to-7 to 1-to-7.6 because while agencies reduced the number of management positions substantially, they also eliminated a large number of non-supervisory jobs.

Comparative Staffing Study

The Office of Operations prepared a Comparative Staffing Study in September 1995 comparing the Commission and agencies of similar size and responsibilities. Various employees referred to this review when we asked whether the Commission had conducted any studies relevant to supervisory ratios.

The study had graphs with ratios of support to core employees, Senior Executive Service (SES) and General Schedule (GS) to total employees, and GS to SES employees. The study concluded that the ITC: 1) was at or below the staffing averages in areas reviewed; 2) did not have excessive staffing in overhead areas defined by the NPR; and 3) consistently ranked within established guidelines. The graphs indicated the Commission's statistics were comparable to other agencies, but had no information on how the statistics related to NPR guidelines. We could not determine how the conclusions were reached because a record of the methodology was not available. The Director of Personnel said that he was not involved in the study and the statistics were not based on supervisory designations in the CPDF.

Commission supervisory ratios

As of June 21, 1997, the Commission had a supervisory ratio of 1-to-4.7 for funded positions and a ratio to 1-to-4.6 for filled positions. As shown in the attached schedules, the office ratios ranged from 1-to-2 to 1-to-7.8. The Commission and office ratios were significantly less than that suggested by the NPR of 1-to-15.

The RIF had virtually no impact on the Commission's supervisory ratio. In January 1996 (before the RIF), the Commission had a supervisory ratio of 1-to-3.9. In February 1996 (post RIF), the Commission had a supervisory ratio of 1-to-3.8. Similarly, the ratio for the Office of Operations, which was named in the referral to our office, changed minimally from 1-to-4.6 to 1-to-5.1.

Appropriateness of Commission-wide and office supervisory ratios

Most supervisors said the current ratio of their entity was appropriate, for reasons discussed in the section on the NPR suggested ratio.

Two supervisors said their current ratios were too low, as follows:

-- The Chief of the Country and Regional Analysis Division, EC said that two supervisory positions could be eliminated because the staff is seasoned and has very low turnover. Elimination of the two supervisory positions would change the supervisory ratio of the division from 1-to-4 to 1-to-15.

-- The Director, OFB and the Director of Administration said they are exploring ways to reorganize OFB. The Budget Division has a supervisory employee responsible for one employee and the Finance Division has a supervisor responsible for four employees. Elimination of one supervisory position would change the supervisory ratio of the office from 1-to-1.7 to 1-to-3.

Two supervisors said their supervisory ratios were too high, as follows:

-- The Chief of the Research Division, EC said that his ratio of 1-to-10 is too high and he is exploring the option of establishing two branch chiefs.

--The Chief of the Statistical and Editorial Services Division, OIS said his ratio of 1-to-12 is too high and he does not have enough time to perform his supervisory responsibilities.

We identified two offices for which we believe the number of supervisors could be decreased:

-- The OGC had seven supervisors on the CPDF as of June 24, 1997. From 1994 through August 1997, the OGC centralized various administrative functions, such as ratings, to be performed by the Deputy General Counsel (DGC) based on input from and recommendations of the Assistant General Counsels and Supervising Paralegal Expert. All staff attorneys "reported" at various times (or at the same time) to the General Counsel, DGC, or Assistant General Counsels depending on the mix of assignments.

We believe three supervisors were functioning as team leaders in providing technical guidance to team members and input on evaluations, and their supervisory designations could have been changed. The General Counsel said that before making the change in 1994, they ascertained that the centralized arrangement would not jeopardize the supervisory status of the Assistant General Counsels. Changing the designations would have had minimal budget impact because the attorney's grades are not dependent on the supervisory designation.

As of August 18, 1997, the responsibility for preparing evaluations for staff attorneys was shifted in part to the Assistant General Counsels because the execution of performance ratings for attorney advisors by one supervisor would be unworkable when the office expands to accommodate the sunset reviews. The position descriptions of the DGC and Assistant General Counsels are being revised to reflect this change. The Supervising Paralegal Expert was assigned responsibility for preparing evaluations for the paralegal team.

The General Counsel agreed that the Law Librarian has no supervisory functions. His position description and classification are being changed. When the change is effective, the number of supervisors will decrease to six and the supervisory ratio will change from 1-to-4.3 to 1-to-5.2.

-- TATA had two supervisors. The TATA Director said all employees reported to him for a supervisory ratio of 1-to-13. The Chief of the Publication Division was a supervisor although the other two divisions in TATA had no supervisors. The Director of Personnel said that the TATA Director had contacted him last year about doing an organizational and classification review of his office and said he would submit a request through channels. Eliminating one supervisory position would increase the office ratio from 1-to-6 to 1-to-13.

We also identified one office for which we believe the number of supervisors should be increased. The Administrative Law Judges (ALJs) had no designated supervisors. The Chief ALJ was a supervisory position. An acting Chief ALJ has not been designated and both ALJs have assumed supervisory responsibilities for employees. This situation could be resolved either by designating an acting Chief ALJ or designating both ALJs as supervisors.

OMB procedures

OMB Circulars No. A-11 for the FYs 1995 through 1998 budgets provided for agencies with more than 250 FTE to submit a schedule on positions targeted by the NPR, which included supervisors. The Commission did not submit these schedules.

The Director, OFB said that the schedules were not submitted because the actual FTE was less than the NPR goal, which was true. The OMB Budget Examiner for the Commission confirmed that a report was not needed, although she could not positively state that the Commission had ascertained this in advance.

Providing the information could have been problematic because the description of a supervisor did not conform with the legal definition. The description was:

> FTEs that perform supervisory functions including any SES, GM- or GS-13, 14, or 15 that supervise two or more employees and anyone, regardless of grade, that supervises three or more employees.

We did not attempt to relate the supervisory positions in the CPDF to the FTE meeting the OMB definition. The numbers may be different, but we believe the overall result would be similar to our finding that the number of supervisors has not been halved.

Suggestion

We suggest that the Director of Personnel correct the designation of the Budget Chief in the CPDF; and the General Counsel, Director of TATA, and the ALJ coordinate with the Director of Personnel to ensure supervisory positions are properly designated.

SUPERVISORY RATIOS FOR FUNDED POSITIONS

Office	Number of Supervisors*	Number of Employees for each Office**	Number of Supervised Employees for each Office	Supervisor/ Employee ratio
SE	3	14	11	1/3.7
ER	1	5.5	4.5	1/4.5
ALJ	0	7	7	0/7
GC	7	37	30	1/4.3
EEO	0	1	1	0/1
IG	1	3	2	1/2
OP	39	240	201	1/5.2
EC	*7*	*39*	*32*	1/4.6
ID	*17*	*108*	*91*	1/5.4
INV	*5*	*28*	*23*	1/4.6
IS	*4*	*35*	*31*	1/7.8
TATA	*2*	*14*	*12*	1/6
OUII	*3*	*12*	*9*	1/3
AD	10	40	30	1/3
FB	*3*	*8*	*5*	1/1.7
MS	*5*	*23*	*18*	1/3.6
PN	*1*	*7*	*6*	1/6
TOTAL:	**61**	**347.5**	**286.5**	**1/4.7**

*FTE as of 6/24/97 per adjusted CPDF
***Source:* Report on Certain Resource Transactions for the Week Ending 6/21/97

SUPERVISORY RATIOS FOR FILLED POSITIONS

Office	Number of Supervisors*	Number of Employees for each Office**	Number of Supervised Employees for each Office	Supervisor/ Employee ratio
SE	3	14	11	1/3.7
ER	1	5.5	4.5	1/4.5
ALJ	0	6	6	0/6
GC	7	37	30	1/4.3
EEO	0	1	1	0/1
IG	1	3	2	1/2
OP	38	231	193	1/5.1
EC	*6*	*38*	*32*	1/5.3
ID	*17*	*103*	*86*	1/5.1
INV	*5*	*27*	*22*	1/4.4
IS	*4*	*35*	*31*	1/7.8
TATA	*2*	*14*	*12*	1/6
OUII	*3*	*11*	*8*	1/2.7
AD	10	39	29	1/2.9
FB	*3*	*8*	*5*	1/1.7
MS	*5*	*22*	*17*	1/3.4
PN	*1*	*7*	*6*	1/6
Sub-Totals:	**60**	**336.5**	**276.5**	**1/4.6**
Vacancies	1	11	10	
TOTAL:	**61**	**347.5**	**286.5**	**1/4.7**

*FTE as of 6/24/97 per adjusted CPDF
***Source:* Report on Certain Resource Transactions for the Week Ending 6/21/97

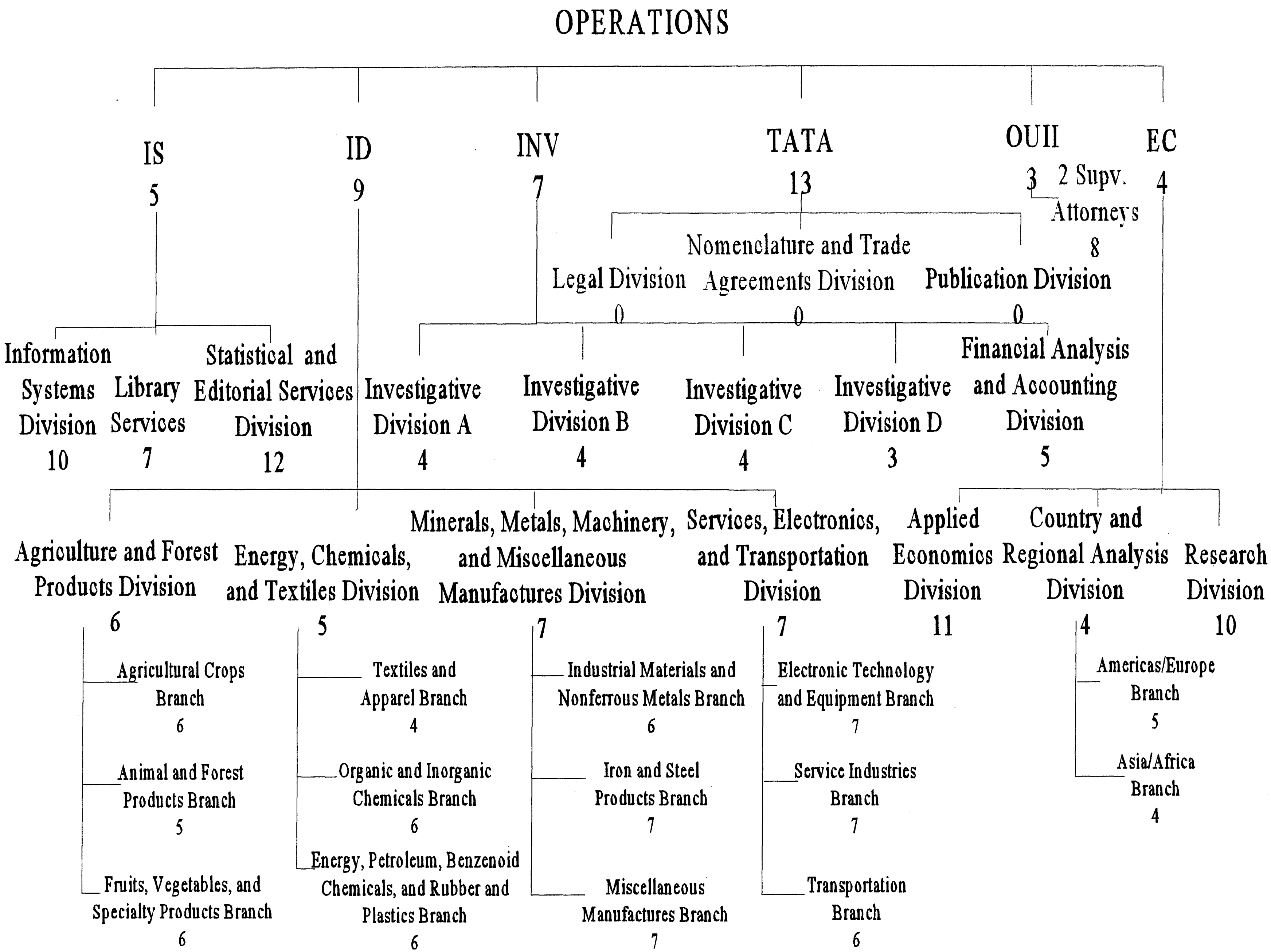
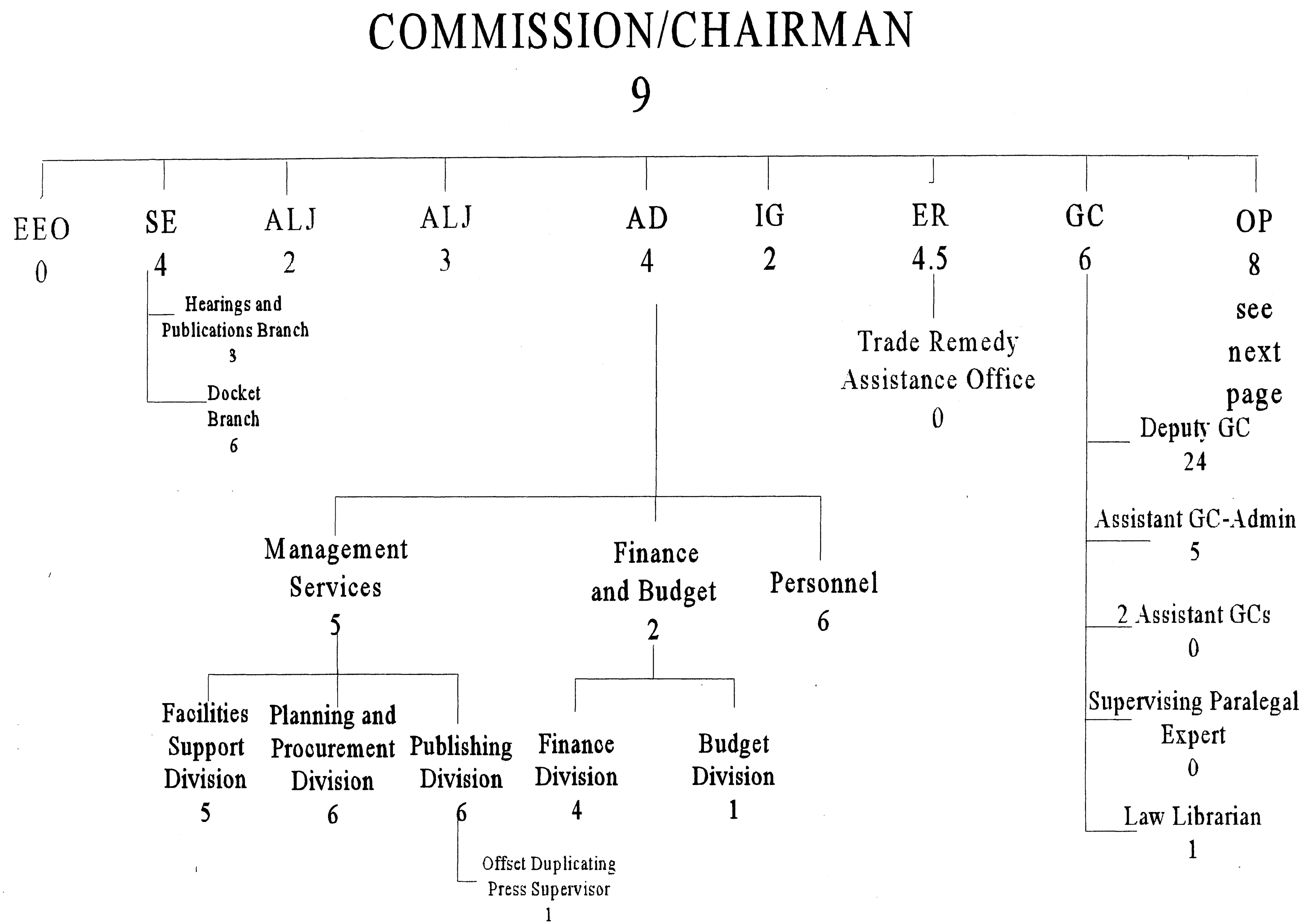


Figure 1a: Supervisory Positions for the Office of Operations using Position Descriptions
blue = Supervisory positions not associated with an organizational unit red = organizational units with no supervisory positions



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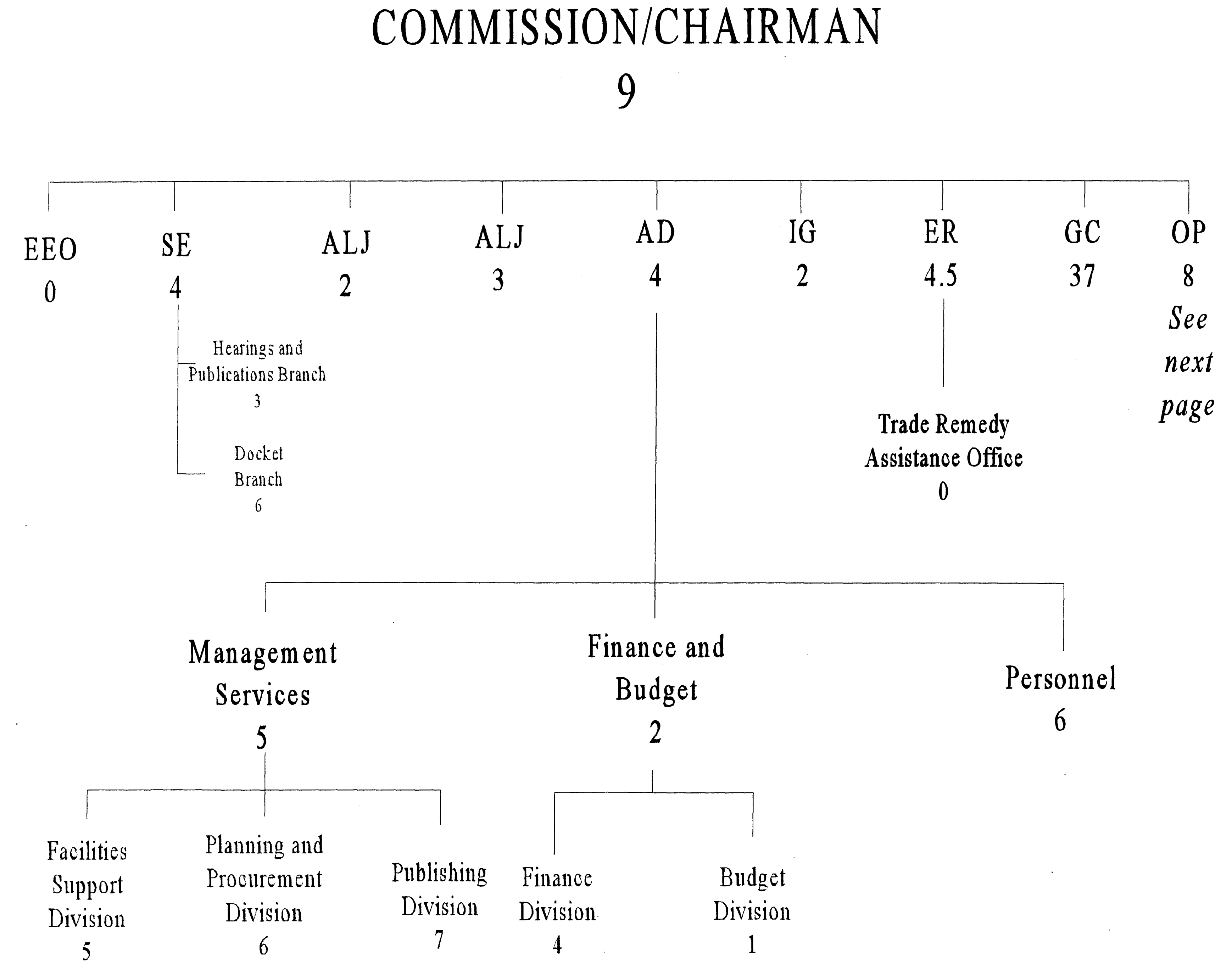
COMMISSION/CHAIRMAN
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EEO
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SE
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Hearings and Publications Branch
3
Docket Branch
6
ALJ
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ALJ
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AD
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Management Services
5
Facilities Support Division
5
Planning and Procurement Division
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Publishing Division
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Finance and Budget
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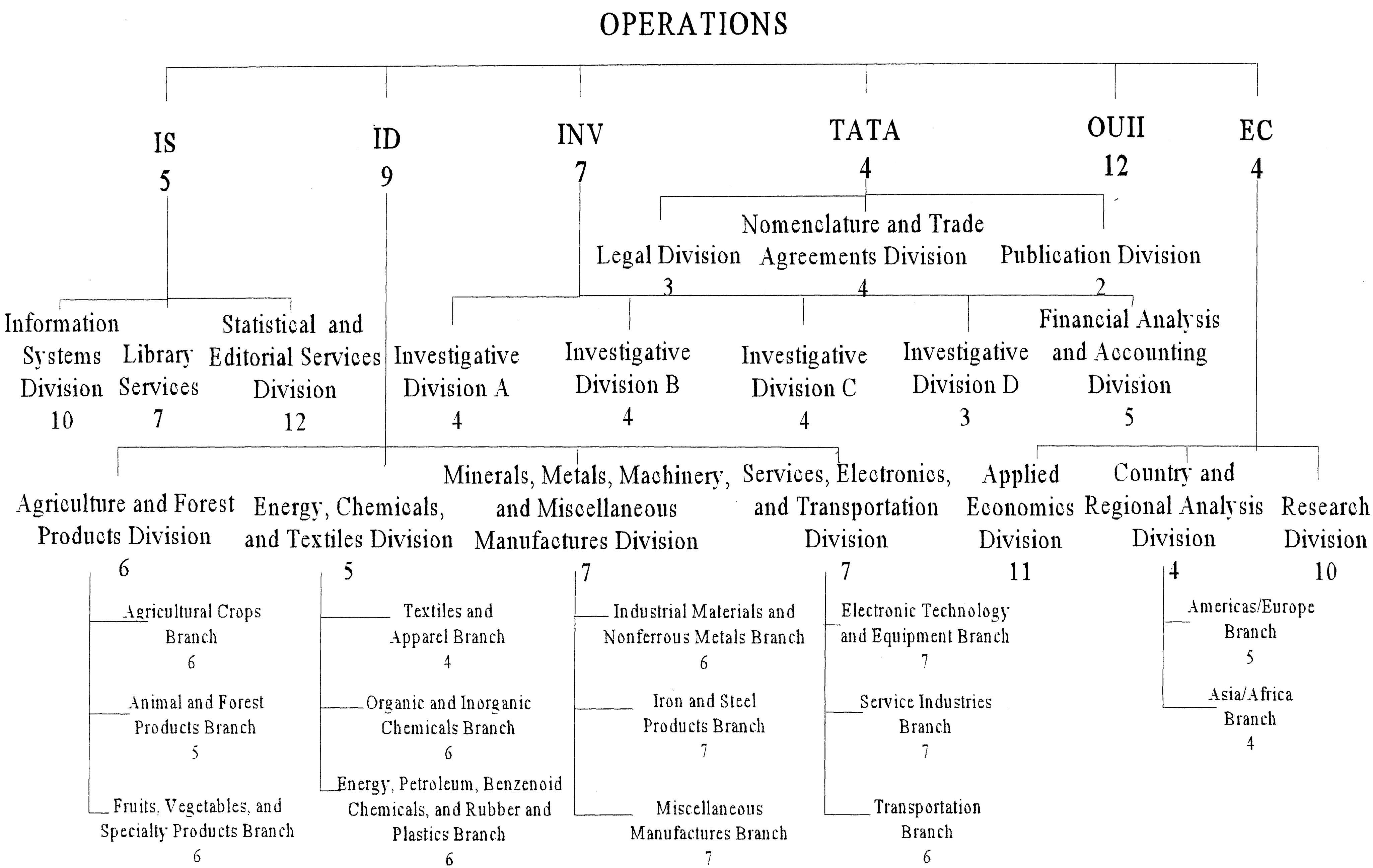
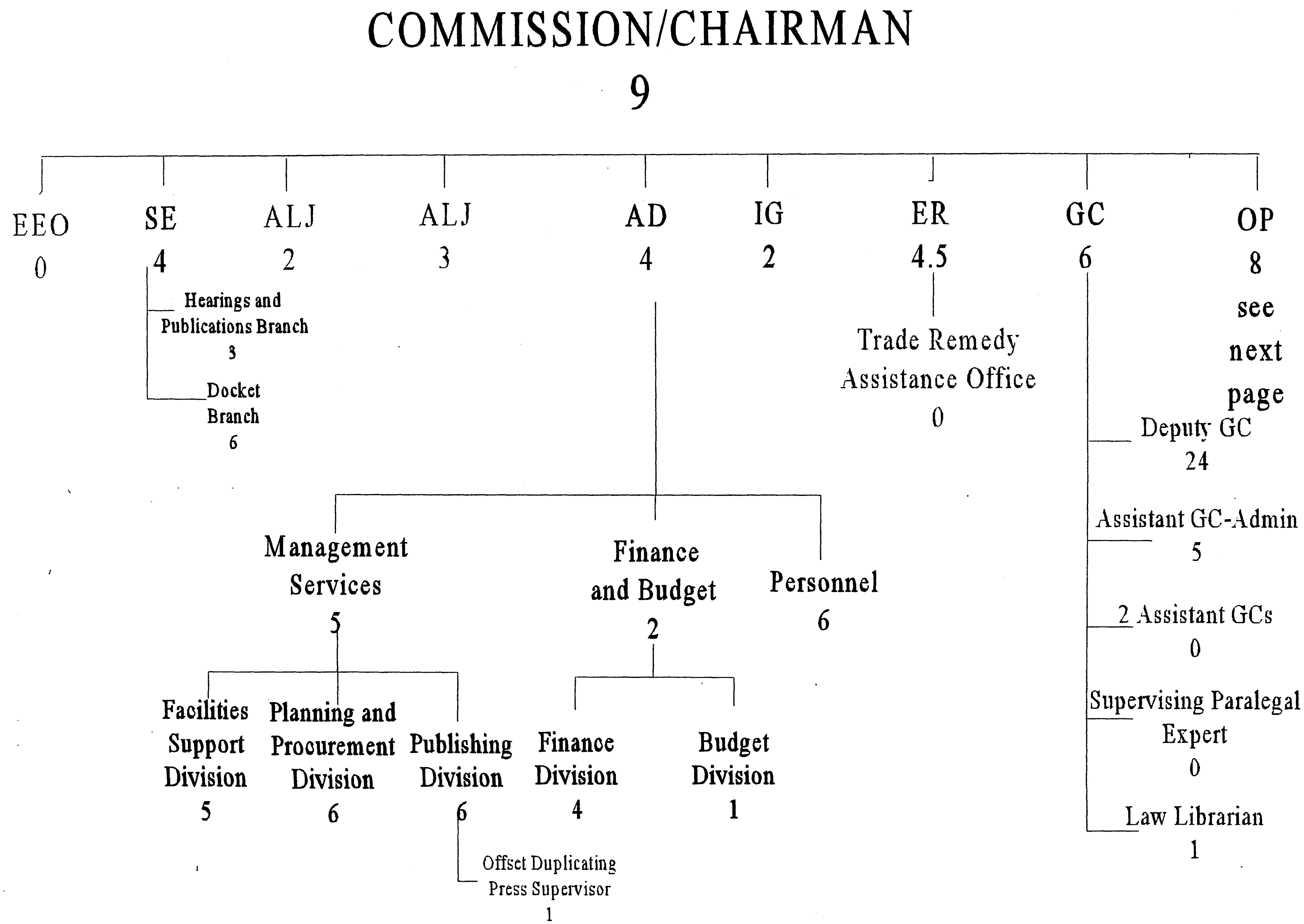


Figure 2a: Organizational Entities with the approximate number of employees supervised by the head of the entitiy



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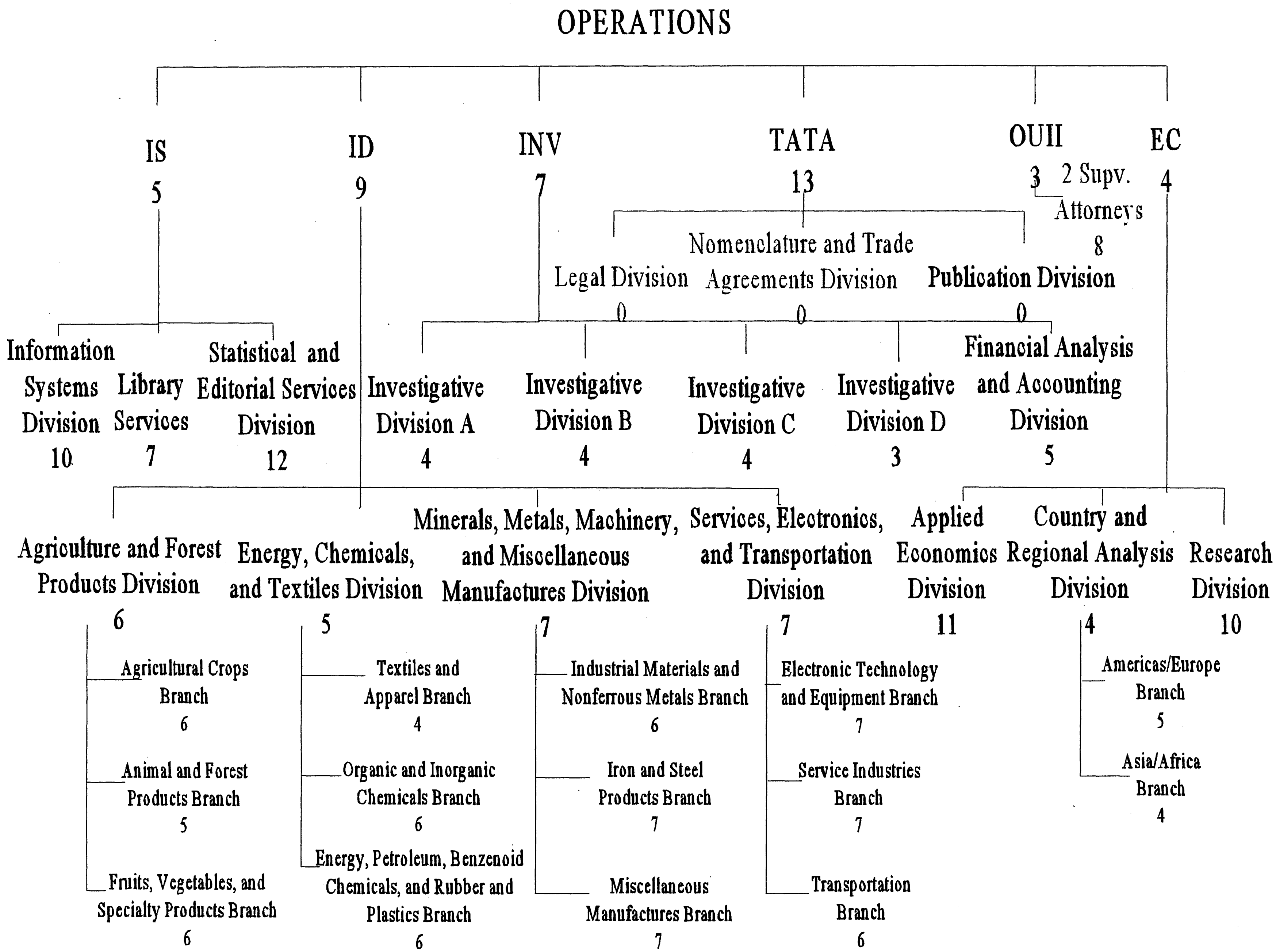

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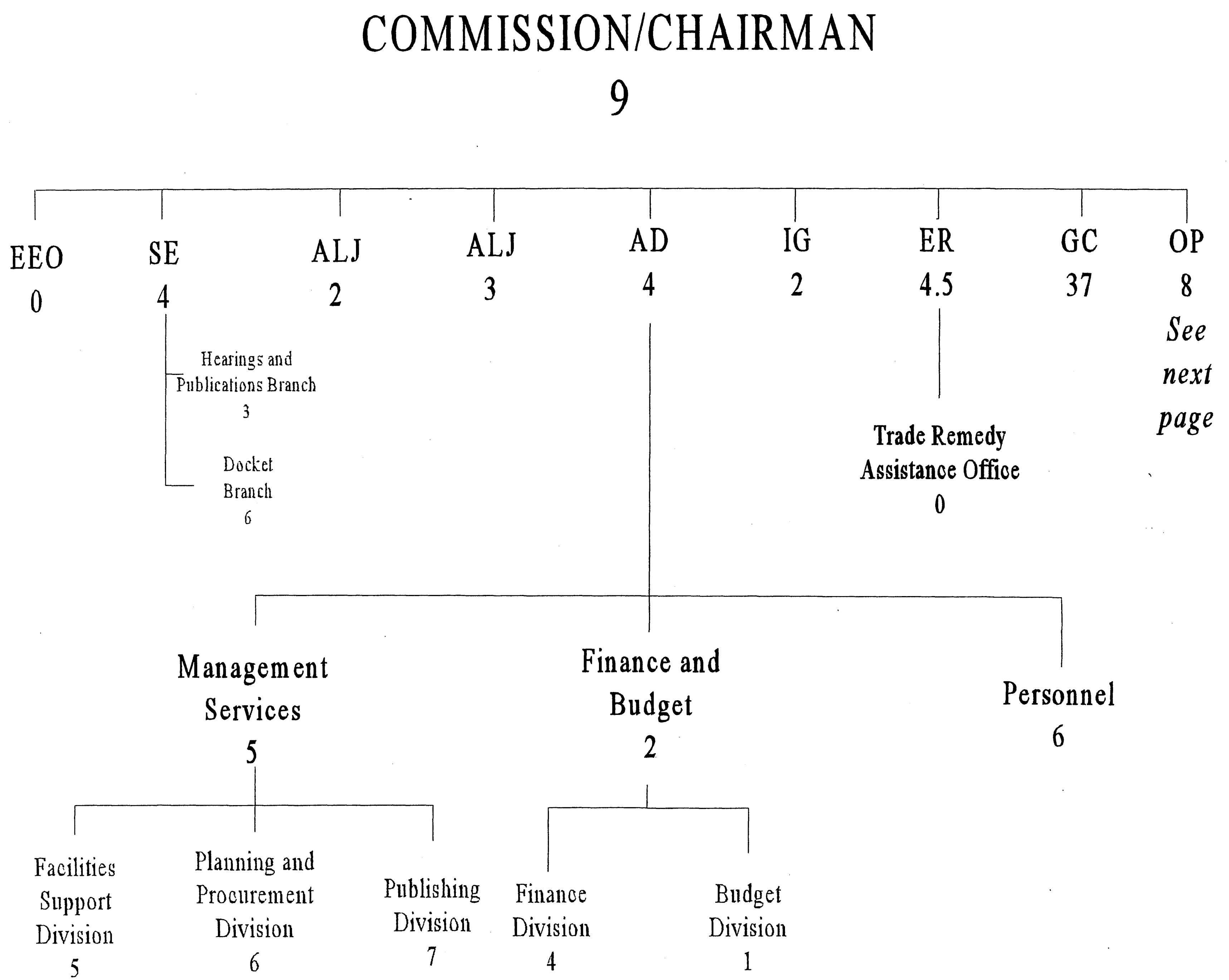
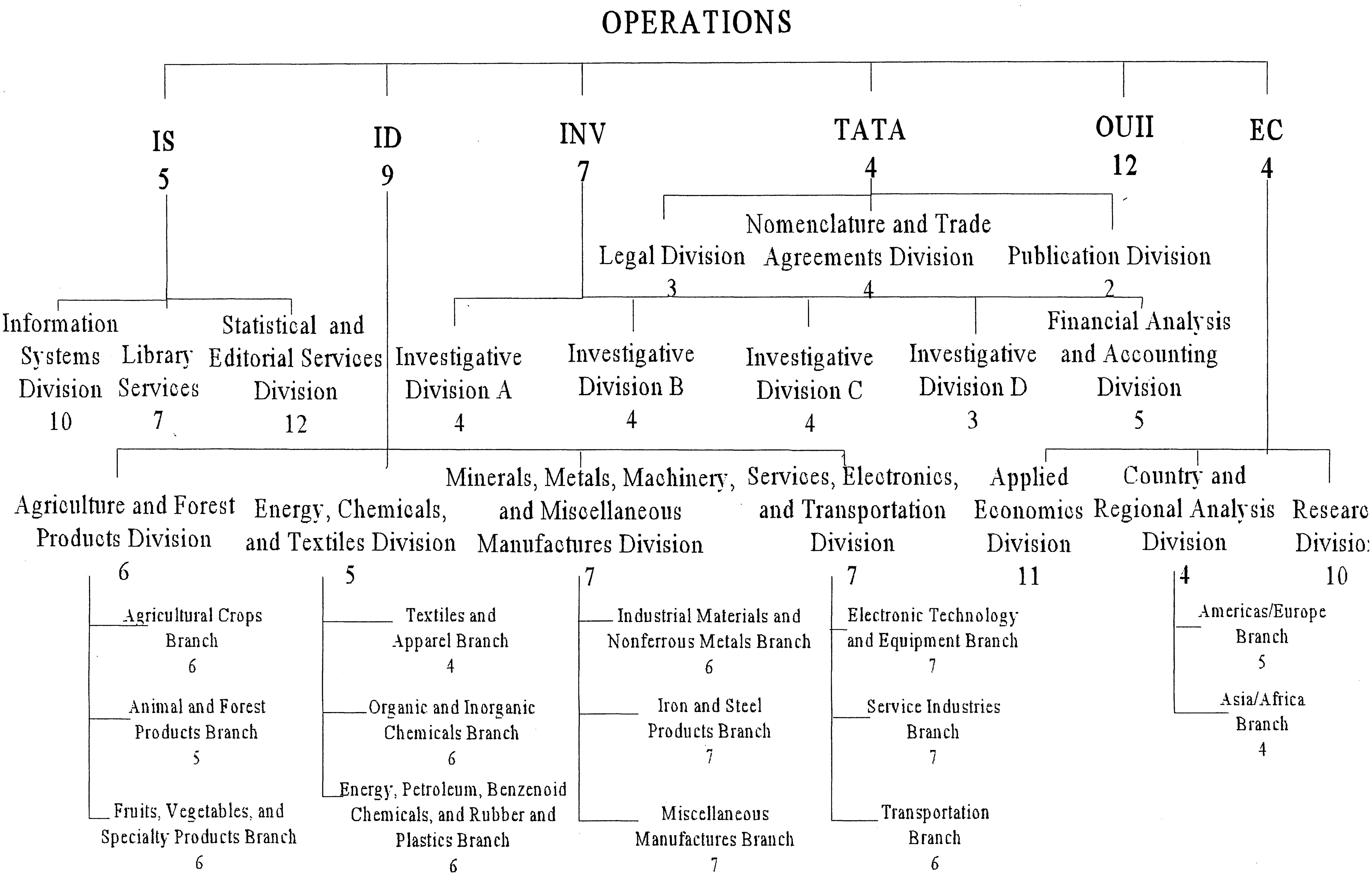


Figure 2: Organizational Entities with the approximate number of employees supervised by the head of the entity



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