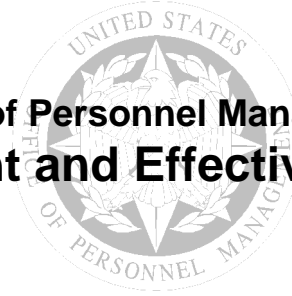


**U.S. Office of Personnel Management  
Office of Merit Systems Oversight and Effectiveness**



**Report of an Oversight Special Study**

**DOWNSIZING IN THE FEDERAL  
GOVERNMENT**

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## TABLE OF CONTENTS

I.	Executive Summary .....	1
II.	Introduction .....	5
III.	Study Results .....	9
A.	Expected Outcome 1 .....	9
B.	Expected Outcome 2 .....	19
C.	Expected Outcome 3 .....	25
D.	Expected Outcome 4 .....	28
E.	Expected Outcome 5 .....	34

## I. EXECUTIVE SUMMARY

This study provides information on how a cross section of federal agencies planned and carried out the downsizing process during the period 1994 through 1996 and what results were achieved in terms of impact on the workforce, the organization, and the mission. This information is being shared with appropriate stakeholders so that future downsizing activities can benefit from the experience of previous downsizing efforts.

In a September 11, 1993 White House Memorandum on Streamlining, the President set an initial goal to reduce the Executive Branch civilian workforce by 100,000. This was later increased to 252,000 by a National Performance Review (NPR) report released in September 1993, and further increased by Congress and the Administration to 272,900 in March 1994. These cuts were incorporated into Public Law 103-226. The President encouraged agencies to take positive planned actions to reduce the workforce and to use reduction in force as a last resort. The requirement within the federal government to downsize yet minimize involuntary separations is an important part of the President's initiative. Equally important is the need to improve mission results while establishing agency practices that conform with existing laws and regulations and support the merit system principles to assure that employees receive fair and equitable treatment and that the workforce is used efficiently and effectively. When these merit system principles are observed in downsizing, results should reflect five expected outcomes. In summary, our findings on each of these expected outcomes follow.

### EXPECTED OUTCOMES

*Agencies plan strategically to achieve budget and staff reductions in the most effective manner for both the workforce and the organization.*

- Budget reductions, and in some instances base closures, drove most agency downsizing decisions. The majority of installations in our sample took an across the board approach to downsizing rather than using strategic measures that would have required more time to execute than the short term budget targets allowed. Some agencies were more successful than others in achieving a balance between immediate budget objectives and the longer term reinvention goals of the National Partnership for Reinventing Government (formerly known as NPR).
- Agencies were able to achieve sizable cuts in their workforce without resorting to massive reductions in force by using a variety of available tools. Agencies reported that the use of buyouts and early retirement were the most successful tools to downsize while minimizing adverse impact on the workforce and mission accomplishment.

- Employees remain uncertain of their future and where they fit in the strategic vision of the downsized organization. Continuing two way communication is needed in the post-downsizing environment to make sure the workforce understands and supports the agency's strategic direction.
- Communication was an important initiative at each downsizing site we visited. Agencies used a variety of techniques, including the use of newer tools such as E-mail and the internet. Agencies generally lacked a feedback mechanism to evaluate the effectiveness of their communication. Not only do agencies need to communicate early and often, but they also need to continually assess how the information is perceived and interpreted by the workforce.

*Strategies are employed to help surplus employees find other jobs.*

- Agencies had effective programs in place to help surplus employees find other jobs both within the federal government and in the private sector. Several examples are highlighted in the body of the report. Geographic mobility is a key factor for surplus employees seeking to remain in the federal Service. Although installations provided surplus employees assistance to deal with the emotional trauma of career transition, many employees did not view the agency efforts as extensive or beneficial.
- Agencies have implemented governmentwide and agency-specific priority placement programs, and, by a rate of two to one, employees surveyed believed that existing regulations facilitated the placement of surplus employees. More stringent priority placement methods are not needed at this time.

*Affected employees are properly and effectively transitioned into new assignments or organizations.*

- Few agencies in our sample initiated specific measures to help workers fit in when placed in a new position within the organization. In many cases, survivors were transitioned into positions within proximity of their old positions or within the same organization. Most managers and supervisors surveyed did not recognize the need for any special assistance after they were placed. Positive benefits resulted in those study sites which did provide special efforts to make survivors feel welcome and fit in.

*Mission accomplishment and customer service are enhanced through improved utilization of available resources.*

- The study results confirm that agencies have been highly successful in achieving FTE reductions across the federal government. Agency efforts to empower employees, reinvent work processes, and improve customer service are a continuing work in

progress. However, the study results reveal that employees have reservations that the intended benefits have been achieved. This feedback reinforces the need for agencies to continue to communicate the nexus between streamlining actions and results in cost savings, operational improvements, and better customer service.

- Strategic mission planning will become even more critical to mission accomplishment and customer service in downsized organizations. The principal methods by which agencies surveyed expect to continue to meet mission requirements with a smaller workforce are, in priority order, streamlining, reinvented work practices, and reorganizations/consolidations.
- When management and employees work together cooperatively to get through the difficult process of downsizing, prospects for positive outcomes are much greater. A majority of the installations surveyed indicated that labor and management either coordinated or jointly participated in the downsizing process. Even in cases where limited activity was reported, they shared information. Generally, managers and supervisors reported that informal or formal labor management partnerships made a positive difference in agency efficiency and worker satisfaction during downsizing.

*Agency policies and practices for downsizing are consistent with Office of Personnel Management rules and regulations.*

- Agency policies and practices are in compliance with rules and regulations designed to protect employee interests and rights associated with the downsizing process.
- Employee performance is taken into account in the reduction-in-force process; however, employees are concerned that ratings are inflated to enhance retention standing. They also question the fairness of the performance appraisal system overall.
- The number of grievances and appeals is small in comparison to the amount of downsizing in the surveyed installations, and most are determined by the reviewing authority to lack merit.
- Agency success in achieving workforce reductions, while minimizing the need for reduction in force (RIF), prevented disproportionate impact on women and minorities in the federal workforce. The percentage of both minorities and women in the workforce increased slightly during the period of the study.

## II. INTRODUCTION

The U.S. Office of Personnel Management (OPM) is required by title 5, U.S.C., Section 1104 to carry out an oversight program. The purpose of this program is to ensure that agencies exercise their delegated personnel authorities in accordance with Merit System Principles (MSP's) and the applicable laws and regulations that support these principles. These MSPs provide a set of values for making human resource management (HRM) decisions, and if followed, result in predictable outcomes.

OPM's review of downsizing for fiscal years 1994 through 1996 was conducted in two phases from June to October 1997. Phase I of the study was conducted between June 9, 1997 and August 13, 1997. Phase 1 included distribution of Human Resource Offices (HROs) surveys and questionnaires. Onsite visits to 15 HROs was the central point of the second phase of the study which was conducted between September 3, 1997 and October 31, 1997.

### ENVIRONMENT

On September 7, 1993, Vice President Gore sent to the President a letter with the initial 6-month study which now encompasses the basis for the NPR. Within that letter, the Vice President outlined a long-term commitment to change; a vision of a government that works for people, cleared of useless bureaucracy and waste, and freed from red tape and senseless rules. The President embraced this initiative, stating:

"Our goal is to make the entire federal government both less expensive and more efficient, and to change the culture of our national bureaucracy away from complacency and entitlement toward initiative and empowerment. We intend to redesign, to reinvent, to reinvigorate the entire national government."

President Bill Clinton  
Remarks announcing the National Performance Review  
March 3, 1993

President Clinton's mandate to create a government that works better and costs less provided agencies with new direction - to decrease the cost of their workforce. As part of the revolution to improve government, agencies were also challenged to set customer service standards that provide the highest quality service possible to the American people; to empower employees to make decisions; to aggressively seek ways to not only produce more efficiency within the agency, but also be more effective; and to streamline organizations and reduce administrative control positions.

Streamlining is embedded in the premise of the NPR to provide for a government that costs less. However, the concurrent economic, political and military realities are driving agencies to not only streamline, but to downsize. This results in the outplacement of employees.

The workforce reductions and budget constraints have tightened the job market within the federal government. This, coupled with the downsizing efforts of private industry, makes the job-hunting process for surplus employees rarely quick or easy. In a September 12, 1995 Presidential Memorandum, President Clinton directed the heads of departments and agencies to provide career transition assistance to support employees as they search for other employment.

## **EVALUATION PLAN**

Agencies that conducted reductions in force (RIF) and agencies that downsized but avoided RIF were included in the study to ensure a proper balance of both perspectives. Geographic dispersion was also a factor to gain insight into specific issues encountered when placing employees and downsizing at various locations in the United States.

A two-phase approach was used for this study. The first phase was a dissemination of a survey document to HROs, asking them to share their experiences with downsizing. The HRO survey incorporated questions geared to determining the cause of the downsizing, strategies used, and impact on employees and the mission. As an additional part of the first phase, HROs were asked to distribute questionnaires to their workforce. The questionnaire was used to measure effects on the organization and on individuals from downsizing activities with the focus on trends, successful practices and perceived barriers.

Phase II of the study included onsite visits to 21 installations, including 15 HRO's. Onsite activities involved interviews (both individual and focus groups) and limited records review. The interviews with HRO staff, nonsupervisory employees, top installation managers, line supervisors and union representatives followed up on issues identified as a result of phase I analysis. The interviews provided an opportunity to clarify and expand on issues and obtain examples or anecdotal information to illustrate the respective viewpoints.

## **DATA SOURCES**

The Office of Personnel Management (OPM) used a variety of methods and sources to gather preliminary information for this study. These included research of OPM Mainframe Systems such as the Central Personnel Data File (CPDF), Government and agency Internetsites and Bulletin Board Systems, previously issued OPM, General Accounting Office and Merit Systems Protection Board reports, and newspapers and business magazines with topical information.

Phase 1 of the study included a dissemination of surveys to 75 HRO's; 71 or 97 percent of the surveys were returned. As part of phase one, 1,170 questionnaires were distributed by the HROs to a sample of the managers, supervisors and employees within the HRO serviced population. The number of questionnaires distributed was determined based on our desire to gain a nationwide perspective of downsizing/RIF and not an agency specific perspective. An agency specific perspective would have required a much larger sample, which would have been prohibitively expensive. A total of 551 or 47 percent were returned.

A variety of other sources of information were considered in the report. These included: A review of each HRO's headquarters and local policies, interviews (individual and focus groups), and records review.

Each onsite visit ended with a closing briefing. The purpose of the study and the fact that the onsite visit is for the purpose of contributing to a Governmentwide study containing aggregate data and information was emphasized during each closing briefing. No installation level reports were issued.



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### III. STUDY RESULTS

#### MERIT SYSTEM PRINCIPLES

- "All employees... should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for their privacy and constitutional rights."

title 5, U.S.C., section 2301(b)(2)

- "The federal work force should be used efficiently and effectively."

title 5, U.S.C., section 2301(b)(5)

#### EXPECTED OUTCOMES

When an installation complies with the MSPs in RIF and downsizing:

- Agencies plan strategically to achieve budget and staff reductions in the most effective manner for both the workforce and the organization.
- Strategies are employed to help surplus employees find other jobs.
- Affected employees are properly and effectively transitioned into new work assignments or organizations.
- Mission accomplishment and customer service is enhanced through improved utilization of available resources.
- Agency policies and practices for downsizing are consistent with OPM rules and regulations.

#### FINDINGS

**EXPECTED OUTCOME 1 - Agencies plan strategically to achieve budget and staff reductions in the most effective manner for both the workforce and the organization.**

*Conclusion. Most agencies have been faced with the need to downsize their workforces as a result of budget reductions. Due to the exigencies of the budget, agencies generally resorted to the most expedient manner of downsizing rather than employing more strategic measures that would have required more time to execute than the budget allowed.*

The mandate of the President and the Congress as expressed in the federal Workforce Restructuring Act of 1994 was taken seriously by the agencies. Agencies moved quickly to downsize to meet budget and full-time equivalent reduction goals.

- In 1994, the beginning period of this study there were 1,836,253 federal employees and in 1996, the ending period of this study there were 1,713,982 federal employees. During the 1994-1996 timeframe, the governmentwide federal employee strength was reduced by 122,271. Strength in our study population decreased by 31,545. Of this decrease, 17,911 were Department of Defense (DoD); 13,634 were non-DoD employees.
- Urgency to meet staffing levels drove most agency downsizing decisions. The majority of installations took an across-the-board approach to downsizing, with little or no regard for the long term impact on the ability to carry out the mission, considering such factors as core responsibilities and skills balance. Of the 21 sites visited during the study, 13 indicated budget reductions had the most influence on the downsizing approach. This finding is reinforced by the questionnaire results which showed only 27 percent of the workforce agreeing that “The installation’s downsizing/reduction was well thought out in terms of how employees would be impacted” and only 22 percent of the workforce agreeing that “the installation’s downsizing/reduction was well thought out from the perspective of how the work would continue to get done.” Agencies reported that timing was a critical factor in determining how “strategic” the downsizing process could be accomplished. The more lead time the agency had, the better they were able to manage the process to maximize cost savings and avoid adverse impact on employees.
- The longer term requirements of the HRO apparently were subsumed by the shorter term budget reduction targets. Essentially, there were two initiatives tracking at the same time: the need to reduce the size of government; and the need to reinvent the government to put customers first, cut red tape, empower employees to get results, and cut back to basics. Ideally, reinvention would “shape” the future workforce, but realistically the immediate dynamics of the budget became an overriding consideration for many agencies.
- Still, some agencies were more successful than others in achieving a strategic balance between immediate budget objectives and HRO initiatives. For example:
  - ▶ Remembering the terrible impact of the RIFs in the early 1980s on the workforce and productivity, the Department of Labor (DOL) utilized a comprehensive strategy of workforce planning in connection with the development of its annual budget submission. This involved comparing the current workforce with that needed to support anticipated HRO mission and

function changes, analyzing the difference, and planning for actions needed to change or modify the workforce with minimal adverse impact, i.e., succession planning, retraining staff, targeted recruiting, encouraging attrition where needed.

- ▶ In OPM, the Director was personally involved in the Redesign Task Force to define core mission and skills needed in the streamlined OPM. OPM's vision, values, and core functions were established with the NPR recommendations in mind. All directives were reviewed. There was more than a 60 percent reduction in supervisors. More emphasis was placed on the team concept (some self-directed), employee empowerment and customer service.
- The federal government is obviously much leaner as a consequence of several years of downsizing. The following profile of federal workforce trends tracking several key statistical indicators provides further insight on the effects of the downsizing and potential future issues for strategic workforce planning.
  - ▶ Vice President Al Gore's NPR Report on Transforming Organizational Structures dated, September 1994 recommended reduction of the costs associated with management control structures by one half over a five-year period. The specific groups targeted for reduction are: personnel administrators, budget staff, financial management which includes accountants and auditors, and acquisition specialists.
  - ▶ The nonsupervisory strength of positions in the targeted group in 1994 was 166,267; in 1996 the total strength was 157,918. Financial Management and Acquisition Specialist positions are targeted for the most reductions; however, the results are far from the stated goal for 1999. Personnel and Budget positions are also lagging. However, several large agencies are actively engaged in consolidation efforts that should produce streamlined structures for these services in the near future. Examples include the Department of Veterans Affairs (VA), the Department of Army, the Department of Air Force, and the Department of Commerce. The following table depicts the governmentwide progress in meeting the targeted reductions for the specified positions.

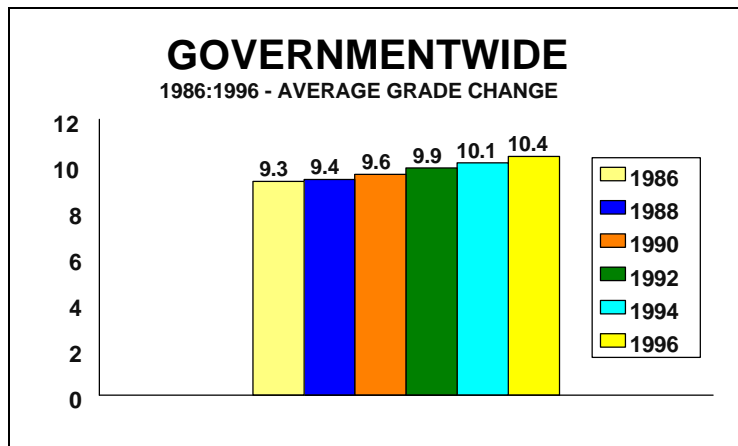
Table 1	NATIONAL PERFORMANCE REVIEW TARGETED REDUCTIONS					
	TARGET GROUP	NONSUPERVISORY STRENGTH		TARGETED DECREASE	ACTUAL DECREASE	ACTUAL DECREASE
		1994	1996	1994 to 1999	1994 to 1996	1996 to 1997
Personnel Administrators	29,580	26,595	14,790	2,985	1,305	
Budget Staff	15,180	14,656	7,590	524	209	
Financial Management including Accountants and Auditors	57,336	54,665	28,668	2,671	3,130	
Acquisition Specialists	64,171	62,002	32,085	2,169	2,720	

- ▶ An analysis of governmentwide workforce trends by PATCO category shows where most reductions have occurred in the permanent workforce. (See table below.) While each category reflects a general decrease, the greatest percentage decrease occurred in clerical occupations. This is not unique to the federal government. With advances in technology producing new labor-saving techniques, a large reduction in clerical work is occurring in both the public and private sectors. Many agencies faced with reductions made the conscious decision to invest their more limited resources in mission-direct positions.

Table 2		GOVERNMENTWIDE WORKFORCE TRENDS		
1994 Governmentwide Strength (Perms)	1996 Governmentwide Strength (Perms)	PATCO Category	1994 Strength by Category (Perms)	1996 Strength by Category (Perms)
1,836,253	1,713,982	Professional	421,745	403,277
		Administrative	508,277	504,113
		Technical	348,197	328,831
		Clerical	234,469	192,557
		Other white collar	44,114	42,950
		Blue collar	279,331	242,156

- ▶ Governmentwide data on the grade level distribution of the federal workforce (see table below) reflects that the number of positions GS-11 and below has declined. The most significant decline is at the GS-1 to GS-7 grade range, while the number of GS-12 through 15 positions has actually increased slightly. Governmentwide average grade statistics for permanent and temporary positions (see Chart 1) reflect a marginal grade level increase over the study period which is consistent with the general trend over the past 10 years.

<b>Table 3</b>	<b>GOVERNMENTWIDE GRADE DISTRIBUTION</b>		
<b>FISCAL YEAR</b>	<b>GS-1 TO GS-7</b>	<b>GS-8 TO GS-11</b>	<b>GS-12 TO GS-15</b>
1994	507,419	405,293	532,893
1996	450,964	380,288	533,141



**Chart 1**

- ▶ As part of the initiative to streamline management control structures, the NPR established a challenging, governmentwide goal of increasing the supervisory span of control to 1-to-15 over the same 5-year period. For the period 1994 to 1996, the governmentwide supervisory ratio showed a modest increase in the permanent workforce from 1:6.5 to 1:7.4 (See Chart 2). In actual number, more nonsupervisory positions were cut than supervisory positions, but it is important to view this data in the proper context. In 1994, supervisors constituted 13% of the total workforce. However, supervisors accounted for 35% of the positions eliminated. Thus, 1 of every 3 permanent positions eliminated during 1994-1996 was a supervisory position (43,841 out of 122,271 positions). Taking into account the normal supervisor to employee ratio, supervisory positions proportionally were downsized twice as much as non-supervisors.

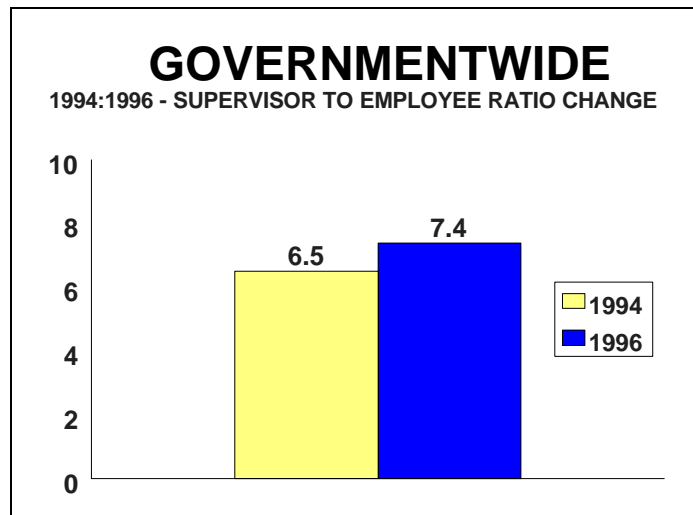


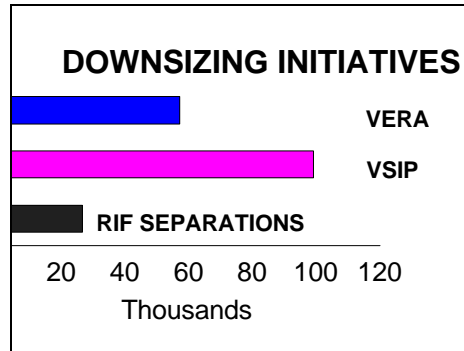
Chart 2

- Encouragingly, 53 percent of the managers, supervisors, and employees contacted in our study indicated that downsizing or reduction has caused the installation to look at new ways to do business. Initiatives such as the Government Performance and Results Act (The Results Act) are driving a more strategic approach to agency mission accomplishment, budgeting, and staffing. This requires a different way of looking at the role of the government and how best to carry out government service. The cited trends in the makeup of the federal workforce provide a blueprint for future agency efforts to reshape their workforce in the most efficient and effective manner.

***Conclusion. Using a variety of available tools, agencies were able to achieve sizable cuts in their workforces without resorting to massive RIF.***

- In response to the President's 1993 Memorandum on Streamlining, which instructed agencies to take positive planned actions to reduce staff and to use RIF as a last resort, installations implemented measures which stressed the use of voluntary approaches to downsizing, as opposed to involuntary separation approaches.
- The availability of Voluntary Separation Incentive Pay (buyouts) and Voluntary Early Retirement Authority were key factors in agencies' ability to downsize while minimizing adverse impact on the workforce and continuing to carry out the mission. Human Resource Officers considered the use of buyouts and early retirement as the most successful tools to downsize and avoid RIF.

- The following chart reflects the scope of agency downsizing in relation to the manner in which it was achieved.



**Chart 3**

- For FYs 1994, 1995, 1996: Voluntary Early Retirements (VERA) total 57,163; Voluntary Separation Incentives (VSIP) total 99,079; RIF Separation Actions total 26,644.
  - The fact that so few RIF actions occurred is a strong testament to agencies' resolve to downsize in a humane manner.

- In rank order, the following strategies employed by our study participants were rated on the criteria of being either highly successful or successful in minimizing downsizing impact:

<b>Table 4</b>		
<b>SUCCESSFUL DOWNSIZING STRATEGIES</b>		
RANK	STRATEGY	PERCENTAGE
1	Buyout	79
2	Early Retirement	72
3	Hiring Freeze	42
4	Directed Reassignment	34
5	Spending Moratorium	30
6	Termination of Temps	26
7	Change to Lower Grade	25
8	Reimbursable Detail	19
9	Voluntary LWOP	16

- Although buyouts are commonly thought of as providing the greatest “incentive” for employees to leave federal employment voluntarily, it is interesting to note that nearly as many agencies reported early out authority as the most helpful tool. Actions that could be taken independent of an external approval authority tended to be rated toward the lower end of the spectrum in terms of their success. However, in the totality it appears that the combination of internal management actions coupled with



the additional flexibility provided through buyouts and early retirement were the keys to agencies' overall success.

***Conclusion. Having endured staff reductions, employees are very uncertain of their future and where they fit in the strategic vision of the downsized organization. Clarifying the vision will be key to advancing employee morale and productivity in a post-downsizing environment.***

- Few managers or employees contacted in our survey felt that they are adequately involved in agency decision-making on downsizing and the anticipated impact on future mission accomplishment. Consequently, they are uncertain about the future direction of the organization and how they will fare as individual employees. The following data highlights the issue.
  - ▶ Only 33 percent of managers/supervisors responding to the questionnaire indicated that their installation involved the employees in the development of strategic/operational plans in support of agency mission. This raises the issue of how much of a “stake” they feel they have in the future success of the organization.
  - ▶ Only 27 percent of managers/supervisors responding to the questionnaire indicated that they knew where the installation is going and how it will get there. These are people in decision-making occupations who should know what is happening. Rank and file employees responded at even lower levels. Only 18 percent of employees responded affirmatively to this question.
  - ▶ Only 24 percent of the employees surveyed agreed with the question “I feel my future with the installation is certain.” Downsizing obviously has a destabilizing effect; however, three of every four employees foresee a possible career transition down the road, even though many have survived earlier downsizing activity.
- HRM officials felt more strongly that the agency had taken proper steps to define core mission and identify needed employee skills in a downsized organization than did managers, supervisors, and employees. In fact, 80 percent of the HROs contacted felt that the installation had taken adequate steps to define future expectations. The divergent views of HROs and those outside the personnel arena on this issue are most likely attributable to the different perspectives. Naturally, HRO officials will be viewed by the outside workforce as being in the decision-making loop. Also, the HRO function inherently exposes personnel staff to decisions on issues that affect human resource outcomes that are not generally shared with the overall workforce. What this finding indicates is the importance of early communication and having as much

dialogue as possible with the general workforce about what is happening, the reason, and the likely short and longer term impacts. If this does not occur on the front-end, it is clearly important in the post-downsizing environment that agencies take the time to ensure that the workforce understands the agency's strategic direction. The failure to take such action could exact a heavy toll on employee attitudes, morale, and organizational productivity.

***Conclusion. Sound and sustained communications are key to establishing trust and understanding of downsizing goals and objectives among the workforce. Application of this "lesson learned" can help influence a calmer workforce environment even in the midst of a downsizing exercise.***

- Even under the most positive circumstances, effective communications are difficult to establish and maintain. Finding the right balance is difficult to achieve; and it is challenging to get agreement among individuals that communications are sound since individual expectations and satisfaction levels often differ. Although some employees will never believe they were sufficiently informed, it is vital on an issue as emotionally charged as downsizing that agencies do an extensive job of communicating firsthand with the workforce. This avoids conjecture or misperceptions that damage morale or cause unwarranted turnover that may be disruptive to the mission.
- Communication was an important initiative at each downsizing site. Agencies used various techniques to communicate with their workforce, including the use of newer tools of communication such as internet and E-mail. The perception of the quality of the communication differed between the HRO staff and the workforce. A combined 41 percent of the workforce responded via the questionnaire that the installation was good at communicating information; while 83 percent of the HRO survey participants indicated that management communicated with employees. HROs are often the communicators of this information so a more favorable assessment on their part is to be expected. Agencies generally lacked a feedback mechanism to evaluate the effectiveness of their communication. Consequently, assumptions were made that the workforce was receiving the intended messages, which may have been erroneous. As a case in point, one installation published information using E-mail which was not accessible by much of the heavily industrial workforce.
- Most agencies communicated with their workforces through traditional methods such as agency newspapers, staff meetings, personnel briefings, and unions. A few agencies used more advanced technologies such as video broadcasts, websites, and local area networks to discuss downsizing activities. The establishment of a bulletin board for questions and answers was an innovative approach applied by several sites in providing downsizing information to the workforce. Other approaches that seemed to work well were:

- ▶ At the U.S. Information Agency (USIA), the goal was “to over communicate.” An agencywide “Communications Team” was assembled to serve as clearinghouse for informational issuances.
- ▶ National Aeronautics and Space Administration (NASA) headquarters made wide use of its internet site (<http://www.hq.nasa.gov/office/codef/workforce/rs97plan>) and posted the workforce restructuring plan, buyout data, and other agency workforce information for all to access. In addition, they used their internal television network, *NASA Select*, to transmit information on the downsizing/RIF.
- ▶ Wright-Patterson Air Force Base (AFB) also reported using a homepage to provide information to its employees. National Oceanic and Atmospheric Administration and NASA established “hotline” mailboxes for questions.
- ▶ Throughout the period of downsizing, the DOL emphasized communicating with employees and managers via “Town Hall” meetings with the Secretary, all employee memoranda, and published guides (RIF primer and a brochure on “Managing in Turbulent Times”) to assure employees that they were being kept informed of the latest information. In addition, the latest automation technology was used to provide information to the workforce on available vacancies (DOL Labornet) and other resources which might be of assistance in facilitating employee career management (website entitled, *Planning Your Future - A Federal Employee’s Survival Guide*).
- Seventy-six percent of the managers/supervisors and 70 percent of the employees responding to the questionnaire indicated that they made it a point to keep themselves informed about what was happening in the organization in regard to downsizing/RIF. This self-empowerment is quite commendable and may be a byproduct of aspects of the career transition process that place a greater amount of responsibility on employees to be personally accountable for their destinies.
- Adding to the problem of communications is a general lack of trust in the information being disseminated on downsizing. Only 27 percent of employees stated that they had confidence in the information management was providing about the downsizing or reduction in force. Though results were slightly higher, fewer than half (42 percent) of surveyed managers themselves expressed confidence in the information being shared apparently from some higher level source. This dynamic is not altogether unexpected. Workforce downsizing typically generates fear and uncertainty, breeding mistrust and suspicion despite the most conscientious efforts to deal with the issue in a forthright manner. The lesson to be learned by agencies is not only to communicate early and

often, but to assess continually how the information is being perceived and interpreted by the workforce. While this is not a guarantee for success, agencies will be able to say authoritatively that what they did met reasonable standards.

**EXPECTED OUTCOME 2 - Strategies are employed to help surplus employees find other jobs.**

*Conclusion. Agencies have programs in place that are designed to help surplus employees in making a career transition, although a smaller federal workforce produces fewer placement opportunities for surplus employees.*

- On September 11, 1993, President Clinton issued a memorandum for the Heads of Executive Departments and Agencies on Career Transition Assistance for Federal Employees. The President said, “We owe a tremendous debt to federal employees who have devoted their careers to public service. Because many of these employees have been or are likely to be separated from federal service as we downsize the government, I have directed the heads of departments and agencies to provide career transition assistance to support them as they search for other employment. It’s important that we provide these services to the people who have made possible such dramatic changes in the federal government.” In keeping with the President’s initiative, federal agencies implemented varied and broad career transition services.
- In the May 30, 1997 First Annual Report on Career Transition Assistance for Displaced Federal Employees, the Office of Personnel Management stated, “The net effect of the President’s program in its first seven months is that: displaced federal employees have access to a broad range of services to assist them in finding other employment; agencies have become more proactive in helping their surplus employees; and more displaced employees are finding new jobs.” Our current study produced many examples of constructive agency career transition efforts. Agencies developed pamphlets and brochures, provided workshops, worked with state agencies and hired contractors in order to provide affected employees with as much information and as many services as possible. Highlights of significant agency efforts follow:
  - ▶ NASA’s Kennedy Space Center (KSC), Florida collaborated with the State of Florida in an attempt to keep the technical expertise in the geographic area. Florida’s main business is tourism, but the State also promotes gaining businesses in white collar, technical industries. NASA personnel skills are highly technical and were used as a marketing tool to garner new businesses to the geographic area. This approach with the state was part of the successful career transition approach that yielded no involuntary separations by providing job opportunities to NASA employees at various corporations throughout the state.

- ▶ A contractor was hired to develop a book for employees that were affected by the Defense depot closure in Memphis, Tennessee. The book entitled “The Planning Companion” provided information on financial planning, investments, legal issues, health and wellness, pensions, retirement, federal benefits, and other general information. The loss of a job is one of the most traumatic times in an employee’s life. The development of this book was a proactive response to the need of employees for information to make informed decisions.
- ▶ Wright Patterson AFB’s commander established a no RIF policy. To accomplish the downsizing and meet the goal of no RIF, he partnered with all the tenant commands to gain their endorsement of the policy which allowed sharing of all the available resources of the base. The placement of surplus employees has become an accepted policy for the managers, supervisors, and employees at the base resulting in a continuing loyalty of personnel during this period of downsizing.
- ▶ The Naval Air Warfare Center issued written transition information and also varied the publication medium by pursuing training sessions, group meetings, one-on-one meetings, and video teleconferencing. Varying the forms in which information is issued increased the likelihood that communication with the general population was successful.
- ▶ As a result of a base realignment at the Defense Distribution Center in New Cumberland, Pennsylvania a number of positions were declared excess. The unions were brought into the process to discuss the potential impact on their members and suggested an alternative to RIF for accomplishing the assignment of surplus employees under the redesigned structure. In the procedures implemented, employees were permitted to choose positions for placement. RIF retention standing was only applied where more than one employee expressed interest in a particular job. Interestingly, in many cases, employees selected a position different from the one they would have been offered in RIF. Although the process was more labor-intensive than implementation of RIF, the result was worth the extra efforts. Employees were more satisfied with the results and performed accordingly. No grievances were filed as a result of this process.
- ▶ The HRO at Fort McCoy, Wisconsin used RIF Team visits and various forms of communication media to inform affected employees of RIF procedures and career transition information. In addition to presenting specific onsite downsizing information, which included one-on-one counseling, the HRO staff published an employee bulletin with information on RIF processes and

procedures. The HRO also issued a Transition Assistance Network package that included information on interviewing skills and writing resumes or knowledge, skills, and abilities (KSAs) statements; automated job bulletin boards; and available outplacement services.

- The growing trend of a federal workforce geographically dispersed from the servicing HRO creates an additional challenge for HROs to ensure that career transition services are sufficient. DOL, Department of Army, Defense Logistics Agency, and OPM HROs, to name a few, made a concerted effort to provide career transition assistance to the offsite workforce. By using onsite personnel visits, contract services, and various forms of communication media such as bulletins, internet, and E-mail, the HROs took the additional steps to inform affected employees. Even with the additional effort, employees did not perceive they were getting the same level of assistance since the information provided was, at least in part, not face-to-face. Whenever possible, face-to-face contact would appear to help the communications process and make employees feel better about the assistance being offered.
- Although agencies are committing a significant degree of time and resources to assisting surplus employees, the feedback obtained through the survey questionnaires indicates that many employees feel even more should be done. For example:
  - ▶ Only 25 percent of employees and 35 percent of managers felt the job placement assistance provided to surplus employees was extensive.
  - ▶ 33 percent of employees and 43 percent of managers stated that the job placement assistance provided to surplus employees was beneficial.
  - ▶ 21 percent of employees and 24 percent of managers felt that the installation implemented effective training to retrain employees for new or changed jobs.

It is important to review these responses within the context of the mentality that frequently exists in a downsizing environment. Clearly, agencies have undertaken significant steps to minimize traumatic effects upon employees in the process of downsizing--this is supported by available data. However, affected employees sometimes have unrealistic expectations of what an agency should be able to do to keep them on board or to find them a position equivalent to or better than the one they incumbent. During site visits which involved face-to-face interviews with employees, they acknowledged, generally, that agencies had taken appropriate measures to assist employees. At only 4 of the 21 sites visited did interviews indicate that more could have been done.

- HROs ranked the following services in priority order as being the most successful in assisting surplus employees:
  - 1) Career counseling
  - 2) Priority placement programs: (Interagency Career Transition Assistance Program (ICTAP), Career Transition Assistance Program (CTAP), DoD's Priority Placement Program (PPP))
  - 3) New skills training
  - 4) Waiving qualifications
  - 5) Outplacement services
  - 6) Reemployment Priority List (RPL)

Employees agreed that career counseling was the most valuable assistance. Priority placement programs ranked as the next most useful tool. The ranking of RPLs last reflects the fact that this mechanism is used after the employee is displaced from the position. The following table shows RPL hires from FY 1994 through 1996 using data from the CPDF.

<b>Table 5</b>	<b>REEMPLOYMENT PRIORITY LIST</b>
FISCAL YEAR	TOTAL HIRES: PERMANENT AND TEMPORARY
FY 1994	917
FY 1995	840
FY 1996	828

The declining number of RPL placements must be balanced against the overall success federal agencies have experienced in downsizing their workforce without resorting to massive RIF.

- In response to the question of whether specific barriers existed to the placement of surplus employees, HROs reported the following:
  - ▶ 44 percent identified decreased employment opportunities in the federal government.
  - ▶ 34 percent identified particular physical skills or job qualification requirements.
  - ▶ 19 percent identified the lack of employee mobility.
  - ▶ 3 percent identified the lack of funding for paying relocation expenses.

Declining job opportunities in the federal government is a consequence of downsizing the federal workforce. However, many agencies reported that employees who were mobile were much easier to place than those who were limited to their current location. CTAP, ICTAP, and RPL programs provide selection priority in the local commuting area for those persons who cannot be mobile. While agencies have the authority to waive qualifications to place surplus employees, this authority is exercised judiciously since it has a direct bearing on future mission success.

- Installations experiencing downsizing are also attempting to provide surplus employees assistance to help deal with the emotional trauma that typically occurs with such actions. Nevertheless, many employees do not view agency attempts as extensive or beneficial as reflected by the following data.
  - ▶ 61 percent of managers and 49 percent of employees stated that the installation provided employees assistance to deal with the emotions of RIF.
  - ▶ Only 29 percent of managers and 24 percent of employees felt that the assistance provided was extensive.
  - ▶ 41 percent of managers but only 23 percent of employees felt that the assistance provided to deal with emotional issues was beneficial.

Given the intense and traumatic psychological effect of workforce reduction, it is predictable that the attitude would exist that agencies should do more to deal with employees' emotional issues. The most obvious relief to removing emotional stress would be to avoid downsizing altogether but, obviously, this was not an available option for most agencies.

***Conclusion. The existing regulatory framework is sufficiently flexible in allowing agencies to provide placement assistance to surplus employees. More stringent priority placement methods are not needed at this time.***

- All of the agencies contacted in the survey had programs to meet established regulations for the CTAP, ICTAP, and RPL programs. Of the 15 personnel offices visited, 7 did not have reemployment priority lists because no RIFs had occurred. Agencies have taken measures to inform employees of these programs, and what they are designed to accomplish. Most employees responding to our questionnaire reported that they know about priority placement programs.

By a rate of 2 to 1, the employees surveyed indicated that existing regulations facilitated more than not, the placement of surplus employees.



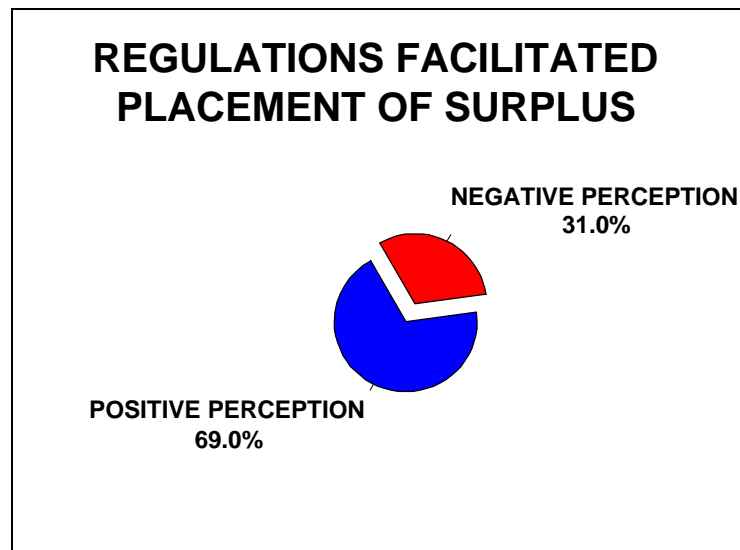


Chart 4

- HROs view the flexibility inherent under existing regulations as a positive contributor to minimizing the adverse impact of downsizing. These flexibilities include buyouts, early retirement authority, grade and pay retention, qualification waivers and priority placement programs. There were no calls for a governmentwide “stopper list” that would mandate the placement of surplus employees. However, HROs cited practices that they felt restricted the placement process. For example, some DoD HROs felt the 120 day notice period (applicable to DOD agencies only) for RIF when a significant number of employees will be separated should be reduced to 60 days to prevent employees from procrastinating in their job searches. Other DoD HROs felt that 60 days would be too short. Downsizing is a difficult business and reconciling the sometimes competing interests of various parties is a continuing challenge.

**EXPECTED OUTCOME 3 - Affected employees are properly and effectively transitioned into new assignments or organizations.**

*Conclusion. Employees affected by downsizing are frequently placed into new jobs or organizations without proper training or assistance to help ease the transition. Few agencies initiated specific measures to help workers fit in when placed in a new position or organization.*

- The placement of a surplus employee into a new job or organization in the federal service is essentially only the beginning of a successful career transition. Once placed, the employee must acclimate to a new employment situation. Adapting to new

organizational values, different leadership styles, changed duties and responsibilities, or more challenging performance expectations often requires major adjustments by the employee and can prove quite stressful. How effectively agencies plan for and follow through in supporting employees undergoing these adjustments will in large measure dictate whether it is a success or failure for the employee and the agency. The survey revealed that while agencies are doing a good job of minimizing displacements, adequate attention is not being devoted to the next step of ensuring a smooth transition of the surplus employee into another federal job.

- Most managers/supervisors surveyed did not recognize that survivors needed any form of special support or assistance after they were placed, not even orientation and training to assume their new duties and responsibilities. In most cases, survivors were transitioned into positions within proximity of their old positions or within their same organization. This accounted for the feeling by managers/ supervisors that orientation and training was not needed. Slightly less than half of the installations where onsite visits were conducted indicated that they provided orientation and/or training to assist employees in this situation; apparently few installations assess the need for such training. When asked if the installation had implemented effective training to retrain employees for new or changed jobs only 24 percent of managers and 21 percent of employees responded affirmatively. This is an area that would benefit from additional agency attention.
- Yet managers/supervisors expressed frustration with having fewer fully trained and experienced staff to do the work as a result of downsizing and the inability to use them to train newly assigned employees. Cross-functional teams were used by a few agencies as a strategy to deal with skills shortage. In the technical and trade functions, safety was a concern in development of cross-functional teams and was addressed in the need for additional training. Even when modifications and waivers of qualifications were used, some agencies did not place a high priority on retraining. Overall, installations which did not implement effective retraining limited the success of using qualification waivers to place employees.
- While the surviving workforce feels fortunate to have jobs and employees are strongly committed to doing a good job for the organization, some feel that the across-the-board approach taken by many agencies in downsizing caused a diminution of needed skills. This is compounded by the concerns expressed by both managers and rank and file employees that they do not have a strong vision of where the agency is headed. The conglomerate message conveyed is uncertainty over organizations' future ability to carry out their mission effectively. This is reflected in the following questionnaire feedback.

- ▶ Only 13 percent of employees and 23 percent of managers feel that the right person is assigned to the right job.
- ▶ Only 33 percent of employees and 43 percent of managers feel that the restructured installation has communicated its new strategic vision.
- ▶ Only 21 percent of employees and 24 percent of managers felt that installations implemented effective training to retrain employees for new or changed jobs.

The study revealed few active agency interventions to address concerns related to skills imbalances and training needs. Only 4 of the 15 HROs visited indicated that training is accorded a high priority as a consequence of downsizing and considering future mission requirements. These four installations reported positive results, indicating that the placement of a high priority on training does make a positive difference in the success of career transition and organizational performance. For example, Tooele Army Depot considered training as a high priority to such an extent that it became a condition of employment for the employee.

- Less than half of the installations visited indicated that they planned a specific strategy to assist survivors' transition into a new position. Those that did focused more on counseling and Employee Assistance Program (EAP) kinds of assistance, mainly to deal with the emotional aspects of survivor transition. For example, U.S. Geological Survey (USGS), Bureau of Indian Affairs, Pearl Harbor Navy Base, and DOL provided survivor counseling, stress management and EAP services. Some installations expressed concern with violence at the workplace. Memphis Defense Depot hired a full time social worker to address this issue, and no workplace violence occurred throughout the base closure process.
- Only 33 percent of manager/supervisors and employees indicated in their questionnaire responses that employees assigned to new positions or organizations as a result of downsizing were made to feel welcome. A few study sites stand out for their additional efforts to make survivors feel welcome and fit in. Two study sites had official greeters assigned to welcome new employees and one study site fully equipped the desk of newly assigned employees. Examples:
  - ▶ NASA and Navy Warfare Center (NWC) provided orientation for newly placed employees and assigned "greeters" who gave new arrivals a warm, personal welcome. Pearl Harbor Navy Base and DOL ensured proper orientation was given and provided managers and supervisors with a checklist.
  - ▶ KSC, NWC, and Defense Distribution Central assigned mentors to help newly assigned employees get acclimated to their new assignments.

- ▶ KSC and OPM used team-building exercises.

Employees who are surplus or displaced through no fault of their own often are faced with the stigma of being labeled as an unwanted commodity. Most surplus employees are talented, high performing employees with valuable skills and abilities. Federal agencies can dispel unwarranted negative perceptions of surplus employees and expedite the transition process by undertaking “mentoring” and other novel approaches to make the employee a part of the new team. This constitutes a ‘win-win” situation for all concerned.

**EXPECTED OUTCOME 4 - Mission Accomplishment and Customer Service is enhanced.**

*Conclusion. While downsizing has been effective in achieving immediate budget and staff reductions, agency efforts to empower employees, reinvent work practices, and improve customer service are a continuing work in progress.*

- The study results confirm that agencies have been highly successful in achieving full-time equivalent reductions in response to the realities of significant budget reductions across the federal government. The question of whether or not these reductions have increased agencies’ ability to accomplish the mission or enhance customer service through improved utilization of available resources elicits a mixed response from the federal workforce.
- The ability to deliver agency services with a shrinking workforce and budget is fundamental to successful agency operations in today’s fiscal environment. The NPR stresses putting customers first, empowering employees, cutting red tape, and getting back to basics as techniques for agencies to follow. Our study reflects that many agencies are actively engaged in these processes, institutionalizing changes that are intended to result in long term benefits. Examples:
  - ▶ OPM identified its core functions, resulting in the privatization of governmentwide training and investigations activities. In privatizing the investigations program, OPM established the Federal Government’s first Employee Stock Ownership Plan. This initiative has been highly successful, resulting in the placement of approximately 700 employees in the investigation unit and \$15 million in tax-savings to the American people in the first year. Over 5 years, the savings to the Government are projected to total \$73.5 million.

- ▶ NASA, KSC focused on customer service enhancement, using contractors to assume many functions of the center that previously were performed by career federal employees. Besides reducing costs, NASA reports that employees feel a greater sense of empowerment and capacity to accomplish the mission.
- ▶ DOL is transforming its mission from one of enforcement to more of a customer protection model. Industry clients are now treated as customers. Instead of DOL dictating standards, some of which industry has contended in the past were unreasonable, protection standards are now established with industry input and agreement.
- ▶ The recommendations set forth by the USGS Geologic Division's National Review Committee are in keeping with the objectives set forth by the HRO. By regionalizing, as recommended by the Committee, management of the Geologic Division's programs has been placed closer to the users of the Division's information and to the scientific staff. Establishment of teams to replace branches accommodates the need to conduct multidisciplinary studies and the integration of work with other parts of the agency. The work has been streamlined and/or reinvented, the number of management and supervisory positions has been reduced, and through the team structure, employees are more involved in determining how mission will be accomplished.
- ▶ Wright Patterson AFB reported that alternative work approaches, quality management techniques, and work simplification have all played a role in fulfilling standing commitments with a reduced force.
- ▶ With the integration of the broadcasting of the Voice of America, U.S. Information Agency (USIA), International Broadcast Bureau (IBB) reported that broadcast overlap with Radio Free Europe and Radio Liberty has been eliminated and the efficiency has been improved. IBB continues to broadcast in the same number of languages with fewer employees.
- ▶ Department of Energy's Western Area Power Administration (WAPA) reported that they had achieved 90 percent of their reorganization goals and now have competitive rates with the electric industry. Decrease in construction outlay costs was credited as the highest contributor to this accomplishment; staff cost reduction was a distant second. The construction budget had dropped drastically so downsizing simply took care of excesses.

However, the study results reveal that rank and file employees have reservations that the full impact of intended benefits has been achieved. Managers and supervisors more than employees are recognizing the effects of objectives for reinvention of work

practices and for employee empowerment in their organizations. This can be attributed to the fact that managers and supervisors are closer to the decision-making process on matters covered by the initiatives. The following provide additional insight regarding workforce perspectives.

- ▶ Only 10 percent of employees indicated in their questionnaire responses that the downsizing/reduction has produced an organization that is more productive and much better equipped to do its job, i.e., more effective with higher quality and lower cost.
- ▶ 21 percent of employees indicated in their questionnaire responses that employees are more empowered to do their jobs.
- ▶ USIA managers and supervisors interviewed indicated that the redesigned IBB mission has improved products and services, but employees are not as convinced, citing that customer service is not as good as it was before downsizing.
- ▶ NWC, Patuxent River managers and supervisors interviewed felt that reorganization has resulted in efficiency gains; supervisory ratios have improved and employees feel empowered. However, employees were more reserved, stating that it is difficult to determine at this time if there is any improvement.
- ▶ WAPA managers said the reorganization has developed a “culture pyramid” to promote a vision of a successful, empowered organization. Employees voiced concern over the mission, but said they at least understand the bottom line much better.

Employee feedback reinforces the need for agencies to continue working, even after downsizing, to provide the workforce information that will help to establish the nexus between the downsizing actions taken and improvements in terms of cost savings, operational efficiencies, and customer service enhancements.

***Conclusion. Looking ahead, federal employees foresee that their ability to meet mission requirements will be impacted as a result of workforce reductions. Strategic mission planning will be vital to continue successful agency operations and improved employee morale.***

- The workforce covered by this study conveyed numerous concerns about their capacity to continue to carry out the mission having fewer resources, stating it is too

early to determine if there have been operational efficiencies and cost savings. Their general view is that agencies must be much more strategic in defining organizational productivity goals and what it takes to get the job done. The following data highlight these concerns.

- ▶ Only 27 percent of managers/supervisors and 31 percent of employees indicated in their questionnaire responses that they feel that there are enough workers to get the work done.
  - ▶ An overwhelming 86 percent of managers/supervisors and employees indicated in their questionnaire responses that management expects employees to do more with less.
  - ▶ Only 33 percent of managers/supervisors and employees indicated in their questionnaire responses that they felt top management analyzed what it wants and why in carrying out its downsizing/reduction activity.
  - ▶ Only 38 percent of managers/supervisors and employees indicated in their questionnaire responses that outcome and results measures are used to assess the overall performance of the organization (e.g., rates, trends, current quality levels, and meeting program objectives).
  - ▶ Only 36 percent of managers/supervisors and employees indicated in their questionnaire responses that they share information and ideas freely with management.
- Feedback from the workforce indicates agencies also need to concentrate more on identifying customer expectations.
    - ▶ 53 percent of managers/supervisors and employees indicated in their questionnaire responses that products, services, and work processes are designed to meet customer needs and expectations.
    - ▶ Only 42 percent of managers/supervisors and employees indicated in their questionnaire responses that customer satisfaction with products and services is regularly assessed. Without having a good sense of what the customer thinks about service, agencies lack essential information for setting goals and improving processes.
    - ▶ Only 35 percent of managers/supervisors and employees indicated in their questionnaire responses that products and services are continuously improved based on what our customers and the public need and want.

- The Results Act will induce agencies to be highly structured in the way that they plan their mission, assess outcomes, and measure performance. The Results Act

process should help to educate employees on actions being taken to plan strategically for the optimum balance of available resources against mission requirements.

***Conclusion. The principal methods by which agencies expect to continue to meet mission requirements with a smaller workforce are, in priority order, streamlining, reinvented work practices, and reorganizations/consolidations.***

- Agencies caught in the throes of downsizing employ numerous and varied methods for accomplishing the mission with a reduced staff. HROs ranked the following techniques from highest to lowest in terms of their success in meeting mission goals in a downsized organization.

- 1) Streamlining
- 2) Reinventing work practices
- 3) Reorganizations
- 4) Consolidations
- 5) Deregulation
- 6) Employee empowerment
- 7) Reduction of administrative positions
- 8) Delegation of authority

The top four involve techniques that maximize resource savings along functional business lines. Given the emphasis placed on making government more efficient and effective, and budget reductions, it is natural that these techniques would be ranked highest.

- Major agencies are in the midst of activities to review their mission and alignment so that they can respond to future challenges presented by smaller government. DoD is embarking on a Defense Reform Initiative resulting in various functions being merged or eliminated. The Department of Housing and Urban Development has reorganized and streamlined its field structure. The Department of Veterans Affairs (VA) is shifting its emphasis from inpatient hospital care to a managed care approach which focuses on preventive health maintenance and outpatient care. These are just a few examples of how downsizing is requiring that agencies consider new ways to do their work. Seventy-six percent of managers and 62 percent of employees reported that downsizing has caused agencies to look at new ways to do business. Accordingly, employees view their involvement in the work as being more challenging than in the past. As agencies streamline their operations and empower employees more to make



independent decisions, employee involvement and partnerships will obviously be critical to bottom line success.

***Conclusion. Whether formal or informal, labor management cooperation is an important facet of the downsizing process.***

- The downsizing process places a great deal of stress on the workforce. When management and employees work together cooperatively to get through this difficult process, prospects for positive outcomes are much greater.
- Many of the study installations engaged the union in a labor-management partnership throughout the downsizing process. Forty-one percent of managers/supervisors and employees indicated in their questionnaire responses that the installation's labor-management partnership was involved with the downsizing/reduction at the beginning.
- In our HRO survey, many installations indicated that, while a partnership did not formally exist, this did not adversely impact the level of involvement of labor and management on downsizing. Most installations coordinated because of impact and implementation requirements, and others in the spirit of cooperation.

<b>Table 6</b>	<b>PARTNERSHIP ACTIVITY</b>	
	Type of Activity	Percentage
	None or limited (shared Information)	39
	Coordinated (union participation/input)	39
	Member on Committee (planning, processing, or assisting with employee communications)	22

As illustrated above, a majority (61 percent) of the HRO installations indicated that labor/management either “coordinated activity or “actively participated” as a partner in the downsizing process. Even in cases where limited activity was reported, at a minimum, they were sharing information.

- While only 27 percent of managers/supervisors and employees indicated in their questionnaire responses that there was cooperation between labor and management, HRO staff involved with the complexities of processing the downsizing/RIF action report a discernable influence of the labor-management partnership on the downsizing outcome. Sixty-three percent of HRO survey respondents indicated that labor-management partnership influenced the downsizing outcome from a marginal to a great extent.

- Managers and supervisors interviewed at 15 sites which used informal or formal labor-management partnerships, reported that partnerships did make a positive difference in agency efficiency and worker satisfaction in downsizing. Only two sites indicated that the labor-management partnership resulted in adverse impact. These two sites had adversarial labor-management relationships that carried over to bargaining and negotiations over the downsizing process.

The following are positive examples identified in the course of the study:

- ▶ KSC managers reported that union involvement helped in the development of reorganization plans. The union, by being knowledgeable about the plans, helped the employees in their understanding, thereby keeping the workforce calm and more receptive to transitioning to the new organization.
- ▶ OPM's labor-management partnership was helpful in downsizing the Employment Service. The positive impact from the partnership was particularly noticeable in the aftermath of downsizing. OPM's culture has been greatly influenced by the desire of management and the union to achieve common goals.
- ▶ Barksdale AFB reported that union involvement helped with the transition. The union was involved in the transition from the beginning. The union was cooperative and assisted in communication with employees, which aided the smooth implementation of downsizing initiatives.
- ▶ At Tooele Army Depot, a union representative was a full member of the RIF team. This effort influenced the positive way in which workers accepted the results. The workers felt the RIF process was done in a fair manner because the union participated.

**EXPECTED OUTCOME 5 - Agency policies and practices for downsizing are consistent with The Office of Personnel Management rules and regulations.**

*Conclusion. Agency policies and practices adhere to federal rules and regulations governing the establishment and administration of systems designed to protect employee interests and rights associated with the downsizing process.*

- The study assessed the methodology which the agencies used to develop their policies and practices in accomplishing downsizing and/or RIF. Specifically, OPM examined the procedures for: establishment of competitive areas and competitive

levels, development of RIF notification letters, and application of veterans' preference. Following are the results:

- ▶ Agency policies comply with rules and regulations for establishment of competitive areas and competitive levels. The HROs visited did not employ methods or policies which established excessively narrow competitive levels. *[Note: the Office of Personnel Management did not review USGS' competitive level or competitive area establishment during the onsite visit since there were numerous appeals filed that had not been resolved.]*
- ▶ No instances were found where the methodology established for development of RIF notification letters and application of veterans' preference during downsizing and/or RIF breached existing rules and regulations.
- With few exceptions, agencies are complying with rules and regulations governing the placement of surplus employees. For the ICTAP, HROs were aware of the overall regulations at all of the sites visited. However, in most of the offices, the complete requirements for ICTAP were not met. Specifically, HROs were not fully complying with the requirement for public notice or the additional qualification and application information required in the job announcements for the purpose of notifying ICTAP eligibles of job opportunities. These findings mirror the December 1997 OPM study finding that 30 percent of DoD and 52 percent of non-DoD agencies were not in full compliance with ICTAP requirements. OPM is currently assisting agencies in correcting these problems. A six-month follow-up study which began in June 1998 will assess agency progress in this area.
- Fifty-four percent of the managers and supervisors surveyed by the questionnaire reported the impression that proper rules and regulations were followed in the downsizing or RIF. In contrast, only 29 percent of employees agreed this was the case. Though this is a noticeable gap, it is pertinent to point out that there are procedures for obtaining "due process" in situations where there are employee concerns regarding management actions.

***Conclusion. Employee performance is taken into account as a retention factor in the reduction in force process; however, employees are concerned that ratings are inflated to enhance retention standing.***

- Regulatory requirements for assigning additional service credit for RIF retention standing to successful performers are being applied by federal agencies. However, employees feel that the service credit is of limited value given the way that agencies administer performance management. A combined total of only 21 percent of the

questionnaire respondents indicated that the extra RIF credit for ratings above fully successful motivated employees to achieve these levels. Fairness appears to be a major concern.

- When asked if the performance appraisal system is fair, only 28 percent of managers/supervisors and 29 percent of employees responding to the questionnaire responded affirmatively. At 9 of the 21 sites visited, those interviewed indicated concern over the appraisal process as it relates to RIF. The following comments made during interviews are reflective of the nature of the concerns: “some supervisors tried to protect their employees and rate higher than normal;” “quota system was used for outstanding ratings;” “outstandings were given on a rotational basis;” “management rated to control RIF;” and “ratings went up when faced with downsizing and become artificially inflated.” These reactions are typical of workforce perceptions of the Performance Management System in the federal government. OPM issued new performance management regulations in 1995 giving agencies greater flexibility to design performance management systems most appropriate to the agency’s structure, including pass-fail systems. Only one installation included in the study had actually implemented a pass-fail system. Employees there also indicated a concern about how it would be used during RIF.
- Review of information in the CPDF for the study period FY 1994-FY 1996, indicated an increase in outstanding ratings, a slight increase in minimally successful ratings, and a slight decrease in fully successful ratings of permanent employees. (See Table 7.) The combined percentage of outstanding and exceeds fully successful ratings granted in FY 1994 was 71.4 percent. This total increased to 72.8 percent in FY 1995 and 73.2 percent in FY 1996.

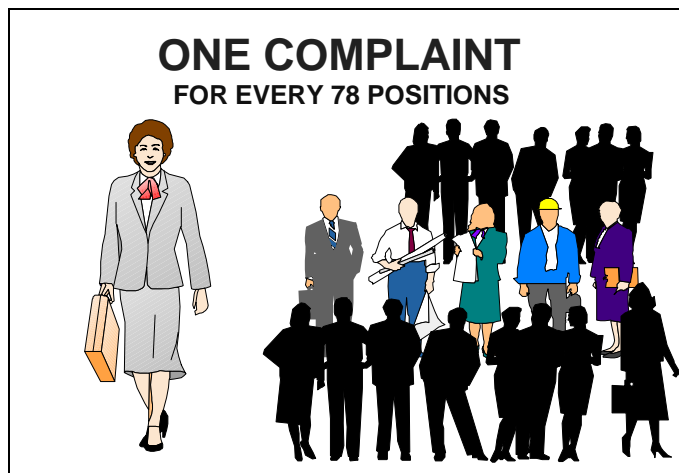
<b>Table 7</b>		<b>PERFORMANCE MANAGEMENT</b>			
<b>FISCAL YEAR</b>	<b>PERCENT OF PERMANENT WORKFORCE ATTAINING OUTSTANDING RATING</b>	<b>PERCENT OF PERMANENT WORKFORCE ATTAINING EXCEEDS FULLY SUCCESSFUL RATING</b>	<b>PERCENT OF PERMANENT WORKFORCE ATTAINING FULLY SUCCESSFUL RATING</b>	<b>PERCENT OF PERMANENT WORKFORCE ATTAINING MINIMALLY SUCCESSFUL RATING</b>	<b>PERCENT OF PERMANENT WORKFORCE ATTAINING UNSATISFACTORY RATING</b>
FY 1996	38.3	34.9	19.1	.3	.1
FY 1995	35.6	37.2	19.3	.3	.1
FY 1994	32.5	38.9	21.4	.2	.1

Note: percentages of permanent workforce not receiving a rating are not included

The strongest trend is the increase of ratings at the outstanding level. KSC offered an interesting perspective on ratings. Top managers indicated that they no longer could support a workforce of fully successful employees at this unique and highly technical agency. To meet mission needs, with a drastically reduced staff, they felt the workforce must be composed of workers that are willing to go over and above the call of duty and exceed the normal job requirements. The latitude agencies have now to develop tailored performance systems allow for this type of judgment; however, negative employee perceptions will likely persist until it can be demonstrated through outcomes that agency systems are effective in distinguishing among levels of employee performance.

***Conclusion. The vast majority of grievances and appeals filed regarding agency downsizing decisions are determined by the reviewing authority to lack merit.***

- In comparison to the amount of downsizing that occurred in the surveyed installations between FY 1994-FY 1996, (31,545 positions) the number of complaints or grievances filed (402) is small. (See Chart 5.)



**Chart 5**

The majority of complaints stemmed from voluntary separation incentive determinations. This

was reported by 18 of the 82 HROs involved in the study. This was followed by complaints citing: performance appraisal (16); competitive level (14); veterans' preference (13); competitive area (11); reemployment priority (7); ICTAP/CTAP (3).

- As reported by the HROs involved in the study, only 2 of the 283 complaints decided resulted in a reversal of agency action (1 of every 142 complaints decided). (See Chart 6.)

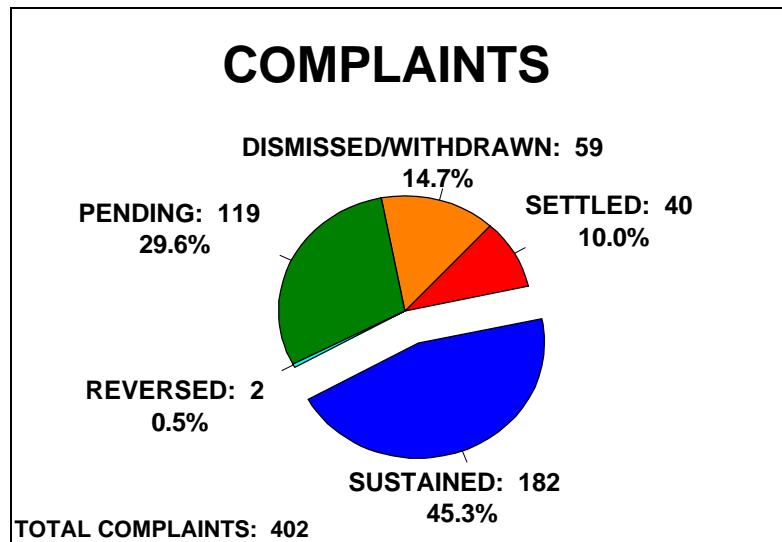


Chart 6

**Conclusion.** *Contrary to earlier belief, downsizing has not adversely affected the representation of women and minorities in the federal workforce.*

- In the early days of downsizing there was a great deal of concern that staff reductions would have a disproportionate impact on women and minorities under the syndrome of “last hired, first fired”. The humane way in which downsizing has taken place in the federal government apparently avoided this situation. The voluntary alternatives utilized by agencies had the effect of minimizing reductions in force which could have

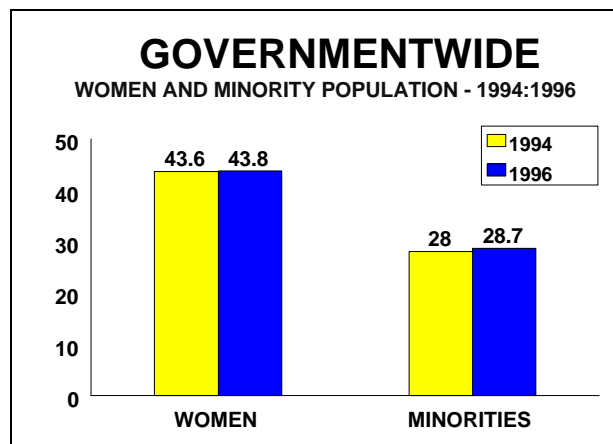


Chart 7

produced devastating results. The governmentwide minority population increased slightly as shown in Chart 7. The percentage of females in the workforce also slightly increased. In 1994, 43.6 percent of the workforce were females. This percentage increased in FY 1996 to 43.8 percent, even though the workforce decreased an additional 57,761 positions.