

Flash Report-Proposed Streamlining Will Result in Increased Costs

#6400015

MEMORANDUM

SUBJECT:

Flash Report
Proposed Streamlining Will Result in Increased Costs
(6400015)

TO:

Fred J. Hansen
Deputy Administrator

Our review of actions taken to reduce the number of supervisory positions at grades 14 and above indicates that overall personnel reductions at these grade levels are not occurring. Our analysis of reorganizations in four regions indicates that, while offices may be reducing the number of supervisory positions to meet the Environmental Protection Agency goal of 1:11 supervisor to staff ratio, **they are increasing the overall number of personnel at grades 14 and above and increasing their costs.**

During our survey of Region 7's position management, we discovered that Region 7 planned to promote grades 13 and 14 personnel to grades 14 and 15 as a result of its reorganization. Although the region reduced its number of supervisory positions at these grades, it increased its overall number of personnel at the grades 14 and above when nonsupervisory positions are considered. To determine whether promotions were occurring in other offices, we expanded our review of this issue to include Regions 1, 4, 6, and the Office of Research and Development.

As part of their reorganizations to reduce the number of supervisory positions, Headquarters and regional offices competed, or plan to compete, existing and newly created positions. Sometimes, lower-graded personnel were selected for higher-graded positions. In other cases, displaced supervisors were reassigned or promoted to nonsupervisory positions at the same or higher grade than they held as supervisors. We are concerned that the net effect of these actions is contrary to Presidential and Agency streamlining goals; therefore, we recommend that you:

- Review the implementation of reorganization plans in all EPA offices and regions and evaluate actions taken to reduce the number of supervisory positions at grades 14 and above.
- Take whatever action is necessary to ensure that all offices comply with the streamlining initiative and **actually reduce** the number of higher graded positions over time.

We are available to discuss the results of this review in more detail, if needed. Please provide us a response within 60 days. Should you or your staff have any questions about this report, please contact Kenneth A. Konz, Assistant Inspector General for Audit, at (202) 260-1106.

cc: Regional Administrators Regions 1, 4, 6, and 7
Office of Research and Development (8101)

Attachment

Background

The President's memorandum, entitled "Streamlining the Bureaucracy," dated September 11, 1993, and the National Performance Review (NPR), revised September 10, 1993, launched government-wide streamlining efforts. The President's memorandum required agencies to submit streamlining plans to halve the ratio of managers and supervisors to other personnel within 5 years. The memorandum further stated that streamlining plans should seek to realize other cost savings. NPR set a goal of doubling the managerial span of control within 5 years, while creating a government that costs less. Increased managerial control would reduce the size of the federal workforce and save money.

The Office of Administration and Resources Management (OARM) issued guidance to reduce the number of supervisory positions to achieve a 1:11 ratio in a memorandum dated December 21, 1994. The guidance provided options such as voluntary and directed reassignments. Directed reassignment options included moving all supervisors to nonsupervisory jobs and advertising the supervisory positions proposed under the reorganization. **For advertised positions, managers were to limit consideration for supervisory positions to the affected group of supervisors. Promoting lower graded employees was specifically prohibited.** If sufficient applicants did not apply to fill the supervisory positions, managers could expand the scope of competition to other employees at the same grade level as the job being advertised.

Four Regions' Reorganizations Will Increase Personnel at Grades 14 and Above

Although Regions 1, 4, 6 and 7 developed plans to reduce the number of supervisory positions at grades 14 and above, the regions plan to increase the overall number of personnel at grades 14 and above from a four-region total of 342 to 408, or a 19 percent increase. In addition, Region 1 advertised and planned to promote nonsupervisory personnel into higher graded nonsupervisroy positions created by the reorganization. The Headquarters Office of Research and Development also planned to promote some personnel to grades 14 and above. However, its overall personnel strength at these grades will decline from 609 to 558 after the reorganization. Consequently, we are limiting our discussion to the increases occurring in the four regions we reviewed.

The increases in the regions are shown in the following chart and include Regional Counsel personnel. Region 4 provided numbers for supervisory positions only. Consequently, the total numbers of grades 14 and above after reorganization in Region 4 might be higher than reflected below when nonsupervisroy positions are included.

Increase in Grades 14 and Above

Region	Number of Grades 14 and Above Before Reorganization	Planned Number of Grades 14 and Above After Reorganization	Increase Number	Percent
Region 1	116	131	15	13%
Region 4	76	94	18	24%

Region 6	90	103	13	14%
Region 7	60	80	20	33%
Totals	342	408	66	19%

The regions did not limit consideration for new supervisory positions to the affected group of supervisors or other employees at the same grade as the position, as directed in the OARM guidance. The four regions we reviewed plan to promote grade 13 personnel to grade 14, and grade 14 personnel to grade 15, at an estimated \$370,000 increased annual salary cost. Some promotions have already occurred in Region 6, due to a Headquarters waiver of the promotion freeze. Region 4 officials have not yet advertised and selected new supervisors. Region 4 suspended its preliminary reorganization initiatives when fiscal 1996 Agency budget cuts were recommended by Congress. Therefore, the figures provided by Region 4 reflect possible promotions included in the region's preliminary reorganization plans.

Had the regions followed OARM guidance and limited consideration to personnel at the advertised grade, the increases would not have occurred. Regions 1, 6, and 7 increased nonsupervisory positions through reassignments of displaced supervisors and promotions of lower grade nonsupervisors. Because Region 4 has not yet reorganized, it is uncertain of the number of former supervisors who will be assigned to nonsupervisory positions.
