Managing a Situation of Over-Hire in a Government Research Development and Engineering Agency without Firing Employees

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Abstract

This project shows a situation many managers face, a reduction drill. May it be in private industry or a government agency; it is not easy for any manager to have to be part of a Reduction in Force (RIF). On the government side, there are many rules, regulation and levels of authority government managers have to follow, but nevertheless there are a number of available tools to use when reducing personnel to avoid firing employees. The project simulates a Research Development and Engineering Agency (RDEA) with 3000 employees. Characteristics of comparable agencies have been studied from 2013 and 2014 data in order to determine proper numbers and distributions to superimpose in the simulation. The numbers show that it is possible to reduce a number of employees if given enough time to plan and implement the available tools.

Problem

In March 1 2013 the federal government began sequestration which mandate automatic spending cuts. As part of the budget cuts, sequestration came with a reduction in the spending authority of approximately 85 billion dollars for the 2013 fiscal year and similarly for 2014. Following the sequestration, almost all federal agencies was placed under administrative furlough.

Even before all the budget discussions took effect, many government agencies were placed under "hire freeze". The culmination of all these could be the order to reduce the work force. This project analyzed, looking into the future the effects of a properly planned and executed reduction plan.

Many times employees panic thinking that the only way to reduce personnel is through a forced Reduction in Force (RIF). How can an organization reduce their human resource without having to fire personnel? This project shows how effective and realistic are the options available to managers to make changes to their workforce.

The projects goals are to:

- Show the basic difference and similarities if any, between how a corporation and a government agency balance their human capital (structure, budget & authority).
- Show several techniques/tools managers use to manage "over hire" situations in government agencies.
- Show an example of a transition of an organization to go from an "over hire" situation to "normal or compliant" using available tools while avoiding firing showing at least a 10% reduction in their human resource.

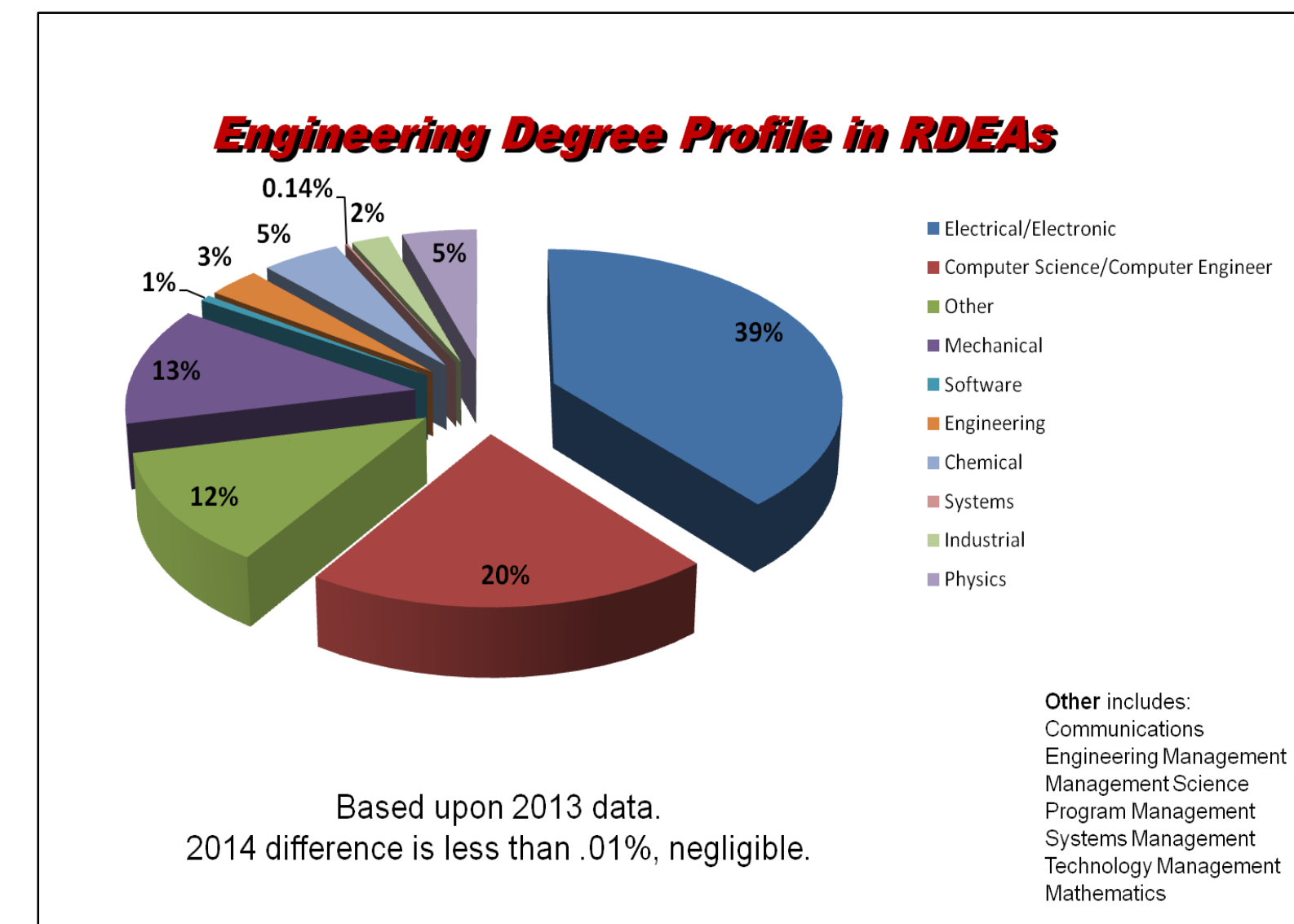## Methodology

Initial Assessment of RDEA

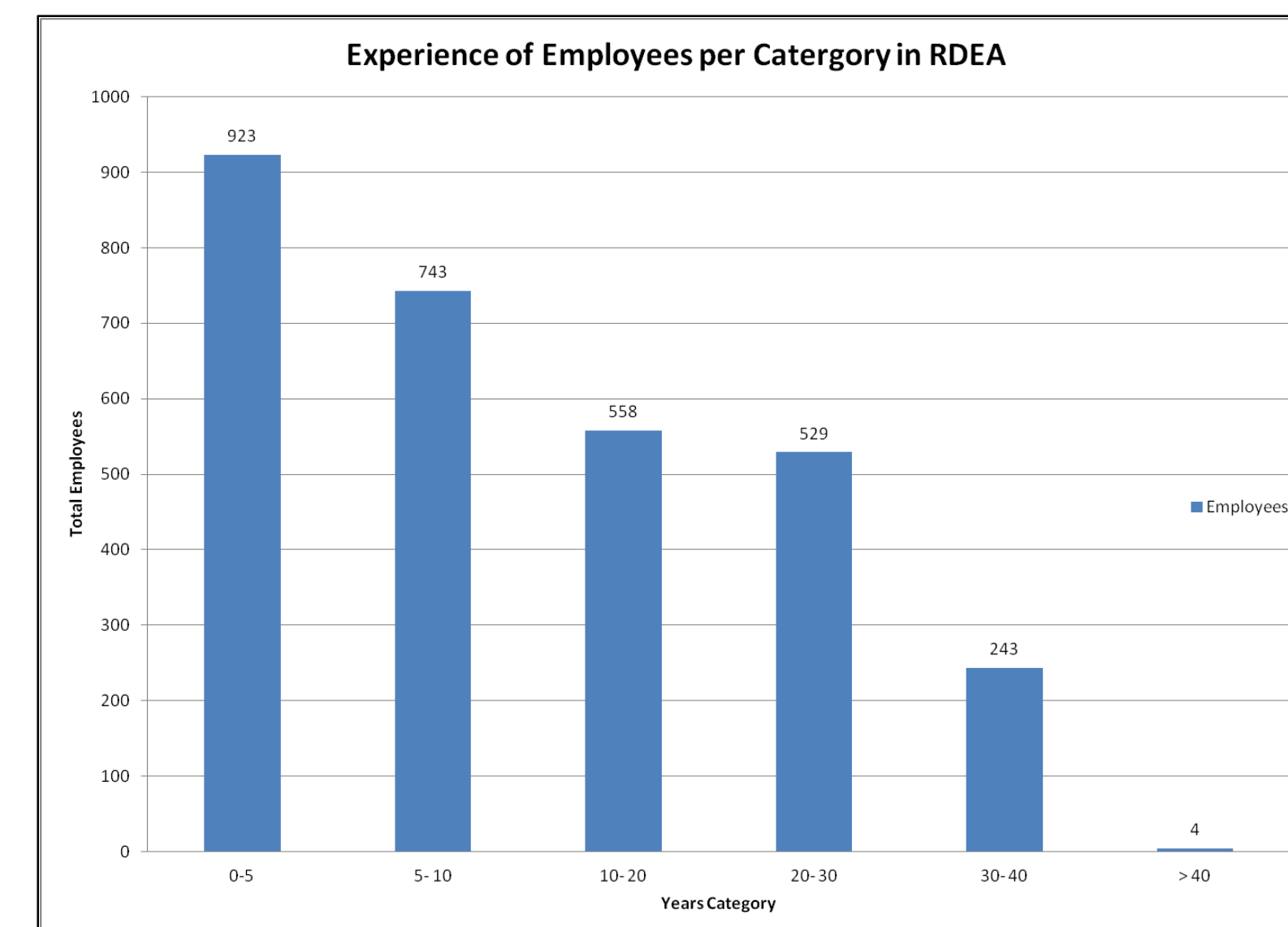Figure 1: Employee Background Profile in RDEA

Figure 2: Experience Categories in RDEA

The Reduction Drills

A simulated TDA for Human Resource (HR) management was used to balance the workforce. The simulation had 3,000 employees TDA and reflected proportionately the same work force distribution of a Research Development and Engineering agency. As a guideline, the goal of the simulation was to reach a 10% reduction in a calendar year. Several scenarios were run, one at a time, using historical numbers as a guideline. The numbers used for the scenarios were representative of real numbers in current comparable government agencies. The individual contribution of each scenario through time was shown. Scenarios were continuously added until 10% goal is reached "compliant" status.

1. Do Nothing Drill

The Do Nothing Drill shows the effect of the regular retirement rates on the population of comparable agencies through several years. After examining several agency records from 2012, 2013 and 2014

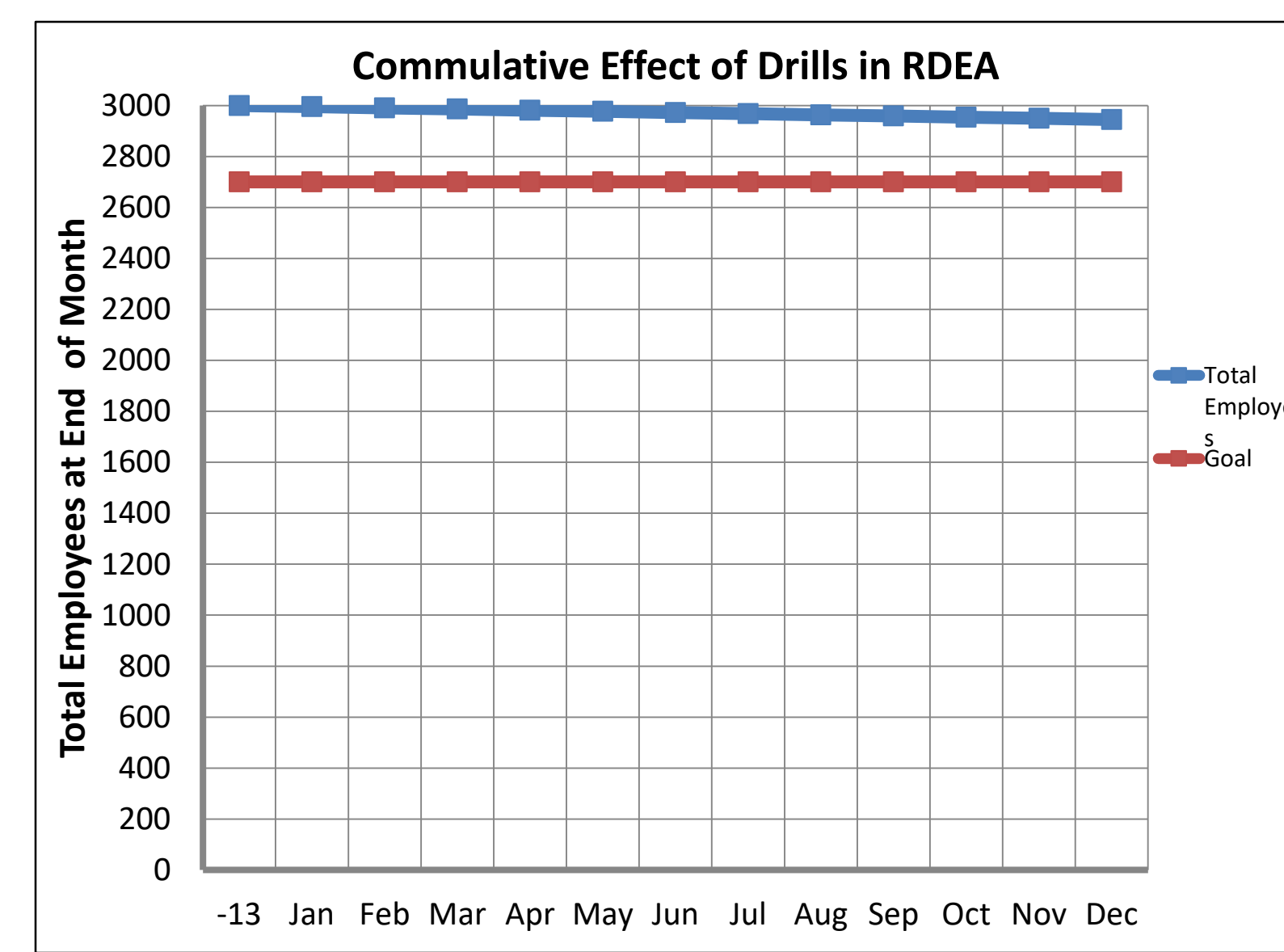| Retirement Rates per Year	
Year	# Retirees
2012	43
2013	55
2014	66

Figure 3: Effects of Regular Retirement Rate in 1 Year

The total number of people eligible for retirement in 2014 is 346. This means that only 19% of the eligible people are actually retiring. Figure 3 shows the average of the tree years used, 55 retirees per year.

2. VERA/VSIP Drill

VERA/VSIP drill shows two tools that may boost the numbers of people retiring by incentivizing them to take early retirement. The terms VERA/VISIP are always used in conjunction, but they are truly separate tools: Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP). In 2002 the Office of Personnel Management (OPM) made changes to both tools in the Chief Human Capital Officers Act of 2002. Some of the most important changes were: VERA can be requested for reasons of de-layering, restructuring or reshaping, before an order of downsizing had to be in effect. As for VSIP, it can be requested for also to OPM and both can be offered together to employees; before 2002 the authorizations could only be given by congress and agencies had to choose one to offer. Before 2002, agencies had to seek legislative authority independently to offer voluntary separation incentive payments.

Table 2: Table of VERA/VSIP Eligibility

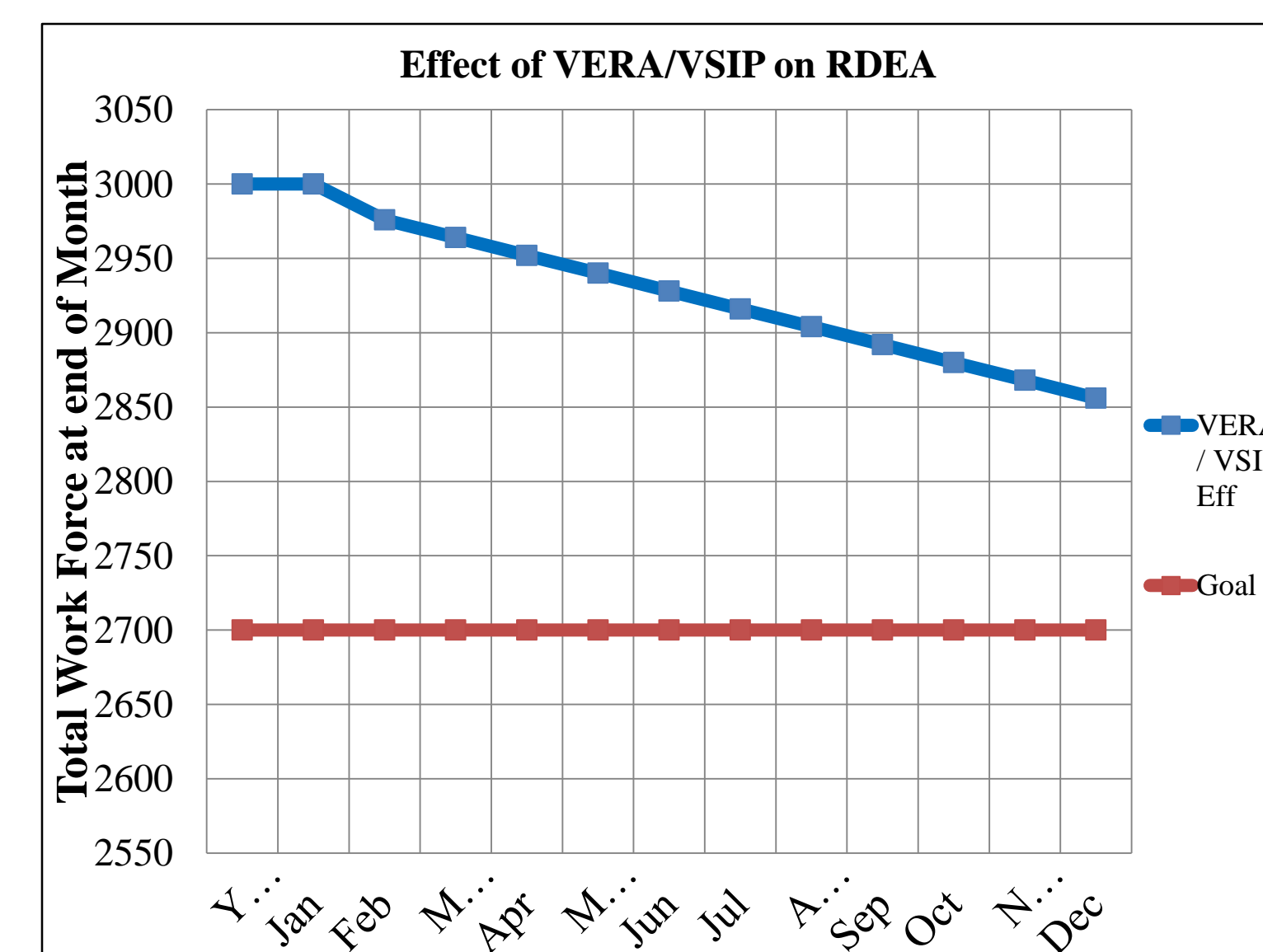| Employee Eligibility for VERA/VSIP		
	FERS Eligible	CSRS Eligible
Immediately	199	153
Loss/Penalty	130	438
Total	329	591

Figure 4: Effects of VERA/ VSIP over One Year in RDEA

3. Matrixed Support Drill

The matrixed support analyzes who in the TDA can and should be moved in and out of the agency, depending on the type of support they provide. In order for en employee to be considered into this category he or she has to provide 100% of productive hours to a single customer.

Table 3: Employees at 100% Matrixed Support

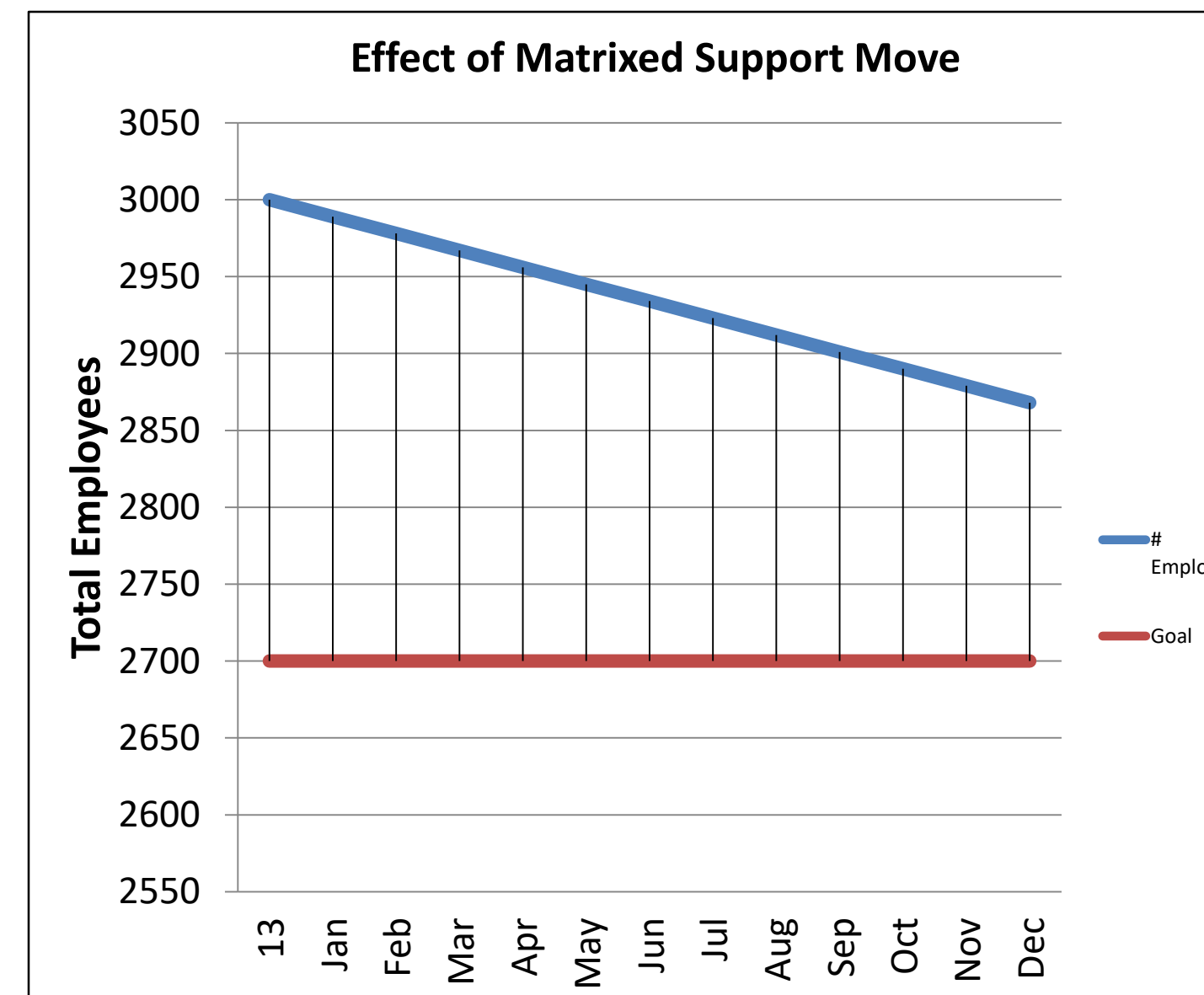| Matrixed Support in RDEAs		
	Year/ Matrix Support	
Customer	2013	2014
1	437	470
2	263	283
3	67	72
4	44	47
5	38	41
TOTAL	849	913

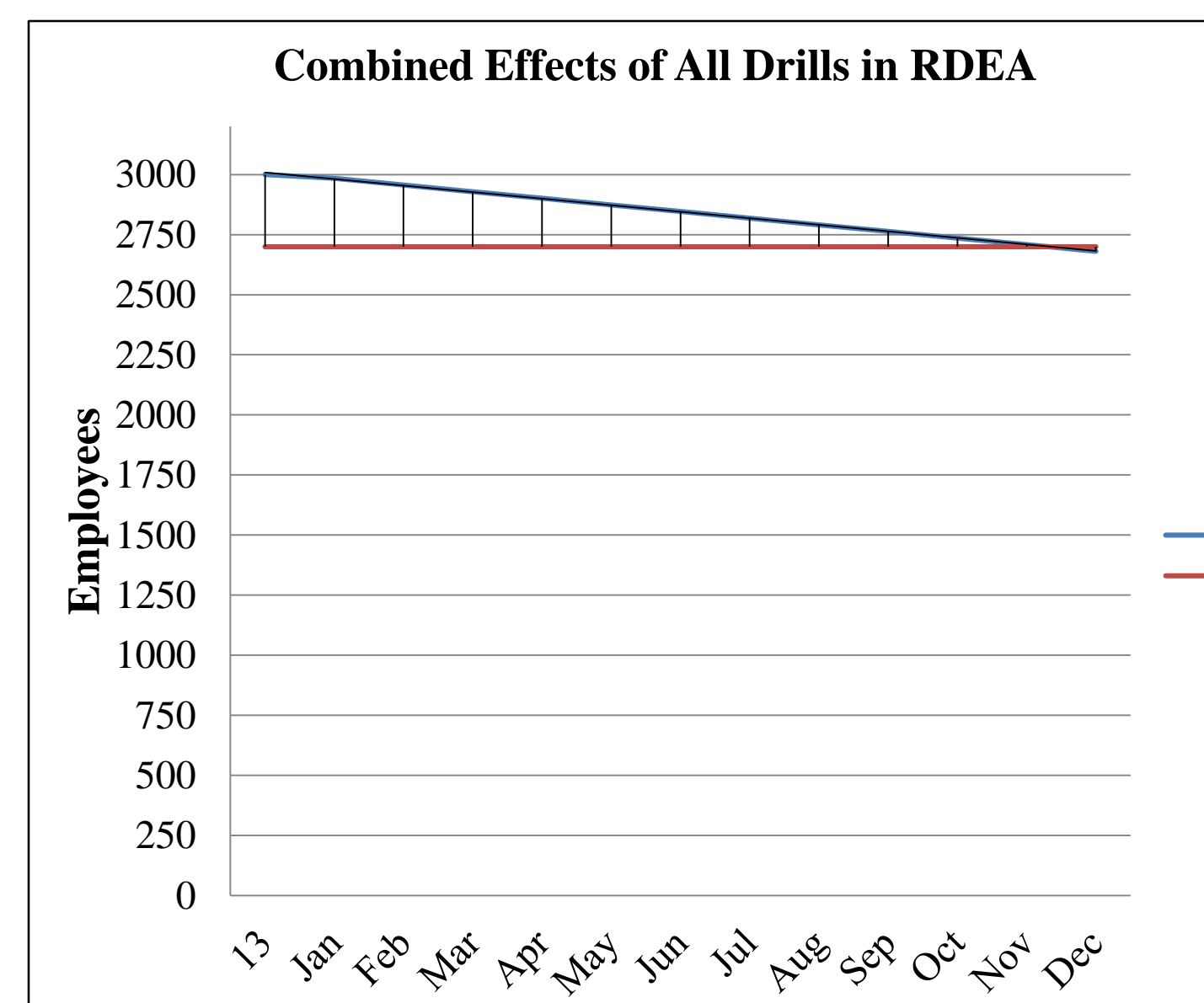Figure 5: Effects of Matrixed Support Shift Out in 1 Year
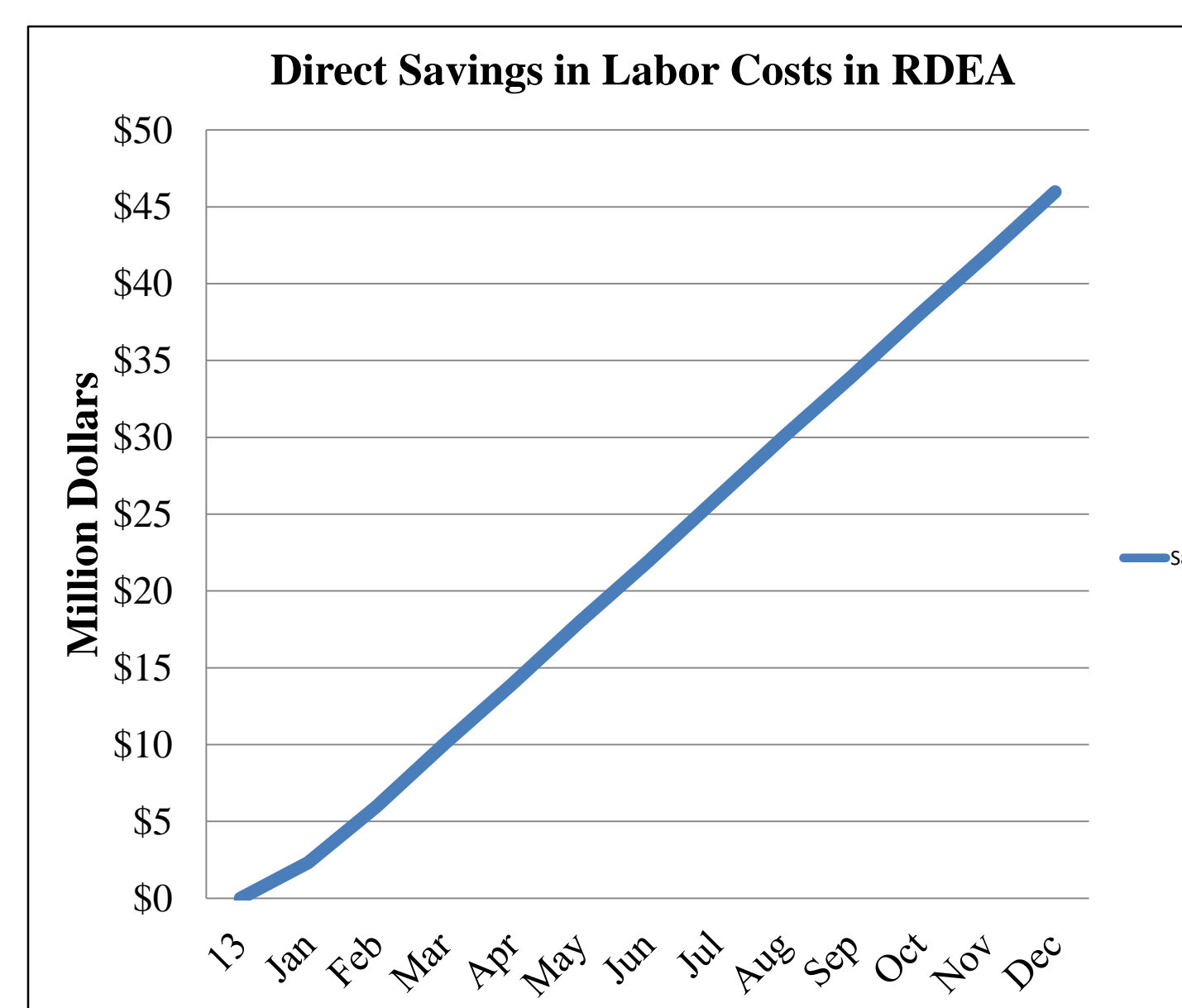

Figure 6: Combined Effect of Drills in One Year

Figure 7: Direct Labor Cost Savings in One Year

Conclusion

The simulation shows that a 10% reduction is possible with the available tools. VERA/VSIP, matrixed support and regular retirement rate have the capability of reducing the workforce by 10% in a calendar year without forcefully firing employees. For this to happen it is crucial that the management chain keeps the workforce informed of future actions, helps employees make the correct decision, and conducts proper planning with their HR team. Also, it is very important that the managers understand which employees qualify and which employees "fit the model". Understanding of government budget and government authority is crucial for this model to work. Proper documentation and timing facilitates the calendar year time of the simulation. In order for proper employees shift to happen, both agencies' HR departments must be properly trained to handle an unusual rise in their job duties of very specific paperwork. The HR departments will be the facilitator of this transition to avoid delays and returned forms.

All employees must be trained and refreshed trained throughout their careers in retirement planning. A well prepared workforce for retirement will increase the regular retirement rate. By increasing the regular retirement rate, a positive cascade effect should resonate on the VERA/VSIP rate because more people will be ready to take the incentives. This effect should consequentially lessen the load on the matrixed support drill rate by not having to move as many employees from one agency to another.

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