

PRINCIPAL FACTORS INVOLVED IN MEETING REDUCTIONS
IN PERSONNEL CEILINGS AND AVERAGE GRADE

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1. The requirement to reduce Agency personnel strength and at the same time reduce average grade of employees on duty presents a very difficult management problem. The three variables which influence changes in average grade are separations, accessions, and promotions; the variables affecting changes in personnel strength levels are separations and accessions. While all three of these factors are subject to influence by management action, limitations on accessions and promotions are less traumatic in the short range than the kinds of action necessary to increase separations. Action on all three factors demands careful consideration in terms of its long-range effect on the work force.

2. Our personnel statistics indicate that the Agency normally loses people at the higher grades than it enters on duty, thereby lowering the average grade of the work force through the interplay between accessions and separations. For example, in FY 1971, this transaction alone resulted in an average grade reduction of .15. However, during the same period the added effect of promotions more than offset this reduction resulting in an overall net increase of .095 in average grade for the year.

3. Very significant reductions in personnel strength can be accomplished through attrition alone; e.g., the overall attrition rate approximates 11-12% while the rate of clerical attrition exceeds 20%. By itself, attrition creates an increase in average grade because of the higher loss rate among employees in the lower grades.

4. The problem of reductions can be defined statistically in terms of grade points (average grade times on-duty-strength equals grade points). In order to meet specified reductions in strength and average grade,

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a career service must calculate and stay within a maximum number of GS grade points. For example, a 400 man career service having an average grade of GS-10 and required to achieve a 5% decrease in strength (20 employees) and a one-tenth loss in grade (from 10.0 to 9.9) must reduce its total grade points from 4000 to 3762, a difference of 238. The loss of 20 people at the current average grade of the career service would amount to a reduction of 200 grade points, instead of a 238 grade point decrease needed to achieve the combined objective of reducing both strength and average grade to required levels. Thus, the career service would have to accomplish a further reduction of 38 grade points (238 - 200).

5. Attached is a hypothetical illustration of the maximum number of grade points available for the entry-on-duty of new personnel in a career service that has space to bring in 40 people to replace 60 losses after meeting the 5% reduction in strength.

THINGS TO CONSIDER IN DEVELOPING
A SPECIFIC PLAN FOR REDUCTION

1. No single approach or solution will meet the varying needs of all career services, and many career services will have to consider a variety of possible accession and promotion plans before finally concluding a specific arrangement for reducing average grade and personnel strength. The answers to three questions should be evaluated by each career service in order to determine what projected combination of factors will most nearly allow the best possible management of that career service. These questions are: (a) What are the essential requirements for professional input (types and grade levels)?; (b) What are the minimal essential requirements for clerical input?; (c) How many promotions should or can be made in relation to needed professional and clerical inputs or prospective actions to declare a number of personnel surplus to the career service?.

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2. The interplay of promotions, separations, and accessions will precipitate conflicting or trade off values that must be properly balanced. Grade points, saved through reductions in professional input, may accommodate additional promotions; yet, a promotion at any grade level will increase the average grade by one grade point. Curtailment of promotions will cause discontent, which is apt to intensify with the passage of time, but an alternative reduction of surplus personnel might have greater morale repercussions. Reducing strength by attrition is an obvious approach to reducing personnel strength, but insufficient professional input or the wrong mix can seriously hamper achievement of organizational purposes and can have long range adverse effects on the career service.

3. Even though primary emphasis must be placed upon the determination of a specific reduction plan for FY 1972, it should be remembered that the requirement for average grade reduction will also apply in Fiscal Year 1973, and it is possible that additional ceiling cuts may be levied. Accordingly, constraints placed upon promotions and accessions in FY 1972 cannot be automatically offset at the close of the Fiscal Year. With this thought in mind, the future implications of planned accessions in FY 1972 should carefully be assessed in order to avoid serious distortions of the staffing balance of the career service and to minimize poor employee morale.

4. The possible need for direct action to reduce surplus personnel requires very careful consideration. Such action might become necessary in some circumstances to avoid manpower problems of an even more serious nature. Those Offices that manage career service personnel assigned to other components have special problems and should keep abreast of the reductions in those components that could result in the return of employees

5. Each career service should identify any clerical and technical employees that have the potential for use in professional or technical jobs of greater responsibility following a suitable training and job orientation program geared to their own specific needs and the requirements of the career service. These employees should be used whenever possible in lieu of hiring new professionals and technicals at higher grades.

REEXAMINING POSITION REQUIREMENTS

To achieve these goals in the short range, obviously care and attention must be given to promotions and accessions of personnel. To insure that career services adhere to staffing patterns consistent with work requirements, new T/O's should be established to incorporate ceiling cuts and reductions in grade structure. Only in this way will future work requirements be made apparent and imbalances in personnel clearly identified. To achieve a leaner grade structure and to determine the feasibility of consolidating organizations and functions, with reduced manpower, excessive levels of supervision should be identified; special assistant positions should be reviewed; and organizational structures should be examined.

ACTION BY THE AGENCY

1. At the Directorate and Agency levels, actions should be concerned primarily with monitoring the progress of Agency components in career services in effecting their reductions.

2. The Director of Personnel is in a unique position to observe the interaction between reductions and accessions among all components and career services and to adjust external recruitment accordingly. To avoid the hiring

of new professionals in order to fill requirements that could be met reasonably through the reassignment of personnel on duty, each Deputy Director should designate a senior officer to represent the Directorate and to assist the Director of Personnel in identifying and resolving such situations.

These representatives should also meet as a group, upon call by the Director of Personnel, to assist in the development of policies and procedures for achieving the combined reductions of average grade and strength in the best interests of the Agency.