

STATEMENT OF
JON H. SEYMOUR, ASSISTANT SECRETARY
FOR ADMINISTRATION
DEPARTMENT OF TRANSPORTATION

before the

SUBCOMMITTEE ON COMPENSATION AND
EMPLOYEE BENEFITS
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
U.S. HOUSE OF REPRESENTATIVES

at an oversight hearing on

GOVERNMENT-WIDE BUYOUT AUTHORITY
UNDER PUBLIC LAW 103-226

and

H.R. 4488, TO LIMIT CONTRACTING OUT
BY AGENCIES WHICH PROVIDE BUYOUTS

MADAM CHAIR AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR PROVIDING DOT THIS OPPORTUNITY TO TESTIFY ON
THE OPERATION OF THE GOVERNMENT-WIDE BUYOUT PROGRAM
UNDER THE FEDERAL WORKFORCE RESTRUCTURING ACT OF 1994,
AND ON H.R. 4488.

THE FIRST PHASE OF THE DEPARTMENT OF TRANSPORTATION'S USE
OF THE VOLUNTARY SEPARATION INCENTIVE PROGRAM OR BUYOUTS
IS WORKING VERY EFFECTIVELY, ALLOWING US TO REDUCE THE
NUMBER OF DOT EMPLOYEES BY OVER 2,700. IN DOT, WE GAVE
SIGNIFICANT FLEXIBILITY TO ADMINISTER BUYOUTS TO EACH OF THE

OPERATING ADMINISTRATIONS. EACH OPERATING ADMINISTRATION PREPARED PLANS WHICH WERE REVIEWED BY THE DEPUTY SECRETARY AND TAILORED TO ITS PARTICULAR BUDGET PROJECTIONS AND WORKFORCE CHARACTERISTICS. THE OPERATING ADMINISTRATIONS FOLLOWED THESE PLANS TO DOWNSIZE, BUT ALSO TO:

- PROTECT CRITICAL FUNCTIONS, ESPECIALLY THOSE INVOLVING SAFETY AND DIRECT SERVICE TO THE PUBLIC,
- MAINTAIN DIVERSITY ACCOMPLISHMENTS,
- EMPHASIZE ADMINISTRATIVE, HEADQUARTERS, AND SUPERVISORY FUNCTIONS FOR REDUCTIONS, AND
- BEGIN RESTRUCTURING INTO MORE EFFICIENT ORGANIZATIONAL CONFIGURATIONS CONSISTENT WITH THE NATIONAL PERFORMANCE REVIEW.

WE HAD SUCH SUCCESS IN USING BUYOUTS DURING THE LAST SEVERAL MONTHS THAT WE ARE CURRENTLY PLANNING ANOTHER ROUND OF BUYOUTS FOR FISCAL YEAR 1995. WE WILL AGAIN PLAN THE USE OF THIS BUYOUT AUTHORITY VERY CAREFULLY TO BE SURE THAT KEY FUNCTIONS ARE STAFFED EFFECTIVELY WHILE WE BECOME SMALLER AND MORE EFFICIENT.

WE VIEW BUYOUTS AS A VALUABLE TOOL THAT ALLOWS EMPLOYEES TO SEPARATE VOLUNTARILY RATHER THAN THROUGH REDUCTIONS-IN-FORCE (RIF) WHICH ARE COSTLY, TIME CONSUMING, DAMAGING TO MORALE, AND INEFFECTIVE AS A TOOL FOR REORGANIZING AND FILLING JOBS -- IN SHORT, HIGHLY COUNTERPRODUCTIVE. WE HAVE FOUND THAT THE MAJORITY OF EMPLOYEES WHO SEPARATED DID SO TO TAKE ADVANTAGE OF RETIREMENT BENEFITS THEY MIGHT NOT HAVE USED AT THIS POINT WITHOUT THE BUYOUT INCENTIVE. AS A RESULT, THERE WERE FAR MORE SENIOR, RELATIVELY HIGH PAID EMPLOYEES SEPARATING THAN WE WOULD HAVE EXPECTED USING RIF PROCEDURES. RIF ALMOST ALWAYS RESULTS IN A DISPROPORTIONATE NUMBER OF MORE JUNIOR EMPLOYEES SEPARATING INVOLUNTARILY.

H.R. 4488, WHICH WOULD PROHIBIT AN AGENCY FROM CONTRACTING OUT, IN WHOLE OR IN PART, THE DUTIES AND RESPONSIBILITIES OF AN INDIVIDUAL WHO SEPARATES FROM THE GOVERNMENT IN ORDER TO RECEIVE A BUYOUT, IS SO COMPREHENSIVE THAT IT MAY DETER COST SAVINGS AND STREAMLINING OPPORTUNITIES. THE CONTRACTING RESTRICTION NOW CONTAINED IN P.L. 103-226 REQUIRES A DECREASE IN COST BEFORE A FUNCTION CAN BE CONSIDERED FOR CONTRACTING OUT, THUS PROVIDING THE

FLEXIBILITY TO REVIEW COST SAVING OPPORTUNITIES IN
CONJUNCTION WITH APPROPRIATE BARGAINING UNIT
REPRESENTATIVES ON A CASE-BY-CASE BASIS. WE BELIEVE THIS
FLEXIBILITY IS BENEFICIAL.

AS WE HAVE DONE THROUGHOUT THE BUYOUT PROGRAM, WE PLAN
TO CONTINUE WORKING CLOSELY WITH OUR UNIONS AS WE STRIVE
TO STREAMLINE THE AGENCY AND LOOK FOR WAYS TO IMPROVE OUR
QUALITY OF SERVICE TO THE AMERICAN PEOPLE.

THIS CONCLUDES MY PREPARED STATEMENT. I WOULD BE PLEASED
TO ANSWER ANY QUESTIONS THAT THE SUBCOMMITTEE MAY HAVE.