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WASTE REPORT for May 31, 2016

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Somewhere along the line, you have probably heard of early retirement buy-outs, where a company offers employees a sum of cash and an early retirement. Often used as an alternative to layoffs, the idea is to get more senior, and thus more expensive, employees off the payroll and then eliminate or restructure their jobs to be less costly. A good deal all around... that is unless you are a taxpayer and the Environmental Protection Agency (EPA) is offering early buy-outs.

According to the EPA Inspector General, in Fiscal Year 2014, the EPA paid out nearly \$12 million on early buy-outs for roughly 500 employees. **However, a sampling done by the Inspector General showed that roughly 12% of the vacated positions were not eliminated and were refilled without being changed.¹ If this is a representative sample of all EPA buy-out, the taxpayer would have unnecessarily spent \$1.4 million.**

In authorizing agencies to offer early buy-outs, Office of Personnel Management (OPM) expressly says the position being vacated must either be eliminated or modified:

- (1) having a different job series and/or grade, (2) using the same job series and grade but substantively different duties and responsibilities, (3) having a different full-performance level, or (4) that is no longer supervisory.”²

That’s not a really high bar, and since the whole point of buy-outs is to streamline the workforce, what got missed? **Even the EPA agreed with the finding saying, “we understand how the IG drew their conclusion.”³** They noted the new hires were budget neutral, meaning they did not cost any more than the people they replaced, but the taxpayer is still out the buy-out money.

It is not surprising the EPA looked to early buy-outs to modernize their workforce and hopefully save the taxpayer in the process. The federal government is notorious for its job security, many believe to a fault. Less than one half of one percent of federal employees were terminated for performance or laid off last year. The EPA is even worse, only 15 employees or one tenth of one percent were terminated for performance; that is slightly more than the 13 EPA employees who died last year.⁴

They say you have to spend money to make money. Apparently at the EPA, you just have to spend money.

¹ *Quick Reaction Report: EPA Should Ensure Positions Vacated Under Buyouts Are Eliminated or Properly Filled*, Inspector General-Environmental Protection Agency; Washington, DC; July 2015; Report Number: 15-P-0184

² Ibid Page 2

³ Ibid Page 6

⁴ Data compiled using OPM’s Fed Scope Database