Reductions in Force

A Reduction in Force is the federal term for layoffs. Most RIFs occur as a result of agency reorganizations meant to realign resources or reduce staffing levels.

Federal agencies determine if and when a RIF will occur and what positions will be impacted. Before beginning a RIF action, agencies must follow federal regulations and justify layoffs for an organizational reason such as a lack of work, a shortage of funds, or an insufficient personnel ceiling. The Merit Systems Protection Board may invalidate a RIF if it lacks a legitimate reason pursuant to these regulations, such as the targeting of certain personnel rather than the positions they hold.

Employees impacted by a RIF are eligible to receive severance pay depending on their status and standing. Agencies must also provide career transition assistance to certain impacted employees by giving them selection priority for other government jobs. More information on RIF and separation benefits can be found on the Office of Personnel Management's website.

Federal employees subject to layoffs during a RIF may not necessarily lose their jobs because workers are entitled to retention rights referred to as "bump" and "retreat."

BUMP RIGHTS

A separated worker has the right to displace—or "bump"—another employee on a different competitive level with a lower retention standing, ultimately taking their position. The separation designation is then transferred to the "bumped" employee.

RETREAT RIGHTS

"Retreating" is the right to take the job of another employee on a different competitive level within the same tenure group or subgroup with less time in service. The displaced employee is then subject to separation.

One bump or retreat can lead to another, and then another, giving rise to large-scale shuffling. If a RIF is conducted incorrectly, this shuffling can lead to a cascade of legal challenges due to the number of positions impacted.

HOW DOES AN AGENCY DECIDE WHICH EMPLOYEES TO RIF?

Federal agencies must follow set procedures when enacting a RIF. RIF actions first let go non-permanent employees—including employees with temporary, term, or provisional appointments—before laying off new employees and then full-time, permanent staff. Agencies typically consider the skills and institutional knowledge they most need to retain when determining which employees will be impacted by RIFs.

Next, agencies sort positions by excepted and competitive service, and then by appointment category: career, career-conditional, term and temporary. This creates "**competitive levels**," or groups of positions with interchangeable qualifications and responsibilities.

Agencies then create "**retention registers**" within each competitive level, or matrices ranking employees by priority of retention. The rankings must be based on four factors:

1. Tenure status
2. Veteran's preference
3. Length of service
4. Job performance

The lowest-ranked employees in each competitive level are designated for separation.

RIF PROCESS LEGAL REQUIREMENTS

- Federal agencies decide whether to conduct a RIF, when it will take place, the "competitive area" (scope) of a RIF and which positions will be eliminated.
- RIFs can only be conducted for a legitimate reason and layoff decisions must be based only on the four "retention registers." RIFs cannot be used to target employees personally, and MSPB has the power to invalidate a RIF that fails to meet the above criteria.
- Agencies must provide written notice to employees at least 60 days before the effective date of the RIF. In the case of an unforeseeable situation, the agency may seek OPM approval to provide 30 days' notice.
- If an employee affected by a RIF action believes that an agency did not adhere to federal regulations, they have the right to appeal to MSPB within 30 days of when they receive the RIF notice.

TIMELINE OF PAST RIF ACTIONS

Harry Truman

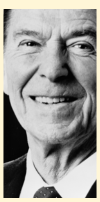
After World War II, the federal civilian workforce was reduced by roughly 1.3 million federal employees under President Truman, primarily in the defense sector.

Dwight D. Eisenhower

President Eisenhower reduced the executive branch workforce by approximately 201,000 positions, downsized the military and adopted efficiency measures recommended by the Hoover Commission.

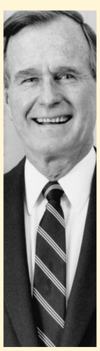
Gerald Ford

In addition to military downsizing, President Ford proposed the elimination of 40,000 positions across federal agencies following the 1973 recession.



Ronald Reagan

Despite eliminating more than 50,000 positions, the federal civilian workforce increased by 95,000 under President Reagan.



George H. W. Bush

The Department of Defense civilian employment shrank under President Bush. During his term, Congress passed the Federal Employee Reduction in Force Notification Act, which requires federal agencies to provide 60-day notice to employees impacted by a reduction in force.

Bill Clinton

President Clinton reduced the federal workforce by about 338,000 employees at agencies including the Department of Defense, the General Services Administration, the Department of the Interior, the Department of Energy and the Department of Agriculture. Some of these cuts were formal reductions in force, but many were through buyout offers or other forms of attrition.

FACTS

5,000

Since 2010, RIFs have resulted in over **5,000 separations** of federal civil servants. This number does not account for employee separations due to buyouts, early retirement or reassignment.[1]

According to a study by the Merit Systems Protection Board, reductions in force disproportionately impact **women** and **minorities**. In 1981, **42%** of RIF actions affected women while only 37% of the federal workforce was female. Thirty seven percent of RIF actions impacted minorities, who made up 23% of the civil service.

RIFs have historically created inefficiencies in government, resulting in a loss of talent, decreased employee morale and productivity, and greater levels of outsourcing to private firms.

[1] Fedscope data through March 2024. Accessed 12/10/24.

THE COST OF RIFS

While it is difficult to determine the exact cost of a RIF, studies have shown that reductions in force often cost more than they save.

DIRECT COSTS

- Severance pay
- Lump-sum annual leave
- Unemployment compensation
- Transferring employees between agencies
- Contracts for job-search assistance (outplacement services)
- Legal fees (if employees sue for wrongful termination)

INDIRECT COSTS

- Processing and administering the RIF
- Resolving appeals and grievances
- Hiring employees to fill unintentional vacancies from voluntary resignations
- Contracting non-governmental organizations to prevent productivity losses
- Downgrading (downgraded employees retain their previous salaries for two years)
- Employee culture and morale

SAVINGS

- The only monetary savings produced by RIFs are the salaries of separated federal employees. Savings per employee may range from several thousand dollars to more than $100,000.