U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
Washington, D.C. 20507

Office of
Inspector General

September 30, 2011

MEMORANDUM

TO: Jacqueline A. Berrien
Chair

FROM: Milton A. Mayo, Jr.
Inspector General

SUBJECT: Management Advisory on the Potential for Real Estate Cost Savings Through Telework (OIG-2011-02-AEP)

The attached Management Advisory is a summary of our views on the current Agency discussions of its strategic approach to achieve improved cost management through a telework program designed to reduce real estate costs.

We are available to meet with you, or members of your staff, to discuss any aspect of this advisory or any of our work relating to telework and cost savings. Please feel free to contact me (ext. 4301), or Senior Evaluator Larkin Jennings (ext. 4391) at your convenience.

C: Claudia Withers, Chief Operating Officer

Office of Inspector General

MANAGEMENT ADVISORY

The Equal Employment Opportunity Commission's (EEOC)
Potential for Real Estate Cost Savings Through Telework

Effective cost management is a highly desirable and achievable business (operational) goal. With the EEOC facing major budget challenges, and in light of President Barack Obama's goal of saving $3 billion in federal government real estate costs by the year 2012, we believe infrastructure (real estate) cost savings, and the more efficient use of Agency real estate, represent compelling opportunities for the EEOC to achieve improved, more effective, cost management. Based on the Office of Inspector General's (OIG) previous studies and recent discussions with EEOC leaders, we believe the EEOC is in an ideal position to use [frequent] telework[1] to achieve major infrastructure cost savings.

Our recent discussions with EEOC leadership revealed a renewed interest in the potential of telework as, among other things, a key tactic in its overall strategy to reduce operational costs. For example, in July 2011, the Office of Field Programs invited us to discuss our 2003 frequent telework initiative[2] with its Future Space Design workgroup. In addition, other headquarters offices (Office of Chief Financial Officer, Office of Information Technology, and Office of Federal Operations), recently voiced support for exploring the use of telework to achieve real estate cost savings.

Earlier this month, the OIG met with the leadership of EEOC's employee union, the National Council of EEOC Locals, No. 216, AFGE/AFL-CIO, who expressed interest in having the OIG consider reviewing our 2003 frequent telework initiative with the objective of updating the data contained in our cost model. The OIG frequent telework cost model is the key component in achieving significant real estate cost savings. The model, developed in conjunction with an OIG contractor, the U.S. General Services Administration (GSA), and an expert panel, shows the EEOC can achieve major savings by reducing office space no longer needed by teleworkers. While the model's cost data is out-of-date, the model's assumptions remain relevant. Indeed, the Department of Veterans Affairs (VA) used an adaptation of our cost model in identifying savings in response to President Barack Obama's call for federal agencies to cut real property-related spending beginning in FY 2012.[3]

While we concur with the Union's suggestion that our cost model should be updated, in our view, the EEOC would be better served by conducting an update, as did the VA, rather than the OIG. For example, the Agency gains first-hand knowledge of the opportunities, benefits, and risks of using telework to reduce costs. EEOC will save time by eliminating the need to wait to review and analyze the results of an OIG "refresh" of its cost-model since EEOC's analysis can be conducted concomitant with its updating of the cost model. A collateral benefit of this approach

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[1] OIG defines frequent telework as telework scheduled to be performed a minimum of two or more days per week.

[2] *Reducing Infrastructure Costs through Increased Use of Telework*, Report Number 01-13-AMR, *Increased Use of Telework to Reduce Costs at Headquarters,* OIG Report Number 03-15-AMR, *Office Of Inspector General Frequent Telework Pilot Program (Phases I and II)* Report Number 06-07-AMR.

[3] Presidential Memorandum—*Disposing of Unneeded Federal Real Estate*, June 10, 2010, and OMB Memorandum—M11-22, *Realignment of Federal Real Estate*, May 4, 2011.

is a reduction in the time required to launch a pilot program to test the model, and subsequently implement a permanent program. In this connection, we believe the EEOC should consider forming an Agency-wide task force to review our cost model, and assess the opportunities and risks associated with its use in the current environment.

The task force should include a broad cross-section of those likely to participate in, or be directly affected by, a robust telework program. This would likely include, but not be limited to, all levels of agency management and leadership, union leadership, information technology and telework experts, support staff, knowledge workers, financial analysts, etc. In addition, non-agency members of the task force would be helpful, and might include representatives from the GSA, Fair Employment Practice Agencies, and federal agencies and entities that have successfully used frequent telework to achieve cost savings. The OIG will remain available to assist in informing the task force's review and analysis of the goals, composition, and character of our cost model.

We would suggest that the project milestones not exceed 180 days from inception to completion, to include task force research, analysis and reporting; pilot program development, implementation and reporting; and final recommendations on the efficacy of telework by EEOC as a means to reduce real estate costs and achieve more effective overall cost management.

We view the use of telework to reduce real estate costs as a long-term method to achieve improved cost management. Indeed, initial measurable cost savings may not be realized for several years following implementation. Thus, it is prudent to view the development, implementation and management of a telework program designed to reduce real estate costs through a strategic lense, and manage outcomes and expectations from a long-term fiscal perspective.