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STATEMENT OF

ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES

BEFORE THE POST OFFICE AND CIVIL SERVICE COMMITTEE

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U.S. HOUSE OF REPRESENTATIVES

ON

GAO REVIEWS OF POSTAL SERVICE, POSTAL RATE COMMISSION, AND  
THE FEDERAL CIVILIAN WORK FORCE

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MARCH 20, 1975

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I appreciate your invitation to discuss GAO's work involving the Postal Service, the Postal Rate Commission, and the Federal civilian work force. The first area I will cover is the Postal Service.

Because of the problems besetting the agency and the high degree of congressional and public interest, over the past 2 years we have been devoting annually about 41 staff-years of our limited resources to reviews of postal activities.

During fiscal years 1973, 1974, and 1975 to date, we have issued a total of 84 reports on postal activities. Of these, 5 were to the Congress as a whole, 23 to committees, including 20 to this Committee and its subcommittees, 28 to individual members, and 28 to postal officials. Listings of these reports and reviews in process and planned are attached as Appendix I and Appendix II.

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The work we have been doing has touched to some extent on virtually every aspect of the Postal Service's operations. I would like to draw on the knowledge we have acquired and give you our views on where the Postal Service is, and where it is headed.

The topics I will be covering in this discussion include:

- the quality of mail service, and
- the problem of increasing costs and rising postage rates.

I will also discuss our review of the Postal Rate Commission as well as other ongoing and planned assignments.

#### Quality of Mail Service

It understates the case to say that there are divergent views on the quality of mail service today. On the one hand, the Postmaster General asserted in his February 20th statement to you that:

"\* \* \*postal service today is good. It is not as good as we want it to be. But it is good. We are regularly meeting a set of realistic delivery standards 95 percent of the time."

On the other hand, (1) the Postal Service's Consumer Advocate continues to receive several hundred complaints a week, (2) hardly a day passes without an article critical of postal service appearing in one of the nation's newspapers, and (3) members of the Congress continue to receive

numerous letters of complaint from constituents. Indeed, the volume of mail received by a number of congressmen prompted them to request us to take a look at the quality of mail service in their constituencies. We have issued a number of reports in response to such requests.

Which view is correct? Probably, both are correct.

The Postmaster General is correct in asserting that the local one-day delivery standard for first-class mail is being achieved about 95 percent of the time. The Service is less successful in meeting its 2- and 3-day delivery standards. It is also, unfortunately, probably correct to state that more mail is being delayed for longer periods than was the case a few years ago. We believe this condition can be primarily attributed to mail being missent.

The basis for the Postmaster General's claims regarding mail delivery performance is a statistical sampling system called the Origin-Destination Information System. We are currently completing an examination of this system which involved observing its operation across the country and conducting our own independent tests of mail service for comparison with the results reported by the system. Although we noted some problems which would impact on local reporting, we are concluding that the national performance figures can be relied on. We anticipate issuing a report to the Congress in July on the Origin-Destination Information System.

### The missent mail problem

If most of the mail is moving well, why then the seemingly widespread dissatisfaction with the quality of mail service? The explanation is obviously that although most of the mail is moving well, the part that isn't, despite being proportionately small, still adds up to several billion pieces in the course of a year. Our reviews indicate that a substantial part of these delays is caused by mail being missent. We consider this to be one of the major problems facing the Postal Service today.

As discussed in our October 1974 report to the Congress entitled "Missent Mail--A Contributing Factor to Mail Delay and Increased Cost," the multi-position letter sorting machine operation is largely to blame. We point out in the report that our test of sorting machine operations at three post offices showed that about 7 percent of outgoing mail was being missent. We contrasted this with the old manual method, for which the sorting error rate was estimated at 1 percent or less.

Currently, about half of the 50 billion pieces of first-class mail are being processed on multi-position letter sorting machines. The Service is constantly adding more machines around the country to further mechanize the sorting of mail.

It follows that as more multi-position letter sorting machines are added, and more mail is processed on them, the amount of mis-sent mail will rise proportionately--unless, and we stress "unless," the Postal Service can solve this problem. The agency is aware of it, the Postmaster General referred to it in his testimony. The Postal Service is trying to do something about it.

Let me wrap up this part of my discussion by observing that while the Postal Service is correct in stating that the overall level of service is not bad, much can and needs to be done to improve it.

The Problem of Increasing Costs  
and Rising Postage Rates

One of the objectives of the Postal Reorganization Act was that the Postal Service become financially self-sufficient by 1984. That objective appears increasingly difficult to achieve.

The Service's expenses can be expected to continue to rise significantly in coming years as a result of inflationary pressures.

Salaries and wages--comprising about 85 percent of the agency's total costs--account for most of the past and projected growth of the Service's costs.

Productivity had stagnated under the old Post Office Department. It remained virtually constant from 1956 to 1968, but increased on an average of

2.8 percent annually from 1969 through 1973. The upward trend was reversed in 1974, when productivity decreased 2.4 percent. This reversal resulted from the Service's inability to maintain satisfactory service with the work force reductions made in 1973--which contributed to the 6.4 percent productivity gain in that year. It was compelled to increase the size of its work force.

The Postal Service's current forecast for fiscal year 1975 sets revenues at \$10.3 billion and mail volume at 90 billion pieces.

On February 20 we issued a report to this Committee containing our forecast of Postal Service self-sufficiency potential by 1984. I want to emphasize that our forecasts were based on assumptions concerning volume, expenses, productivity and inflation rates and, accordingly, represent what might happen rather than what will happen. We stated that to be self-sufficient in 1984, the Service would require revenue of about \$20 billion on the 105 billion pieces of mail forecast for that year. In other words, taking into account our assumptions, in order to be self-sufficient in 1984, postal revenue would have to increase 90 percent over 1975 revenue while volume increases only 16 percent over 1975 volume.

It is possible that self-sufficiency is not an attainable goal except through a combination of massive increases in

productivity, significant reductions in the quality of service, and further increases in the level of postage rates.

Rate increases of the required magnitude may be unacceptably high to the public and the Congress. The rates could reach a level that would, contrary to the intent of the Postal Reorganization Act, have a highly adverse effect upon the economy and personal and business practices.

With your permission, I will make available our February 20th report as a part of the record at this point.

Legislation has been introduced which would increase the annual Federal public service subsidy to the Postal Service from 10 percent of the funds appropriated to the former Post Office Department in 1971 to 20 percent of the agency's immediately preceding fiscal year's operating budget. Based on the Postal Service's projections of its future expenses, this bill, if enacted, could increase the public service subsidy by as much as \$2 billion annually by 1978 or 1979.

We believe a rational method must be developed for arriving at an acceptable level of postage rates. Granted

the importance of the mails to the nation, there is still a need to see that mail users are assessed a fair price for services. Only in this manner, can the amount of the Federal subsidy be logically and defensibly calculated.

Perhaps the Committee should consider the possibility of having postage rates move with some index. We are not certain whether they should be tied into the consumer price index or some other index. The establishment and use of an index would be a useful way for the public to judge the effectiveness of the Postal Service in controlling its costs and improving its productivity.

In closing my comments on postal costs and rates, I would like to note that within the next few months we expect to issue a report on the Postal Service's cost allocation methods. In brief, we will be suggesting changes in the way the Postal Service allocates costs to the various classes of the mail and services. Certainly, accurate cost allocation information is needed by the Postal Service and the Postal Rate Commission. Equally important in our view is the need of the Congress for accurate cost allocation information in its oversight function and particularly in establishing any Federal subsidy.

#### Postal Rate Commission

We are currently in the early stages of a review of the Postal Rate Commission. During the review, we



plan to emphasize three basic areas--the Commission's organization and staffing, mission, and performance. We will also compare the basic rate-setting authority of the Commission with that of other regulatory agencies.

We have met with staff members of this Committee who have suggested matters which we believe should be included in our review. We are including these but it is too early to arrive at even tentative conclusions. We estimate a September 1975 reporting date.

#### Ongoing and Planned Work

As requested Mr. Chairman, we are also providing, for the record, a listing of ongoing and planned assignments involving Postal Service operations. I have already mentioned some of our current jobs such as our evaluation of the Service's Origin-Destination Information System and costing methods as well as our review of the Postal Rate Commission. Other areas under review include the opportunities to economize postal operations in rural America without affecting the quality of service, and the use of the mails by Federal agencies.

Our future efforts will include monitoring the mail delivery time achieved by the Service; a look at the prospects for significantly increasing productivity through mail standardization and a survey of postal research and development efforts.

## Federal Civilian Work Force

Now I would like to discuss some of our views and work we are doing on matters relating to the management of the Federal civilian work force.

As you know, because of the importance of this area, I established 3 years ago a separate division within GAO to carry out reviews of personnel management in the Government. Since fiscal year 1973, we have issued 53 reports on matters relating to civil service employees, including 15 reports to the Congress, 18 reports to congressional committees and members of the Congress, and 20 reports to agency officials. I am including a listing of these reports (Appendix III), and a listing of assignments in process (Appendix IV).

GAO staff members have worked closely with you and members of your staff on inquiries into the application of merit principles and on other personnel matters of mutual interest. I am delighted with the fine working relationship that has developed and, certainly, I am looking forward to its continuance.

In recent months we all have become increasingly concerned about evidence of breakdowns in the application of merit principles in the Federal career service. We applaud the Committee's concern and attention to this subject in your current hearings.

At this point in our studies of this subject, we believe that established procedures for implementing the concepts and principles of the merit system are fundamentally sound and probably need little, if any revision. The breakdowns in the system which concern us appear to relate primarily to the failure to apply or observe these established procedures. Each important component in Government--the Executive agencies, the Civil Service Commission, the Congress, and the Courts--has an important role in sustaining the integrity of the merit system.

In his March 4 statement to the subcommittee, Chairman Hampton commented on the use being made of personnel management evaluations. This is an important process since it is one of the principal means of evaluating the effectiveness of personnel management and assuring compliance with merit principles. We reviewed the practices followed in personnel management evaluations, and our findings were reported to Chairman Hampton last September.

The Commission is responsible for overseeing the personnel management evaluation process which is primarily the responsibility of the Executive agencies. The Commission is required to set standards for agency evaluation systems; to assess the adequacy of agency systems and, where necessary, require

improvement; to conduct research in and develop methods for evaluating personnel management; and to maintain the capability to independently review agency effectiveness.

We concluded that the Commission had done a good job of establishing standards and goals for the evaluation process. However, in other areas improvements were needed to make the process a more effective management tool. The Commission has taken a number of actions to achieve these improvements; for example, devoting more resources in assisting agencies to improve their PME systems and particularly CSC's capability to make independent evaluations. I believe this is evidenced by the recent series of hard-hitting studies and reports coming from the Commission--notably those relating to GSA, HUD, and SBA.

We feel very strongly that the best protection for the merit system can be supplied by an aggressive, comprehensive personnel management evaluation process in each Executive agency, combined with a thorough and timely study of this process by the Commission. Because of its importance, my Office will continue to monitor the Commission's efforts in this area.

Currently we have under way three reviews involving alleged violations of the merit system. Two of the reviews were requested by Congressman John Moss and involve the Drug Enforcement Administration and the Law Enforcement Assistance Administration. The third review is being made

at the Small Business Administration pursuant to the requirements of Public Law 93-386. At this time, work on the three assignments has not progressed far enough to permit us to report any findings or conclusions.

Another area of interest to your Committee, where my Office has work underway, relates to conflicts of interest. At the request of several members of the Congress, we are conducting a series of reviews of agencies' financial disclosure systems for Federal employees. As you know, the Civil Service Commission requires each agency to have such a system. We want to find out how effectively these systems are working.

Our work has been completed at two agencies--the Federal Power Commission and the U.S. Geological Survey. At these agencies, the systems were not working. Instances of potential conflict of interest existed and responsible agency officials had not taken appropriate remedial action. Here is another instance where an aggressive personnel management evaluation system could have highlighted to top management a situation requiring its attention.

Still another area of work is a comprehensive study of civilian manpower requirements. This study, being performed at a number of civil and defense agencies, is directed at

identifying and comparing how agencies determine and assess civilian manpower requirements. Hopefully, our work will contribute to a better understanding of and improved methodologies in this complex subject.

Finally, we are devoting a considerable effort to reviewing equal employment opportunity programs in the Federal service. Initially this work was started at the request of the Senate Committee on Labor and Public Welfare and now has been expanded to deal with such subjects as upward mobility programs, discrimination complaint systems, and management information needs of EEO programs.

I would like to turn to several matters that I hope your Committee could consider--and hopefully act upon--during the current session.

In his February 26 statement to the Committee, Chairman Hampton expressed the Commission's concern about the executive pay problem. I share that concern. The problem is real--it is critical--and unless dealt with soon, it may very well do immeasurable damage to the Federal service and seriously impair Government operations. As pointed out in the report I sent to Congress on February 25, there is an urgent need for legislation to reform the salary adjustment process for top officials, and to have the initial adjustment take effect this year.

Another area I believe needs early attention is that of Federal retirement systems. We have a serious and growing problem here--namely, an unfunded liability currently exceeding \$200 billion. About \$69 billion of that amount is applicable to the Civil Service Retirement System. Unless early and effective action is taken, the unfunded liability is projected to be \$383 billion by 1983. Incidentally, each one percent cost of living adjustment adds at least \$500 million to this unfunded liability.

It is of utmost importance that the Congress assure the employee as well as the retiree of the soundness of the retirement system. I hope that the Congress will hold hearings leading to (1) establishing a long-overdue comprehensive Federal retirement policy, and (2) establishing a central mechanism to monitor the development, interrelationship, and cost of all Federal retirement programs.

At the beginning of this congressional session, there were nine GAO legislative recommendations relating to the Federal service upon which final action had not been taken. I have already mentioned two--the ones relating to executive pay and Federal retirement systems. I will mention briefly some of the others:

One relates to the use of flexible work schedules by Federal employees. Many private companies and local governments have used these schedules to the benefit of both the employers and the employees. I can see no reason why use of flexible work schedules should not be tested in the Government. I was pleased to learn that the Civil Service Commission plans to ask for the legislative authority needed to test the use of flexible work schedules in the Federal service.

Another legislative recommendation deals with the rule of three. We believe that practical limitations in the art of personnel testing and measurement make the requirement for selection from the top three eligibles unrealistically rigid. We therefore recommended that the Congress permit the Civil Service Commission to prescribe alternative selection procedures.

Another recommendation deals with the requirement that appointments to competitive civil service positions in Washington, D.C., be apportioned on the basis of population among the States, Territories, and District of Columbia. We recommended that the Congress act favorably upon proposed legislation to repeal the requirement, because it has outlived its usefulness.



Summaries of all nine legislative recommendations are included as Appendix V.

Need for Pay Reform

In November 1972, I announced that the General Accounting Office had instituted, with the help of a panel of experts, a series of studies designed to improve the system for compensating Federal employees. The first of these was an examination of the process which has been developed to maintain a comparison with the private sector of white collar employees. We were concerned with determining whether the jobs selected for comparison with the private sector were adequate and representative, what comparisons are made with non-Federal organizations, and how the resulting data was used in adjusting Federal salary scales.

A report on this subject was issued May 11, 1973, in which the GAO found the need for major changes in determining comparability rates including the following:

- Broaden the occupational sample surveyed at the GS-5, GS-7, and GS-9 levels to reflect more adequately the range of work found at these levels in the Federal Government.
  
- Through a reexamination of the applicability of survey criteria, expand occupational coverage of

GS-15 work so that it is more representative of the range of duties and responsibilities at that level of Federal service.

--Redesign the survey to include the broadest feasible representation of the non-Federal sector.

Following the issuance of our report, the Civil Service Commission sought and received a supplemental appropriation of \$760,000 to undertake its own review with respect to these recommendations:

- a review of presently excluded industries
- a review of minimum size of establishment cut-offs
- a review of nonprofit establishments
- a review of State and local governments

To date, the Civil Service Commission study has not been completed and no improvements of the type suggested by the General Accounting Office have yet been incorporated in the BLS reviews.

In view of the growing criticism within and outside the Federal Government as to the accuracy of the comparability determination process and in view of the fact that each one percent change in the comparability determination increases Federal outlays by approximately \$450 million. I believe that improvement in the comparability surveys is

urgent and needs a higher sense of priority than has been given to it by either the executive or legislative branches.

In addition to our review of the comparability determination process, the General Accounting Office is currently reviewing, among other matters:

--The pay setting process for nonsupervisory blue-collar employees.

--The desirability of a major reform of white-collar pay schedules based on occupational and/or locality pay processes.

--The advisability of expanding the concept of pay comparability to include fringe benefits, that is to say, total compensation.

--White-collar position classification controls and practices.

Before concluding there is one more item that I would like to discuss with your Committee and that had to do with productivity of the Federal work force.

#### Joint Federal Productivity Project

While most of GAO's work is concerned within individual reviews of organizational and program effectiveness, and the development of recommendations that can be acted upon

by the Congress and the agencies, we have found that a periodic Government-wide assessment of productivity--much like the Bureau of Labor Statistics applies to the private sector-- can provide a useful perspective of trends and enable us to support actions which will foster improved productivity.

Since 1970 we have been collaborating with the Office of Management and Budget, the Civil Service Commission, the Bureau of Labor Statistics, and, more recently, the General Services Administration in fostering efforts to measure and enhance productivity of Federal agencies.

Today we have an ongoing program in which these participating agencies--through the medium of the Joint Financial Management Improvement Program--are examining productivity trends in about 200 Federal activities employing over 1.7 million civilian personnel.

In summary our studies have revealed an average annual improvement since 1967 among these activities--measured in terms of output per staff-year--in excess of 1.5 percent per year. This is significant when it is realized that each 1 percent gain means that we are doing the same amount of work with 17,000 fewer employees, or that we are absorbing additional work that would have required augmenting the staff by this number of new employees.

We have learned that no organization's productivity stands still, and that progress demands constant attention-- the keys to which are long-range planning; introduction of better systems; installation of modern equipment; more effective organization; and techniques for improving employee skills, job satisfaction, and incentives.

We will continue to conduct this joint review each year and will be pleased to furnish this Committee with the annual report resulting from this work.

In conclusion our work involving the Federal work force encompasses a wide range of activities involved in personnel management. Our overall objective is to find ways to encourage increased effectiveness, efficiency and economy in all programs and activities of the Government involved in managing and compensating the Federal work force, and at the same time, promote equitable treatment and fair rewards to all employees.

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	<u>Reference</u>	<u>Congress</u>	
ent mail—a contributing factor to mail lay and increased costs	114874	10-22-74	
rvations and questions on the development the New National Bulk Mail System	114874	11-01-74	
blems affecting mail service in New Haven, (Request of Congressman Robert N. Giaimo)	114874		9-04-74
rmation on certain costs of the National Bulk Mail System (Request of Congressman R. Gross)	114874		11-12-74
rvations on Procurement of equipment for Postal Data Centers (Request of Chairman, House Committee on Post Office and Civil Service)			
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ew of site acquisition for Kansas City Bulk Mail Facility (Request of Congressman Warry Winn, Jr.)	171594		7-17-74
ort on second- and third-class mail rates and regulations (Request of Senator Alan Canston)	114874		7-17-74
mination of Capital Investment Program (Request of Chairman, House Committee on Post Office and Civil Service)	119600		8-22-74

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Analysis of Public Service Costs (Request of Congressman Edward J. Derwinski)	114874		10-09-74
Observations on sales of postal-related products and photocopy services (Request of Chairman, House Committee on Post Office and Civil Service; Senators Alan Cranston, Pete V. Domenici, Barry Goldwater, Sam Nunn and Congressman John J. Rhodes)	114874		10-10-74
Review of airmail and first-class delivery times (Request of Senator Thomas F. Eagleton)	114874		12-17-74
Postal Service's sales of printed return address envelopes (Request of Rep. Wm. L. Hungate, Subcommittee on Environmental Problems Affecting Small Business)	GGD-75-62 114874		2-13-75
Forecast of Postal Service's self sufficiency potential (House Committee on Post Office and Civil Service)	GGD-75-58 114874		2-20-75
Change in Postal Service procedures for billing DOD for mail services (Request of Chairman, Senate Appropriation Committee, Subcommittee on Defense)	GGD-75-71 182343		2-20-75
Need for a review mechanism for contracted vehicle service	114874		7-03-74

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Survey of Postal Service's collection of customs duties	—		7-26-74
Survey of the reliability of air transportation of mail	—		8-14-74
Survey of impact of new postal products and services on revenue, customers, and existing postal products	—		8-23-74
Report on improved mail service -- 1973 Christmas period over 1972 Christmas period	114874		10-23-74
Problems Affecting Operations at the St. Louis Postal Data Center	180235		12-10-74
Working Conditions Improvement Program	114874		12-16-74
Survey of procurement	—		1-09-75

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Air mail improvement program objectives unrealized .....	114874			8-6-73	
Problems affecting mail service and improvements being taken .....	114874			3-30-74	
Review of contract award for the Des Moines, Iowa, Bulk Mail Facility (request of Chairman, House Committee on Post Office and Civil Service) .....	171594			7-19-73	
Quality of mail service in the New York postal region (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			7-20-73	
Review of quality of mail service in Miami (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			10-2-73	
Review of Corps of Engineers phase-out of postal construction program (request of Chairman, House Committee on Post Office and Civil Service) .....	171594			10-2-73	
Review of quality of mail service in Boston (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			10-11-73	
Review of the quality of mail service in Detroit (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			10-19-73	
Observations on the preferential mail system (request of Chairman, Senate Committee on Post Office and Civil Service) .....	114874			10-30-73	
Review of quality of mail service—San Francisco (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			1-3-74	
Review of quality of mail service—Denver (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			1-4-74	
Review of quality of mail service—Honolulu, Hawaii (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			1-7-74	
Review of quality of mail service—Los Angeles (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			1-9-74	
Information on law enforcement activities of the United States Postal Service (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			2-14-74	
Quality of mail service in New Orleans (request of Chairman, House Committee on Post Office and Civil Service) .....	114874			3-8-74	
Quality of mail service in the State of Delaware (request of Congressman Pierre S. du Pont IV) .....	114874			7-26-73	
Postal Service justification for leasing foreign-made vehicles (request of Congressman Henry S. Reuss) .....	167196			9-5-73	
Review of postal operations at the Texarkana Sectional Center (request of Congressman Wright Patman) .....	114874			9-28-73	
Facility site selection procedures and the Postal Service's decision to consolidate three postal stations into one—Cincinnati, Ohio (request of Congressman William J. Keating) .....	114874			10-19-73	
Review of the quality of mail service in Alaska (request of Senator Mike Gravel) .....	114874			10-26-73	

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	Reference	Congress	Committees	Members	
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Cost to furnish and equip the Postmaster General's office and other related areas (request of Senator Alan Cranston) .....	114874			2-12-74	
Review of Postal Service actions on problems cited in GAO report on mail service in Florida (request of Congressman Paul G. Rogers) .....	114874			3-12-74	
Review of contracts awarded Mr. Burnaford (request of Senator Alan Cranston) .....	114874			6-12-74	
Observations on advertising program (request of Senator Alan Cranston) .....	114874			6-25-74	
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Opportunities for improvements in the Postal Service training activities .....					7-31-73
Survey of reporting practices under cost reduction program .....					7-31-73
Analysis of study justifying procurement of letter-sorting machine .....					8-6-73
Delay in workmen's compensation payments by the Post Service to the Department of Labor .....					10-25-73
Consumer protection activities relating to mail fraud .....					10-30-73
Funding for disposition of claims for prior years' overtime compensation .....					10-30-73
Comments on consolidation of computer facilities and on need for improved security--St. Louis Postal Data Center .....					2-28-74
Observations concerning difference in cost effectiveness among eight post offices during 1973 Christmas period .....					4-22-74
Result of GAO test mailings during Christmas 1973 period .....					6-19-74
Review of letter-sorting machine operations in Detroit Post Office .....					6-28-74

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Improvements needed in collection of data for the Postal Service's revenue and cost analysis system .....	114874			2-20-73	
Purchase of building for new Postal Service headquarters (request of Chairman, Subcommittee on Postal Facilities and Mail, House Committee on Post Office and Civil Service) .....	114874			1- 5-73	
Selection of bulk mail facilities in Memphis, Tennessee, and Philadelphia, Pennsylvania (request of Chairman, Subcommittee on Postal Facilities and Mail, House Committee on Post Office and Civil Service) .....	114874			1-30-73	
Examination of selected aspects of the preferential mail system (request of Chairman, Subcommittee on Postal Facilities and Mail, House Committee on Post Office and Civil Service) .....	171594			6-25-73	
Examination into the rationale for engaging a firm of certified public accountants (request of Congressman H. R. Gross) .....	114874			9- 7-72	
Use of overtime instead of replacing employees who retire (request of Congressman Edwin B. Forsythe) .....	114874			11-20-72	
Examination into whether the Postal Service has improved first-class mail service (request of Congressman H. R. Gross) .....	114874			12- 1-72	
Examination of statements concerning Postal Service authority to sell bonds (request of Senator Alan Bible) .....	114874			12-13-72	
Economics of decision to abrogate lease arrangement for the South Boston Postal Annex Addition, Boston, Massachusetts (request of Congressman James A. Burke) .....	145650			12-29-72	
Comparison of budgeted and actual obligations for fiscal year 1972 (request of Congressman H. R. Gross) .....	114874			1-18-73	
Evaluation of opinion concerning possible conflict of interest on the part of a firm of certified public accountants furnishing accounting and auditing services to the United States Postal Service (request of Congressman H. R. Gross) .....	114874			2-20-73	
Quality of mail service in Florida (request of Congressman Paul G. Rogers) .....	114874			5- 2-73	
Comments on senders of third-class mail paying return postage (request of Senator Mike Gravel) .....	114874			5-10-73	
Quality of mail service in Texas (request of Senator Lloyd M. Bentsen) .....	114874			5-15-73	
Examination of the promotional activities of the Postal Service (request of Congressman John M. Murphy) .....	114874			6-12-73	
Survey of Self-Service Postal Center program .....					9-21-72
Survey of the customer cooperation programs .....					10-26-72
Mail forwarded or returned to patrons .....					10-31-72
Evaluation of the letter mail code sort system prototype .....	114874				11- 8-72
Cash management practices .....					11-30-72
Service-wide mail containerization program needed .....	114874				1-18-73
Area and managed mail-processing programs .....					2- 8-73
Administration of sick leave needs improvement .....	114874				2-28-73
Efforts to reduce parcel damage and loss .....					3-13-73
Certain procedures relating to registered and c.o.d. mail .....					3-19-73

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UNITED STATES  
GENERAL ACCOUNTING OFFICE  
MAJOR REVIEWS IN PROCESS  
OF  
POSTAL SERVICE OPERATIONS  
MARCH 1975

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Congressional Requests

Examination into the manner in which the Service lets its contracts on a sole-source basis and of cost overruns in relationship to these contracts.

Review of the procurement procedures followed in awarding a contract for letter sorting machines to Burroughs Corporation.

Review of the mailing practices of Federal agencies.

Review of the acquisition cost, performance characteristics, manpower, and other cost saving and investment alternatives for certain pieces of mail processing equipment being developed by the Service.

Review of the decision to construct a new post office in Trenton, New Jersey including basis of site selection and cost.

Examination into whether centralized procurement of repair parts is more economical than acquiring such parts locally from commercial sources.

Review into how the Service conducts its cost/benefit comparisons between purchase of delivery vehicles and leasing of such equipment.

Examination into the Service's policy with respect to repairing vehicles in commercial or government-owned facilities and the cost benefits of commercial versus government repairs.

Review of how the mail service within the state of New Mexico compares with regional and national performance.

Examination into the cost, functions, continuity of management and performance of the Postal Rate Commission.

Self-initiated

Review to ascertain if alternative services could economize postal operations in rural America without affecting the quality of service.

Reviews of the Service's efforts to reduce the number of vehicle and industrial accidents.

Review to ascertain if the Service's costing methods are adequate for assigning costs to the various classes of mail.

Review of the procurement and installation of major mechanization for the National Bulk Mail System.

Review to determine the overall reliability of the Origin-Destination Information System as a measure of mail service performance.

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Review to ascertain if standardization of envelope sizes would contribute to increased productivity.

Analysis of the cost of the Origin-Destination Information System to ascertain if economies could be achieved while still meeting information needs.

Continuous monitoring of quality of mail statistics.

Review to ascertain if expenditures for research and development have contributed to improved postal operations.

GAO REPORTS DEALING WITH  
CIVILIAN PERSONNEL MATTERS  
July 1972 - February 1975

	<u>Reference</u>	<u>Addressee and Date Issued</u>	
		<u>Congress</u>	<u>Committees or Members of Congress</u> <u>Agency Officials</u>
<u>MANPOWER PLANNING AND ACQUISITION</u>			
<u>FISCAL YEAR 1973</u>			
OEO Reduction-in-Force Procedures at the San Francisco Regional Office (Request of Rep. R. V. Dellums)	130515		6/22/73
Effect of Workload Changes on Civilian Manpower Authorizations at Major Commodity Commands of the Army	178238		4/12/73
Review of Management of the Selective Service System	160672		6/26/73
<u>FISCAL YEAR 1974</u>			
Better Management Needed in Civil Agencies Over Selection of In-House or Contract Performance of Support Activities	158685	7/31/73	
Proposed Elimination of the Apportionment Requirement for Appointments in the Department Service in the District of Columbia	84938	11/30/73	

	<u>Reference</u>	<u>Addressee and Date Issued</u>	
		<u>Congress</u>	<u>Committees or Members of Congress</u> <u>Agency Officials</u>
<u>MANPOWER PLANNING AND ACQUISITION (continued)</u>			
<u>FISCAL YEAR 1974 (continued)</u>			
Project REFLEX (Resource Flexibility)--A Demonstration of Management Through Use of Fiscal Controls Without Personnel Ceilings	165959	6/21/74	
In-House Performance vs. Contracting Out of Operations at the Pacific Missile Range, Point Mugu, California	168700		7/24/73
Inquiry Into Transfer of Information Functions from Headquarters, Department of Transportation, To Cambridge, Massachusetts (Request of Rep. W.E. Fautroy)	178971		8/3/73
Federal Program For Training Physician's Assistants (Request of Rep. C.A. Vanik)	140300		10/10/73
Improvements Needed in the Personnel Management Information Systems of the Department of Health, Education, and Welfare	164031(3)		7/19/73
<u>FISCAL YEAR 1975</u>			
Implementation and Impact of Reductions in Civilian Employment, Fiscal Year 1972	180257	7/2/74	
Improvements Needed in Examining and Selecting Applicants for Federal Employment	179810	7/22/74	



	<u>Addressee and Date Issued</u>		
	<u>Reference</u>	<u>Congress</u>	<u>Committees or Members of Congress</u> <u>Agency Officials</u>
<u>MANPOWER PLANNING AND ACQUISITION (continued)</u>			
<u>FISCAL YEAR 1975 (continued)</u>			
Methods Used to Accomplish Goal of 40,000 Reduction in Civilian Workforce During Fiscal Year 1975 (Request of Senator Gaylord Nelson)	180257		1/17/75
Functions Performed by Private Contractors at Picatinny Arsenal, New Jersey (Request of Senator C.P. Case)	158685		1/ 3/75
Air Force Should Review the Contracting-Out of Services at McGuire Air Force Base (Request of Rep. E.B. Forsythe)	158685		11/ 5/74
Inquiry Into Contracting-Out and Manpower Reduction-in-Force at Picatinny Arsenal, New Jersey (Request of Senator H. Williams)	158685		1/ 7/75
Personnel Security Investigations: Inconsistent Standards and Procedures	132376		12/2/74
Survey of the Federal Personnel Management Information System	179810		2/10/75
Survey of Protective Measures to Safeguard Information In Personnel Files Against Unauthorized Disclosure and Use	179810		7/24/74

<u>DEVELOPMENT AND UTILIZATION</u>	<u>Reference</u>	<u>Addressee and Date Issued</u>		
		<u>Congress</u>	<u>Committees/ Members Cong.</u>	<u>Agency</u>
<u>Fiscal Year 1973</u>				
Status of Activities Financed Through the Revolving Fund, United States Civil Service Commission	110479		2/20/73	
<u>Fiscal Year 1974</u>				
Costs of Training and Education Programs in the Department of Defense (Request of Senator W. Proxmire)	175773		1/8/74	
Opportunity to Reduce Costs and Improve Efficiency by Employing Civilians Instead of Marines	146890			6/19/74
Training and Education Programs for Civilian Employees of the Dept. of Health, Education, and Welfare	164031(1)			7/19/73
Review of Training Activities of the Civil Service Commission	151678			1/7/74
<u>Fiscal Year 1975</u>				
Review of the Management of the President's Executive Interchange Program (Request of Rep. C. A. Vanick)	181013		1/20/75	

<u>DEVELOPMENT AND UTILIZATION (con't)</u>	<u>Reference</u>	<u>Addressee and Date Issued</u>	
		<u>Congress</u>	<u>Committees/ Members Cong. Agency</u>
<u>Fiscal Year 1975 (con't)</u>			
Agencies' Personnel Management Can Be Enhanced by Improving the Evaluation Process	179810		9/17/74
Assistance Programs for Displaced Federal Civilian Employees	168700		10/18/74

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	<u>Reference</u>	<u>Congress</u>	<u>Committees or Members of Congress</u> <u>Agency Officials</u>
<u>COMPENSATION</u>			
<u>FISCAL YEAR 1973</u>			
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Improvements Needed in the Survey of Non-Federal Salaries Used as Basis for Adjusting Federal White Collar Salaries	167266	5/11/73	
Information on Costs of Relocating Both Present Employees and New Employees Reporting to Their Initial Duty Station (Request of Rep. W.J. Keating)	178183		6/22/73
Review of Civil Service Retirement and Disability Programs	130150		4/13/73
<u>FISCAL YEAR 1974</u>			
Need for a Faster Way to Pay Compensation Claims To Disabled Federal Workers	157593	11/21/73	
Need to Take Action on the Salary Compression Problem of the Federal Work Force	101892		2/19/74
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<u>COMPENSATION (continued)</u>	<u>Addressee and Date Issued</u>		
	<u>Reference</u>	<u>Congress</u>	<u>Committees or Members of Congress</u> <u>Agency Officials</u>
<u>FISCAL YEAR 1974 (continued)</u>			
Adequate Medical Evidence Needed When Approving Sick Leave for Retiring Employees in the Department of Defense	152073		2/19/74
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Critical Need for a Better System for Adjusting Top Executive, Legislative, and Judicial Salaries	101892	2/25/75	
Extent of Absenteeism in Federal Agencies During the Year-End Holiday Period and Its Effect on Government Operations (Request of Rep. H.R. Gross)	152073		7/1/74
Process for Determining the Cost of Living Allowance For Federal Employees in Alaska (Request of Senator M. Gravel)	171152		7/10/74
General Services Administration's Handling of Improper Time and Leave Practices at Region 6, Kansas City, Missouri (Request of Senator S. Symington)	118623		11/14/74
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Use of Extended Sick Leave in Conjunction with Optional Retirement	152073		2/3/75
Assessment of Process of Translating Private Enterprise Salary Data Into Federal White-Collar Salary Adjust- ments	167266		7/12/74
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<u>EMPLOYEE RELATIONS</u>	<u>Addressee and Date Issued</u>			<u>Agency</u>
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Status of Equal Opportunity in the Military Departments	178300			6/19/73
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Design and Administration of the Adverse Action Appeal Systems Need to be Improved	179810	2/5/74		
Case Study of the Hawaii Public Employment Relations Act	172376		2/1/74	
<u>Fiscal Year 1975</u>				
Employment Opportunities in the Federal Government for the Physically Handicapped	164031(3)	9/16/74		
Problems in Providing Education Overseas for the Dependents of U.S. Personnel	131587	9/25/74		
Legal Limitations on Flexible and Compressed Work Schedules for Federal Employees	179810	10/21/74		
Federal Pre-retirement Counseling Programs	167454			11/12/74

UNITED STATES  
GENERAL ACCOUNTING OFFICE  
ASSIGNMENTS IN PROCESS  
INVOLVING THE FEDERAL CIVILIAN WORK FORCE

CONGRESSIONAL REQUESTS

Procedures Used in Supporting Decision to Perform In-house  
Certain Supply Functions at Patrick Air Force Base

Disposition of Functions Performed by Employees Released at  
Picatinny Arsenal, New Jersey, During Recent Reduction-in-Force

Use of Consultants by the Law Enforcement Assistance Administration  
Personnel Management at the Small Business Administration<sup>1/</sup>

Compliance with Provisions of the Government Employees Training  
Act of 1958 at Dept. of Health, Education, and Welfare

Administrative Effectiveness of the Equal Employment Opportunity  
Complaint Systems for Civilian Employees at Selected Army  
Installations

Equal Employment Opportunity Program at the National Aeronautics  
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Equal Employment Opportunity Complaint Systems in Civil Agencies  
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Management Information Needs of Equal Employment Opportunity  
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Equal Employment Opportunity for Federal Job Applicants

Certain Aspects of the Dept. of the Interior's Employee Financial  
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Federal Agency Employee Financial Disclosure Systems

Identification of Former Oil Company Officials Employed by the  
Federal Government

"Make Whole" Remedies Under the Federal Labor Relations Program

Extent of the Navy's Involvement in the City of Philadelphia's  
Wage Tax Collection Efforts

<sup>1/</sup> Assignment being performed pursuant to Public Law 93-386.



SELF-INITIATED

Comparison of Methods Used by Selected Federal Agencies to Determine Manpower Requirements

Personnel Management Information System at the Department of Agriculture

Utilization of the Civil Service Commission's Federal Automated Career System

Military Departments Decisions to Perform Depot Maintenance In-house or by Contract

Feasibility of Variable Interchange Between Contractor and In-house Performance of Government Functions

Recruitment and Appointment of Civilians for Positions in the Federal Service

Effectiveness of Training and Education Programs for Civilian Employees at Selected Federal Agencies

Civil Service Commission's Responsibilities Under the Intergovernmental Personnel Act of 1970

Indicators of the Levels of Job Satisfaction for Selected Occupational Groups in the Federal Government

Federal Executive Manpower Management

Use of Experts and Consultants to Supplement the Federal Work Force

Effectiveness of Training Programs Required for Supervisory Personnel

Use of Part-time Civilian Employees in Federal Agencies

Executive Development Programs in the Federal Government

Determination of Compensation for Coordinated Federal Wage System Employees

Comparison of Fringe Benefits of Government Employees with Non-federal Sector Employee Benefits

Federal Position Classification Controls

Structure of Federal White-Collar Pay Schedules

Wage System for Non-appropriated Fund Employees

Rate of Civil Service Disability Retirements

Pay Setting Processes for Employees of the Government Printing  
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White-Collar Employees

Project to Return Unclaimed Retirement Benefits to Former Federal  
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Upward Mobility Programs in the Federal Government

Employee Relations with Foreign National Employees

Federal System for Resolving Labor-Management Relations Disputes

Job Opportunities in the Federal Government for Public Offenders

Management's Arrangement of Working Hours for Federal Employees

Apportionment requirement for Federal service Appointments

The Civil Service Act requires that appointments to competitive civil service positions in the departmental service in Washington, D. C., be apportioned on the basis of population among the States, territories, and the District of Columbia.

We reported that, because of exemptions to and waivers of the requirement, the effect of the apportionment requirement had been minimal. We concluded that the requirement had outlived its usefulness. Accordingly, we recommended that the Congress act favorably upon legislation that had been proposed (H.R. 8972) to eliminate the requirement of 5 U.S.C. 3306. (Report to the Congress: Proposed Elimination of the Apportionment Requirement for Appointments in the Departmental Service in the District of Columbia, B-84938, Nov. 30, 1973.)

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## OPEN GAO LEGISLATIVE RECOMMENDATION

Selection of applicants for Federal employment

When a Federal agency does not fill a position vacancy through promotion or reassignment from within, it requests the Civil Service Commission to provide a list of the names of those eligible for appointment. According to law (5 U.S.C. 3318), the agency must select from the three eligibles on the register who have the highest scores.

Practical limitations in the art of personnel testing and measurement restrict the degree of accuracy attainable and prevent applicant examinations from being perfectly reliable or valid. As a result, the examining process cannot accurately rate and rank comparably qualified applicants in exact order of competence.

CSC registers often include many applicants with the same or nearly the same score. In cases of identical scores, names are usually placed on the register, including the top three positions, in alphabetical order or by other means which do not relate to the applicants' job qualifications.

In our opinion, the requirement of selection from the top three eligibles is unrealistically rigid. We recommended that the Congress amend the requirement, allowing CSC to prescribe alternative selection procedures similar to those

discussed in our report. (Report to the Congress: Improve-  
ments Needed in Examining and Selecting Applicants for  
Federal Employment, B-179810, July 22, 1974.)

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## OPEN GAO LEGISLATIVE RECOMMENDATION

Federal retirement systems

The Federal Government operates 10 retirement systems covering approximately 5.9 million civilian and military personnel. No uniform practices or principles exist on financing these Federal retirement systems. Some are on a contributory basis, others are non-contributory. Some provide for fully funding benefits as they accrue; some provide for partial funding; and others are completely unfunded.

Lacking a coherent, coordinated Federal retirement policy, programs have evolved and developed in a piecemeal fashion resulting in creation of duplicate and inconsistent benefits. In addition, the Congress does not receive complete or consistently developed current and projected financial information on these retirement systems.

We recommended that the Congress hold hearings leading to development of legislation which would establish (1) an overall Federal retirement policy providing objectives and principles to guide future development and improvement of Government retirement systems, and (2) a centralized mechanism for monitoring the development, interrelationship, and cost of retirement programs and to improve the reporting

of financial data. (Report to the Congress: Federal Retirement Systems-Key Issues, Financial Data, and Benefit Provisions, B-179810, July 30, 1974.)

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## OPEN GAO LEGISLATIVE RECOMMENDATION

Executive pay adjustment

The quadrennial procedure for adjusting the pay of officials in the executive, legislative, and judicial branches of the Government, as provided by the Salary Act of 1967, is failing to achieve its objectives. These officials' salaries have not increased in 5 years.

In our report, we concluded that (1) the President's February 4, 1974, recommendation for increasing executive, legislative, and judicial salaries should be accepted and (2) major reforms were needed in the process for adjusting Executive Schedule salaries. The Congress did not accept the President's recommendation. However, many legislative proposals have subsequently been introduced which would make major changes in the pay setting process to correct or alleviate the problem. (Report to the Chairmen, Senate and House Committees on Post Office and Civil Service: Information and Observations on Need for Executive Pay Adjustment, B-101892, Feb. 19, 1974.)



## OPEN GAO LEGISLATIVE RECOMMENDATION

Legal limitations on flexible work schedules

Many companies, local governments, and other organizations have adopted an altered workweek using either flexible or compressed work schedules which have benefited both employers and employees. For most Federal employees, however, the workweek is legally limited to a 5-day, 8-hours/day, 40-hour week schedule.

Various forms of altered schedules could be applied to selected Federal organizations with resulting benefits to the Government, the employee, and the public. There is a need for basic data identifying those work schedules which will contribute most to efficient agency operations.

As a means of determining altered schedules' applicability to Federal employees, we recommended that the Civil Service Commission seek legislation to amend paragraphs 6101 and 6102 of Title 5, United States Code and Section 7(a)(1) of the Fair Labor Standards Act, as amended, to permit controlled experimentation of flexible and compressed work schedules. The Commission concurred with our recommendation and plans to seek the necessary legislation. (Report to the Congress: Legal Limitations on Flexible and Compressed Work Schedules for Federal Employees, B-179810, Oct. 21, 1974.)

## OPEN GAO LEGISLATIVE RECOMMENDATION

Restoration to grade of employees demoted during reductions  
in force

Some General Schedule employees demoted without loss of pay because of displacement from their competitive levels have received pay increases when they were restored to previously held grades. However, employees who continued in their competitive levels without interruption did not receive these unearned pay increases.

The law (5 U.S.C. 5337(a)) provides, under certain conditions, that a General Schedule employee is entitled to retain his current rate of pay for two years subsequent to demotion. 5 U.S.C. 5334(b) provides that if an employee who is promoted or transferred to a position in a higher grade is receiving basic pay at a rate saved to him under section 5337 on reduction in grade, he is entitled to either (a) basic pay at a rate two steps above the rate which he would be receiving if salary retention did not apply, or (b) his existing rate of basic pay, if that rate is higher.

We recommended that the Congress consider amending 5 U.S.C. 5334(b) to provide that an employee demoted without loss of pay be entitled, upon restoration to his previously held grade, only to the rate of pay he would have received

had he not been demoted. (Report to the Congress: Implementation and Impact of Reductions in Civilian Employment, Fiscal Year 1972, B-180257, July 2, 1974.)

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## OPEN GAO LEGISLATIVE RECOMMENDATION

Efforts to employ disadvantaged persons in the Federal  
Government

It is the policy of the Federal Government to hire the economically and educationally disadvantaged. Efforts to carry out this general policy fall into five categories: Government-wide employment efforts, individual agency programs, youth programs, federally assisted manpower training programs, and the Public Service Careers Program.

We found that there was no assurance that the persons enrolled in Federal employment programs for the disadvantaged, such as the Public Service Careers Program, actually were disadvantaged as defined by the Department of Labor. The Civil Service Commission said that requiring an applicant for Federal employment to disclose information on family size and income would be an unwarranted invasion of privacy.

Another problem in effectively implementing the Government policy, we were told, is that the merit system requires the appointment of the best qualified candidates to the Federal service. This presents obstacles to those applicants who have limited skills and education. The Commission stated that it legally could not limit entry into the competitive service on such nonmerit factors as those included in the official definition of a "disadvantaged person."

## DISADVANTAGED PERSONS

We reported that specific legislation would be required if the Congress wanted the Civil Service Commission to have authority (1) to obtain and consider data needed to identify applicants as disadvantaged persons and (2) to afford preference to disadvantaged persons seeking Federal employment. We noted that in the past the Congress had provided certain statutory exceptions from the merit system, such as those for veterans and for unemployed and underemployed persons under the Emergency Employment Act (Public Law 92-54). (Efforts to Employ Disadvantaged Persons in the Federal Government, B-163922, Apr. 17, 1972.)

Need for a uniform benefits and allowances system for  
Government civilian employees

We found innumerable differences in types and amounts of allowances available and paid to U.S. civilian employees overseas in different agencies and within the same departments. There are four benefit and allowance systems for these civilians involving different legislative authority, agency regulations, and discretionary decisions by agency officials at varying levels.

We recommended to the Office of Management and Budget several options for dealing with this problem and that they should seek authorizing legislation as needed. We did not, however, make recommendations pertaining to specific statutes. (Report to the Congress: Fundamental Changes Needed to Achieve a Uniform Government-Wide Overseas Benefits and Allowances System for U.S. Employees, B-180403, September 9, 1974.)

## OPEN GAO LEGISLATIVE RECOMMENDATION

Overstaffing and high grade levels at the Agency for  
International Development

For a number of years, the Subcommittee on Foreign Operations of the Senate Committee on Appropriations has taken the position that the Agency for International Development (AID) is overstaffed and that its grade levels and personnel allowances are excessive. At the request of the Subcommittee Chairman, we reviewed the cost and use of AID personnel and reported that, although U.S. nationals employed by AID had declined in recent years, the Agency was still overstaffed and overgraded. We suggested that the Subcommittee consider requesting that the Administrator of AID (1) review Washinton organizational components to determine whether existing functions are essential, (2) determine AID's overall requirements for Foreign Service personnel, (3) correct staffing imbalances identified, and (4) establish personnel procedures prohibiting promotion of Foreign Service personnel in occupational categories where the grade structure agencywide meets or exceeds agencywide requirements.

We also suggested the Subcommittee consider requesting the Chairman, Civil Service Commission, to review AID personnel management for General Schedule employees to determine the extent of noncompliance with civil service

regulations and follow-up as necessary to insure timely and adequate actions to correct any deficiencies noted. We further suggested the subcommittee consider proposing legislation to provide for an external and independent review and evaluation of the Foreign Service personnel system.

As a result, AID is taking action to correct the overstaffing and excessive grade problems we suggested the Subcommittee refer to the Agency Administrator. (Report to the Subcommittee on Foreign Operations, Committee on Appropriations, United States Senate; Cost and Use of Personnel in the Agency for International Development, B-165731, August 29, 1974.)