

GAO

Report to the Chairman, Subcommittee on
Legislation and National Security,
Committee on Government Operations,
House of Representatives

October 1992

FOREIGN SERVICE

Agencies Use Various Criteria for Granting Limited Career Extensions



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National Security and
International Affairs Division

B-250320

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The Honorable John Conyers, Jr.
Chairman, Subcommittee on Legislation
and National Security
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

This report addresses your concerns regarding foreign service agencies' compliance with specific provisions of the Foreign Service Act of 1980, which permits limited career extensions (LCEs).¹ Under the act, agencies can use LCEs to retain senior-level foreign service officers beyond the mandated time limits of their careers. Specifically, you asked that we determine (1) whether LCEs were granted in compliance with the law and agencies' policies, (2) the number and percentage of eligible employees granted LCEs, and (3) the effect LCEs have on promotion opportunities for lower graded staff.

Background

The Foreign Service was established in 1924 to help plan and implement U.S. foreign policy and to represent U.S. interests in foreign countries and international organizations. The Foreign Service Act of 1980 established the senior foreign service to provide strong policy formulation capabilities, outstanding executive leadership qualities, and highly developed functional, foreign language, and area expertise. The Secretary of State administers and directs the foreign service.

The Foreign Service Act of 1980 also established the framework for the current foreign service personnel system. Central to this system is the "up or out" concept, which requires that individuals be separated from the service if they are not promoted into the senior foreign service, or, if they are in the senior foreign service, to the next higher salary class, within a specified time frame—this is referred to as time-in-class limitation. LCEs can be used to permit senior-level foreign service officers who would otherwise be separated from the service to continue their careers for specific periods of time. Agencies are required to establish selection boards to evaluate performance of candidates, and rank and recommend them for LCEs

¹Public Law 96-465, sections 601-607, 22 U.S.C. §4001-4007.

As of December 1991, the Departments of Agriculture, Commerce, and State; the Agency for International Development (AID); and the U.S. Information Agency (USIA) employed 12,099 foreign service officers, of which 1,299 were members of the senior foreign service. On average about 120 senior foreign service and FS-01 officers are eligible for LCEs each year.²

Results in Brief

Although the Foreign Service Act of 1980 intended greater compatibility among foreign service agencies, the Departments of Agriculture, Commerce, and State, AID, and USIA have differing policies and practices for granting LCEs. Over the last 5 years, the agencies were generally in compliance with the law and regulations. Although State revised its policy in 1990 to eliminate the selection board's rank ordering of candidates as required by law, we found no adverse effect because the policy had not been fully implemented. In 1989, AID approved LCEs for three individuals who had not been recommended by its selection board, which was contrary to its internal policy. Moreover, AID selection boards ranked LCE candidates, but the agency did not always select the highest ranked individuals.

Over the 5-year period from 1987 through 1991, over half of all the individuals whose time-in-class limitations were about to expire were granted LCEs. State granted LCEs to 172, or 58 percent, of the eligible individuals over the period. AID granted 131, or 68 percent; USIA granted 69, or 53 percent; and Agriculture granted 12, or 57 percent. Commerce did not grant any LCEs during the period.

LCEs reduce attrition among the senior ranks, which may limit promotion opportunities for lower graded staff for years because LCEs can be granted for up to 5 years and may be renewed. For example, although agencies granted 54 LCEs in 1991, the carryover from LCEs granted in previous years resulted in 190 individuals serving on LCEs in that year. Moreover, while on an LCE an individual is also eligible to compete for promotions and awards just like any other employee.

Agencies Grant LCEs in Varying Ways

One objective of the Foreign Service Act of 1980 is to increase efficiency and economy by promoting maximum compatibility among the agencies authorized by law to use the foreign service personnel system. The act

²FS-01 is the highest grade before promotion to the senior foreign service.

provides that LCEs may be granted to individuals in accordance with the recommendations of selection boards. The recommendations of the selection boards must be based on performance. The law and the legislative history emphasize the need for highly developed executive management and leadership qualities and the need for regular and predictable personnel flows.

However, the Departments of Agriculture, Commerce, and State; AID; and USIA have implemented the act differently. Each has developed different eligibility requirements for LCEs. The following is a description of each agency's policy.

- Agriculture grants LCEs to senior foreign service officers and FS-01s for 1 to 2 years with the potential for renewal. Individuals are considered in the last year of their time-in-class limitations.
- Commerce's policy permits granting LCEs for up to 3 years with the potential for renewal to senior foreign service officers in the last year of their time-in-class limitations. However, it has not granted any LCEs in the last 5 years because, according to Commerce officials, LCEs limit promotion opportunities for lower graded employees.
- State grants LCEs for terms of 3 years, with the potential for renewal. In 1990, State revised its policy and now only grants LCEs to individuals with specialized skills in the FS-01 and senior foreign service classes; most generalists are no longer considered. Individuals are eligible during the last year of their time-in-class limitation.
- Until recently, AID granted LCEs only to senior foreign service officers and for up to 3 years, with the potential for renewal. During the last 5 years, AID granted LCEs to any senior foreign service officer able to obtain another assignment, though this has been modified beginning in 1992. The revised policy eliminates this automatic extension. Individuals may be considered in the last 2 years of their time-in-class limitations.
- USIA grants LCEs to senior foreign service officers for 3 years with the potential for renewal. USIA also requires those who receive LCEs to have served overseas within 6 years previous to being considered for an LCE. USIA also grants LCEs to certain overseas specialists below the senior foreign service level.

State's LCE Policy Eliminated Rank Order Requirement

Agencies are required by the Foreign Service Act of 1980 to establish selection boards to evaluate the performance of candidates, and rank and recommend them for LCEs. Agriculture, State, AID, and USIA generally used the individual's performance and agency requirements in granting LCEs. However, in 1990, State eliminated the requirement that selection boards rank order the candidates they recommend for LCEs. The revised policy required State's selection boards to prepare an alphabetical listing of individuals recommended for LCEs from which the Director General of the Foreign Service could select those to be granted LCEs. Despite this change in policy, State Department boards rank ordered LCE candidates in 1990 and 1991. In 1992, State adhered to its policy and did not rank LCE candidates; however, 100 percent of those considered were granted an LCE, so the failure to rank order candidates had no effect.

A State official told us that the 1990 change in the policy from a rank order to an alphabetical listing had been a mistake, and that State is revising the policy to reinstate the rank order requirement.

AID Granted LCEs to Individuals Not Recommended by Its Selection Board

AID did not always follow its policy of granting LCEs only to individuals who were considered and recommended by its selection board. In 1989, AID granted LCEs to three individuals who had not been recommended by the board. According to AID officials and documents, the 1989 selection board members did not understand that LCEs could be granted only to ranked and recommended individuals. In the absence of explicit guidance, the board opted to recommend and rank only 50 percent of those eligible. After the board reported their results and disbanded, AID management determined that a greater number of senior foreign service officers needed to be retained. Upon canvassing the original board members and obtaining their concurrence, AID officials submitted the entire list of candidates eligible for LCEs to the Senior Management Review Board—in effect, having it perform the role of the selection board.

Also, AID did not always select the highest ranked individuals for LCEs. Although the act does not require agencies to grant LCEs in the rank order established by the selection boards, from 1987 to 1991, USIA, Agriculture, and the State Department—despite its policy change—did. AID, however, has not always followed the rank order of the selection board's

recommendations. For example, in 1991, the AID selection board recommended and rank ordered 23 counselors for LCEs.³ AID granted 14 LCEs, however, they were not granted to the first 14 ranked names from the selection board's listing. Four individuals ranked in the top 14 were not granted LCEs,⁴ while those ranked as low as 21st and 23rd were.

Number and Percent of LCEs Granted

Neither the Foreign Service Act of 1980 nor agencies' policies establish any specific or quantifiable limit on the number of LCEs that an agency may grant. Agencies are, therefore, free to grant LCEs to the extent they find consistent with the law's criteria of individual performance, agency requirements, and orderly personnel flow.

From 1987 through 1991, the number and percentage of LCEs granted varied by agency. During this period, over half of all the individuals whose time-in-class limitation was about to expire received LCEs. Table 1 shows the distribution of LCEs granted by agency and year for the 5-year period.

Table 1: Number and Percent of LCEs Granted From 1987 Through 1991

Dept/ agency	1987		1988		1989		1990		1991		Total	
	No. of LCEs	Percent of eligibles										
State	71	63	25	44	56	54	12	100	8	89	172	58
AID	18	82	28	74	20	69	38	72	27	54	131	68
USIA	18	53	17	59	10	53	8	42	16	55	69	53
Agriculture	0	0	2	100	3	50	4	67	3	43	12	57
Commerce	0	0	0	0	0	0	0	0	0	0	0	0
Total	107	63	72	57	89	56	62	69	54	55	384	60

As table 1 shows, State and AID granted the greatest number of LCEs over the period; AID approved the largest percentage of eligible individuals for LCEs. USIA and Agriculture granted significantly fewer extensions, but they

³The senior foreign service is comprised of three classes which are, in ascending order, counselors, minister counselors, and career ministers.

⁴AID subsequently granted LCEs to two of these four individuals.

had smaller pools of eligible candidates. As already noted, Commerce did not approve any LCEs during the period.

Recent changes in the LCE policies at State and AID have resulted in a decrease in the number of LCEs granted. In 1990, State revised its policy to eliminate most generalists, which encompass 91 percent of all its senior foreign service officers, from consideration for LCEs as a result of the time-in-class limitations being lengthened. In December 1991, AID revised its LCE policy to limit the total duration of LCEs to 5 years, and to restrict the granting of LCEs for completion of tours, or when there is a programmatic need, a severe shortage of the individual's specific skill, or the requirement is so short-lived as to make assigning a new individual infeasible. Although not technically applicable to the 1991 selection board, according to AID officials, the board acted consistently with the intent of the new regulation and the percentage and number of LCEs approved went down.

LCEs Limit Promotion Opportunities

LCEs limit promotion opportunities primarily by reducing the flow of foreign service officers out of the top of the system. As demonstrated earlier, over half of the foreign service officers whose time-in-class limitations were about to expire were granted LCEs for varying periods of time. Between 1988 and 1991, the size of the foreign service decreased by 4 percent, while the size of the senior foreign service increased by 9 percent. According to a State Department report,⁵ its 1987 promotion plan assumed no major changes from the previous year, but the number of promotions was slightly higher because the number of officers on LCEs decreased. Over the past 5 years, Commerce has declined to grant LCEs because, according to agency officials, they restrict promotion opportunities for others.

Because LCEs can be granted for up to 5 years and then possibly renewed, LCEs also have cumulative effects over the years subsequent to their being granted. In 1990, the foreign service agencies granted 62 LCEs; however, a total of 215 individuals remained in the foreign service on LCEs. Similarly, during 1991, agencies granted 54 LCEs, while a total of 190 individuals were on LCEs. In addition, individuals serving on LCEs continue to serve as career members of the foreign service and are eligible for promotions and awards.

⁵Report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate Concerning Implementation of the Foreign Service Act of 1980, June 1991.

Scope and Methodology

We reviewed the portion of the Foreign Service Act of 1980 related to LCEs, its legislative history, and the LCE policies and procedures of each foreign service agency. We also obtained and reviewed documents pertaining to selection board results, personnel rank ordered lists, and time-in-class limitation data. We interviewed officials from the Departments of Agriculture, Commerce, and State; AID; and USIA. All interviews were conducted in Washington, D.C.

We conducted our review between March and August 1992 in accordance with generally accepted government auditing standards. As you requested, we did not obtain agency comments on this report. However, we discussed the contents of the report with officials of each agency and incorporated their comments as appropriate.

As arranged with your office, we plan no further distribution of this report until 30 days from its issue date. At that time we will send copies to the Secretaries of Agriculture, Commerce, and State; the Administrator of AID; the Director of USIA; the Director of the Office of Management and Budget; and other appropriate congressional committees. We will also make copies available to other interested parties upon request.

Please call me on (202) 275-5790 if you or your staff have any questions regarding this report. Major contributors to this report were Albert H. Huntington, III, Assistant Director; Muriel J. Forster, Evaluator-in-Charge; and Jean L. Fox, Evaluator.

Sincerely yours,



Harold J. Johnson
Director, Foreign Economic
Assistance Issues

