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United States General Accounting Office
Washington, DC 20548

September 14, 2001

The Honorable Christopher S. Bond
Ranking Minority Member
Committee on Small Business
and Entrepreneurship
United States Senate

The Honorable Dave Weldon
Chairman, Subcommittee on Civil Service
and Agency Organization
Committee on Government Reform
House of Representatives

Subject: Personnel Practices: Monetary Awards Provided to Political Appointees

As part of its human capital management, the federal government administers an incentive awards program, consisting of monetary and nonmonetary (letters of appreciation, for example) awards, to recognize individual employees or groups of employees for especially significant performance and contributions that enhance government operations and programs. However, Congress has placed various prohibitions on cash awards to political appointees, in contrast to regular federal employees.¹ A 1994 law, for example, prohibits certain appointees, such as political appointees in Senior Executive Service (noncareer SES) and Schedule C positions, from receiving cash and time-off awards during presidential election periods for superior accomplishments.² The law defines a presidential election period as beginning on June 1 of the election year and ending on the following January 20. Federal law also prohibits the payment of cash awards at any time to presidential appointees who are confirmed by the Senate and who are paid either under the Executive Schedule pay plan or occupy a position for which the compensation is set by reference to the Executive Schedule pay rates.³

You asked us to monitor selected types of awards given to political appointees and provide information about two topics. One, you asked us to provide information on the number and types of monetary and time-off awards provided to political appointees during the period September 1, 1999, through April 30, 2001, and how that compared to awards provided to

¹As used in this report, political appointees are defined as those who obtained noncareer appointments to the Senior Executive Service (SES); limited term and limited emergency SES appointments; and presidential appointees, including executive-level appointees and noncareer ambassadors. We also included appointees serving under Schedule C appointments.

²5 U.S.C. 4508

³5 U.S.C. 4509

regular federal employees. And two, you asked us to report any violation of the prohibitions against awarding cash awards to political and other noncareer employees.

This report responds to your request. In doing this work, we asked 46 agencies to report on awards given to political appointees for the period September 1, 1999, through April 30, 2001. From the Office of Personnel Management's (OPM) Central Personnel Data File (CPDF) we obtained data on awards provided to regular federal employees from September 1, 1999, through May 31, 2000, and we compared that data to political appointee award data provided by the 46 agencies for the same time period. We restricted our comparative analysis to this period in recognition of the moratorium on awards to political appointees. Also, because the likelihood of receiving an award and the dollar value of awards received varied for different pay levels, we grouped and compared political appointees and regular federal employees by pay levels. We combined executive-level employees, SES, and Senior Level and equivalent employees in one group. We combined GS-13 through GS-15 and equivalent employees in a second group and employees and equivalents at the GS-12 level and below in a third group. Employees below GS-4 were excluded because there were no political appointees for comparison below GS-4.

The type of incentive awards we included were (1) performance awards, (2) suggestion awards, (3) special act or service awards, (4) time-off awards, (5) gainsharing awards, and (6) quality step increases. We also asked agencies to report on retention allowances (i.e., an allowance of up to 25 percent of base pay used to retain employees that have unusually high or unique qualifications). A more detailed description of our scope and methodology is presented later in this letter.

Results

In total, 32 of the 46 agencies reported that 297 political appointees received 373 monetary awards during the 20-month period of September 1, 1999, through April 30, 2001. The remaining 14 agencies reported that they did not provide any awards to political appointees during that period. On average, about 12 out of every 100 political appointees in the 46 agencies received one or more awards during the period, with the mean dollar value of \$2,252. Enclosure I provides a list of the number of political appointees who received awards and the number of awards they received, as reported by the agencies, and their mean dollar value.

The table below shows a comparison of the number of awards, rate per 100 employees, and mean dollar value of awards granted to political appointees and to regular federal employees during the 9-month period September 1, 1999, through May 31, 2000, grouped by grade ranges. We limited our analysis to this period (rather than the full 20-month period covered by our review) in recognition of the moratorium on providing certain cash awards to political appointees and other noncareer employees during the presidential election period of June 1, 2000, through January 20, 2001.

Table 1: Total Number, Rates, and Mean Dollar Value of Awards Given to Political Appointees and Regular Federal Employees from September 1999 Through May 2000 in 46 Agencies

Type of award	Number of awards		Rate of awards per 100		Mean dollar value of awards			
	Political appointees ^a	Regular federal employees ^a	Political appointees ^b	Regular federal employees ^b	Political appointees		Regular federal employees	
Monetary	32	4,017	3.5	41.3	\$5,153		\$2,643	
SES-EX-SL								
GS13-GS15	124	296,610	15.1	114.0	2,316		1,119	
GS4-GS12	88	787,245	34.2	84.2	1,441		599	
All employees	244	1,087,872	12.3	90.3	\$2,373		\$748	
Time-off	6	629	.7	6.5	35 hrs	\$2,071	19 hrs	\$1,107
SES-EX-SL								
GS13-GS15	61	35,412	7.4	13.6	24 hrs	953	16 hrs	602
GS4-GS12	11	168,084	4.3	18.0	15 hrs	350	14 hrs	272
All employees	78	204,125	3.9	16.9	23 hrs	\$954	14 hrs	\$331
All awards	38	4,646	4.2	47.8	\$4,666		\$2,435	
SES-EX-SL								
GS13-GS15	185	332,022	22.5	127.6	1,867		1,064	
GS4-GS12	99	955,329	38.5	102.2	1,320		541	
All employees	322	1,291,997	16.2	107.2	\$2,029		\$682	

^aThe number of awards granted include multiple awards to some employees during the period.

^bThe rate of awards per 100 employees includes multiple awards granted to some employees during the period. Because multiple awards to the same individual are included, the rate per 100 employees is not equivalent to the percentage of staff who received an award; the rate per 100 is higher than the percentage that received an award.

As shown, political appointees in each of the pay groups received both monetary and time-off awards less frequently than regular federal employees, but at a larger mean dollar value. For example, in total, political appointees received monetary awards at the rate of about 12 per 100 political appointees compared to about 90 awards per every 100 regular federal employees. The mean dollar value of all monetary awards to political appointees (\$2,373) exceeded that of awards to regular federal employees (\$748). The frequency and rate of awards, as well as mean dollar value, for both political and regular federal employees varied across the grade-level groupings of employees.

The number, rates, and mean dollar value of awards to political and regular federal employees also varied by type of award. (See enclosure II.) With the exception of quality step increases, the pattern of political appointees receiving awards less frequently than regular federal employees also appears in this breakdown. In total, political appointees received quality step increases at more than twice the rate for regular federal employees. OPM officials suggested that a reason for this is most likely the fact that the previous Administration issued guidance that agencies should “refrain from giving cash awards to political appointees paid a salary level that exceeds that of a GS-12” Quality step

increases are not lump-sum cash awards, but rather additions to basic pay. For each type of award, however, the mean dollar value of awards to political appointees was higher than that for regular federal employees.

Individual political appointees and regular federal employees often received more than one award. Agencies reported that 46 political appointees, or about 17 percent of the appointees who received monetary awards, received multiple awards during the period September 1, 1999, through May 31, 2000. According to CPDF data, 410,000 individuals, or about 42 percent of regular federal employees who received an award, received more than one award during fiscal year 2000.

We also asked agencies to report retention allowances provided to political appointees during the period September 1, 1999, through April 30, 2001. Three agencies reported initiating three retention allowances worth an annual mean dollar value of \$22,028 during this period. Comparable data for regular federal employees are not readily available from the CPDF because that database does not distinguish whether the personnel action was for an initial retention allowance or a change in the amount of an existing allowance. Governmentwide CPDF data show, however, that 4,136 regular federal employees were receiving retention allowances worth an annual mean dollar value of \$10,040 as of September 30, 2000.

In February 2000, OPM reminded agencies that they could not give cash or time-off awards to noncareer SES, Schedule C, and certain other employees during a presidential election period, which is defined as the period from June 1 of any year with a presidential election through the following January 20. We found that six departments—the Departments of Agriculture, Energy, Labor, State, Treasury, and Veterans Affairs—gave out 15 cash awards totaling \$38,149 to 14 political appointees during the moratorium. Agency officials reported that these awards were made in error and that they had rescinded all of the awards and recovered the money or were in the process of recovering it. We did not identify any instances that violated the prohibition of cash awards to presidential appointees.⁴

Background

The federal government's Incentive Awards Program was established to provide employees with special recognition for performance excellence and creativity. Individual employees or groups of employees may earn a cash or noncash award for overall high-level performance, a suggestion, an invention, or a special act or service. An employee may be named "employee of the month" for example, or a group of employees may be honored for suggesting ways to simplify procedures or processes.

Awards can take several forms. The heads of agencies may approve cash awards of up to \$10,000. Cash awards over \$10,000 are generally subject to OPM approval, and cash awards over \$25,000 require approval by the President. Types of cash awards include:

Performance Rating-Based Cash Awards—Cash awards based on overall high-level performance as evidenced by a current performance rating of record.

⁴The Department of Labor reported giving an SES performance award to a presidential appointee in December 2000. The individual had been a career SES employee at the time of his appointment and had elected to be paid at the SES rate of pay and to continue to be covered by the SES Performance Award system. He was eligible to make this election based upon 5 U.S.C. 3392 (c).

Special Act or Service Award—Cash awards for contributions such as work on a special project, performance exceeding job requirements on a particular assignment or task, or a scientific achievement.

Suggestion awards—Cash or other forms of recognition to employees for ideas that improve operations and services to the public.

Gainsharing awards—any of a variety of wage payment methods in which the worker receives additional earnings due to increases in agency productivity.

Agencies also use other types of award incentives. Agencies may award an employee with a quality step increase (i.e., a one-step increase to base pay within a General Schedule grade) to recognize an employee in the General Schedule who received a performance rating of record at the highest summary level. Also, agencies can grant time off from work without charge to leave or loss of pay to recognize some aspect of good job performance. Other types of incentive awards include nonmonetary items such as plaques, certificates of appreciation, and trophies.

Although not part of the incentive awards program, agencies may also pay a retention allowance of up to 25 percent of base pay to an employee who has unusually high or unique qualifications or where the special needs of the agency for that person's services make it essential that the employee be retained.

While incentive awards may generally be given to any employee, there are some exceptions to the availability of monetary awards to political appointees. Because political SES appointees are not career employees, they are not eligible to receive performance rating-based cash awards. In contrast, a career SES member whose annual job performance rating is "fully successful" or better may receive a performance rating-based cash award in a lump-sum payment of between 5 percent and 20 percent of base pay. Agency discretion regarding performance awards is exercised in accordance with 5 C.F.R. 534.403(b). This section of the regulation establishes requirements under which SES performance award (bonus) pools are established. The total amount of performance awards paid by an agency in a fiscal year may not exceed 10 percent of the aggregate SES base pay of career executives on the rolls at the end of the previous fiscal year, or 20 percent of the average rate of annual basic pay for career SES appointees at the end of the prior fiscal year.

In addition, a 1994 act prohibits giving cash awards at any time to individuals whom the President appoints with the advice and consent of the Presidential Appointment with Senate confirmation (PAS) and who are paid under the Executive Schedule pay plan. PAS employees who are career SES employees at the time of their appointment may elect to be paid at the SES rate of pay and continue to be covered by the SES performance award system. Such employees may continue to get cash awards even during a Presidential election period. Also, section 4508 of title 5, *United States Code*, prohibits Senior Executive Service employees who are not career appointees, and employees in confidential or policy-determining Schedule C positions, from receiving awards - - either cash or time-off - - during a presidential election period. The statute defines the presidential election period as, "any period beginning on June 1 in a calendar year in which the popular election of the President occurs, and ending on January 20 following the date of such election." The latest presidential election period began on June 1, 2000, and ended on January 20, 2001. The prohibition does not cover quality step increases or retention allowances.

Agency Comments

The Director of OPM provided written comments on a draft of this report in a letter dated September 7, 2001. (See enclosure III.) The Director expressed concern that the report mixes different types of awards and data -- for example that we mix awards granted under different chapters of title 5, *United States Code*; that we use cash basis reporting for awards given in the form of both cash and time off; and that we include awards given in lump sums as well as quality step increases -- and that this may result in readers reaching inappropriate conclusions.

We do not agree. One of our objectives, as agreed with our requesters, was to report on selected types of awards. Further, the report clearly specifies the types of awards discussed and identifies them by category, as well as in the aggregate. In discussing our methodology, we explain how the dollar value of quality step increases and time off awards was calculated. Further, in the case of time-off awards, we identify both the mean number of hours granted and the mean dollar value of those hours based on the employees' reported salaries. We did not draw any conclusions in the report and it is not clear from the Director's letter what inappropriate conclusions a reader might draw.

The Director also said that it was inappropriate for us to characterize SES limited term and limited emergency appointees as political appointees, because most SES limited appointees are appointed from career or career-type appointments and are serving on special short-term projects.

We recognize that OPM has not traditionally viewed such appointments as being political appointments. However, as the Director recognizes in her letter, both SES limited term and limited emergency appointees are included in the definition under section 4508 of title 5, *United States Code*, which prohibits awards during a presidential election period to any "senior politically appointed officer." Because our requesters specifically asked that our report indicate whether we found any violations of this statutory provision, we believe it was necessary and appropriate to include both SES limited term appointments and limited emergency appointees.

Scope and Methodology

To determine the number and types of monetary and other awards provided to political appointees from September 1, 1999, through April 30, 2001, we sent a form we had developed to collect information on each award to the personnel offices of 46 federal agencies. We asked them to send us a completed form each month for each political appointee who received a (1) performance award, (2) suggestion award, (3) special act or service award, (4) time-off award, (5) gainsharing award, or (6) quality step increase. We also asked agencies to report on retention allowances awarded during this time period. While retention allowances are discussed in the text, those amounts are not included in our tables. We also asked each agency to submit a negative report for the month if no awards had been made to political appointees. We selected the agencies on the following bases: (1) all cabinet-level departments and agencies, (2) departments and agencies that had at least 50 political appointees on their roles as of September 30, 1999, (3) agencies that had oversight or other regulatory responsibilities for federal workforce issues, and (4) agencies of particular interest to the congressional requesters of this review. (See enclosure I.)

In completing the data collection form, we asked personnel offices to provide information such as the name of the political appointee who received the award, the appointee's grade and salary at the time of the award, and the type of award and date given. We also asked the

personnel offices to provide the dollar value of all cash awards and retention allowances. For time-off awards, we asked that the number of hours off be reported. We then calculated the dollar value based on the appointee's salary. We also calculated the dollar value of quality step increase awards based on the appointee's basic pay provided by the agencies. We also instructed agencies to submit a copy of the completed personnel action form used to make the award.

For the purposes of our work we defined political appointees as those appointees who were serving under the following appointments at the time they received an award:

- Schedule C appointments;
- noncareer SES, including limited term SES and limited emergency SES appointments; and
- presidential appointees, including executive level appointees and noncareer ambassadors.

Our review included agencies with about 85 percent of political appointees in OPM's CPDF. As of September 30, 1999, there were over 3,000 political appointees governmentwide.

Schedule C, noncareer SES, and presidential appointees are appointed by an administration to support and advocate the President's goals and policies. Schedule C appointees generally receive noncompetitive appointments to excepted service positions graded GS-15 and below that involve determining policy or that require a close, confidential relationship with the agency head or other key officials of the agency. Noncareer SES appointees are noncompetitively appointed to SES positions that normally involve advocating, formulating, and directing the programs and policies of the Administration. Limited term SES appointments are time-limited, nonrenewable appointments for up to 3 years. These appointments can be made noncompetitively. Limited emergency SES appointments are also made noncompetitively and the appointees serve at the pleasure of the agency head. We included limited term and limited emergency SES appointments because they are noncareer appointments and are also subject to the moratorium on monetary awards during a presidential election year.

To analyze the frequency rate per 100 employees and mean dollar values of awards granted to political appointees in comparison with regular federal employees, we developed comparable information from OPM's CPDF for the regular employees. We restricted our definition of "regular federal employee" to mean those employees in the 46 agencies covered by this review who were in the competitive, excepted, or Senior Executive services who were not political appointees. We included career, term, and temporary employees in any work schedule provided they were salaried employees (thus excluding wage scale employees). We included term and temporary employees because they are eligible to receive, and did receive, the types of awards we reviewed.

Our analysis covered the period September 1, 1999, through May 31, 2000. We excluded the June 1, 2000, through January 20, 2001, time frame because that was the period of the presidential election year moratorium on granting cash awards to certain political and other noncareer employees (15 awards were made to 14 political appointees during this period). Further, CPDF data were not available through April 30, 2001, when we performed our analyses. By excluding the period January 21, 2001, through April 30, 2001, our analysis excluded 15 awards granted to political appointees, as reported to us by the agencies.

We compared the rate of awards and the mean dollar value of awards given political appointees to those given regular federal employees in the 46 agencies included in this review. We further limited the career employees to those in the same grades (there were no

political appointees with a GS grade below GS-4) as those for the political appointees.⁵ When a person was in a pay plan that did not have a grade level, we used the annual basic pay to classify them into a grade level.

For comparison, we divided the political appointees and regular federal employees into three grade ranges:

- Executive level, SES, and Senior Level employees (EX-SES-SL),
- GS-13 through GS-15 and equivalent employees, and
- GS-4 through GS-12 and equivalent employees.

We created these three grade ranges to adjust for the significant difference in the pay structures between the political appointees and regular federal employees as well as differences in rules governing awards across these grade ranges. For example, almost 46 percent of political appointees were in the top grade range (EX-SES-SL) compared to almost one percent among regular federal employees.⁶ Because the likelihood of receiving an award and the dollar value of awards received varied for different grade ranges, using the three grade ranges allowed us to compare groups of employees with similar likelihood of receiving awards and dollar values of awards received. We did not, however, weight the results within a grade range to adjust for differences in the percentages of staff at different grades within that grade range (for example, GS-4s through GS-7s were about 9 percent of political appointees in the GS-4 through GS-12 grade range compared to 41 percent of regular federal employees in this same grade range). Because we did not do this weighting, differences between political appointees and regular federal employees within a grade range could be due to differences in the underlying distribution of employees within that grade range.

We did not independently verify the accuracy of awards data for political appointees provided by the 46 agencies or the data for regular employees in the CPDF. However, we previously found CPDF data to be generally accurate.⁷

We monitored the awards to political appointees reported by the agencies to identify any apparent violations of the presidential election period moratorium or other prohibitions on granting monetary awards to political appointees. We verified the facts concerning any potential violation identified with the respective agency.

We did our work in Washington, D.C., from June 2000 through June 2001, in accordance with generally accepted government auditing standards.

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As agreed with your committees, unless you publicly announce this report's contents earlier, we plan no further distribution of it until 30 days after the date of this letter. At that time we will send copies of this report to the Chairman of the Senate Committee on Small Business and Entrepreneurship and the Ranking Minority Member of the House Subcommittee on Civil Service and Agency Organization, the Chairmen and Ranking Minority Members of the Senate Governmental Affairs and House Government Reform Committees, other appropriate

⁵Although there are political appointees in the wage scale system, we excluded them from these analyses because there were so few of them.

⁶We did not include PAS (Presidential Appointment With Senate Confirmation) appointees in the percent of political appointees.

⁷See *OPM's Central Personnel Data File: Data Appear Sufficiently Reliable to Meet Most Customer Needs* (GAO/GGD-98-199, Sept. 30, 1998).

congressional committees, the Director of OPM, the heads of other agencies where we did our work, and other interested parties. We will also make copies available to others on request.

Major contributors to this report were Richard W. Caradine, Assistant Director, and Domingo Nieves, Senior Human Capital Analyst. Please contact Mr. Caradine or me on (202) 512-6806 if you have any questions.

A handwritten signature in black ink that reads "George Stalcup". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

George Stalcup
Director, Strategic Issues

Enclosures

Enclosure I: Number and Mean Dollar Value of Awards Made to Political Appointees Reported by Selected Federal Agencies From September 1, 1999, Through April 30, 2001

Agency	Number of award recipients	Number of awards	Mean dollar value
African Development Foundation	1	1	\$4,000
Agency for International Development	2	2	2,294
Commission on Civil Rights	0	0	N/A
Consumer Product Safety Commission	3	3	1,666
Corporation for National Service	1	1	\$910
Department of Agriculture	11	13	1,611
Department of Commerce	9	9	2,431
Department of Defense	44	47	1,853
Department of Education	17	18	3,463
Department of Energy	53	64	2,282
Department of Health and Human Services	20	44	764
Department of Housing and Urban Development	16	16	2,360
Department of Justice	2	2	3,302
Department of Labor	21	22	3,530
Department of State	10	10	1,043
Department of the Interior	18	27	2,117
Department of the Treasury	10	15	2,850
Department of Transportation	7	7	2,463
Department of Veterans Affairs	1	2	1,500
Environmental Protection Agency	5	5	8,209
Equal Employment Opportunity Commission	4	6	1,865
Export-Import Bank of the U.S.	0	0	N/A
Federal Aviation Administration	0	0	N/A
Federal Labor Relations Authority	0	0	N/A
Federal Maritime Commission	0	0	N/A
Federal Mediation and Conciliation Service	0	0	N/A
Federal Retirement and Thrift Investment Board	0	0	N/A
Federal Trade Commission	1	1	2,055
Inter-American Foundation	0	0	N/A
Merit System Protection Board	5	12	2,652
National Endowment for the Arts	1	1	600
National Endowment for the Humanities	4	4	2,197
National Labor Relations Board	2	3	1,878
National Mediation Board	2	4	1,673
Occupational Safety and Health Review Commission	1	1	883
Office of Government Ethics	0	0	N/A
Office of Management and Budget	0	0	N/A
Office of Personnel Management	8	9	3,137
Office of Special Counsel	2	3	1,755
Office of the U.S. Trade Representative	0	0	N/A
Overseas Private Investment Corporation	3	4	3,547
Peace Corps	0	0	N/A
Pension Benefit Guaranty Corporation	0	0	N/A
Small Business Administration	3	3	2,589
U.S. Institute of Peace	0	0	N/A
U.S. International Trade Commission	12	14	2,640
Total	297	373	\$2,252

Enclosure II: Number, Rates, and Mean Dollar Value of Awards, by Type of Award, Given to Political Appointees and Regular Federal Employees From September 1999 Through May 2000 in 46 Agencies

Type of award ^a	Number of awards		Rate of awards per 100		Mean dollar value of awards	
	Political appointees	Regular federal employees	Political appointees	Regular federal employees	Political appointees	Regular federal employees
Quality step increase ^b						
SES-EX-SL	N/A	N/A	N/A	N/A	N/A	N/A
GS13-GS15	101	19,106	12.3	7.7	\$2,330	\$1,961
GS4-GS12	17	39,240	6.6	4.3	1,375	1,134
Total	118	58,346	10.9	4.8	\$2,192	\$1,405
Performance award						
SES-EX-SL	5 ^c	2,134	.5	21.9	\$8,948	\$2,871
GS13-GS15	11	99,225	1.3	38.1	2,654	1,455
GS4-GS12	46	266,812	17.9	28.5	1,599	758
Total	62	368,171	3.1	30.6	\$2,379	\$958
Special act or service						
SES-EX-SL	26	1,815	2.9	18.7	\$4,559	\$2,449
GS13-GS15	12	174,358	1.5	67.0	1,892	834
GS4-GS12	25	476,703	9.7	51.0	1,196	466
Total	63	652,876	3.2	54.2	\$2,717	\$570
Gainsharing						
SES-EX-SL	1	68	.1	.7	\$1,603	\$683
GS13-GS15	0	3,921	0	1.5	0	1,150
GS4-GS12	0	4,490	0	.5	0	621
Total	1	8,479	0	.7	\$1,603	\$866
Total monetary awards						
SES-EX-SL	32	4,017	3.5	41.3	\$5,153	\$2,643
GS13-GS15	124	296,610	15.1	114.0	2,316	1,119
GS4-GS12	88	787,245	34.2	84.2	1,441	599
Total	244	1,087,872	12.3	90.3	\$2,373	\$748
Time off award						
SES-EX-SL	6	629	.7	6.5	35 hrs \$2,071	19 hrs \$1,107
GS13-GS15	61	35,412	7.4	13.6	24 hrs 953	16 hrs 602
GS4-GS12	11	168,084	4.3	18.0	15 hrs 350	14 hrs 272
Total	78	204,125	3.9	16.9	23 hrs \$954	14 hrs \$331
Total all awards						
SES-EX-SL	38	4,646	4.2	47.8	\$4,666	\$2,435
GS13-GS15	185	332,022	22.5	127.6	1,867	1,064
GS4-GS12	99	955,329	38.5	102.2	1,320	541
Total	322	1,291,997	16.2	107.2	\$2,029	\$682

^aAgencies did not report giving suggestion awards during this period.

^bThe moratorium on political appointees does not apply to quality step increases.

^cThe five employees included two limited term SES appointees, two presidential appointees who were former career SES members who opted to continue to be covered under the SES performance award system, and one Schedule C employee in the Senior Level pay plan. The prohibition against paying a performance rating-based award to political appointees did not apply to these individuals.

Source: Data submitted by agencies and OPM's Central Personnel Data File.

Enclosure III: Comments From the Office of Personnel Management



OFFICE OF THE DIRECTOR

**UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, DC 20415-0001**

SEP 7 2001

Mr. George Stalcup
Director, Strategic Issues
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Stalcup:

Thank you for the opportunity to comment on your draft report, "Monetary Awards Provided to Political Appointees."

We have two concerns about this report. The report mixes different types of awards and data, resulting in confusing information. It mixes awards granted under different chapters of title 5 and uses a cash-basis reporting for awards given in the form of both cash and time off — two different "currencies" — yet they are reported only in terms of cash value. In addition, it appears to combine quality step increases, which are increases in basic pay and can have long-term effects on employee income, and lump sum cash awards, which are given as single payments. While we understand you may want to keep the report uncomplicated, the approach used may well result in a reader reaching inappropriate conclusions.

We have advised GAO that it is inappropriate to characterize Senior Executive Service (SES) limited term and limited emergency appointees as political appointees. Most SES limited appointees are appointed from career or career-type appointments and are serving on limited appointments in the SES to complete special short-term project-type work. Even though limited appointees are not eligible for awards granted under chapter 45 of title 5, U.S. Code, during Presidential transitions (5 U.S.C. 4508), they should not be included in a report focusing on awards for political appointees.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kay C. James".

Kay Coles James
Director

OON 131-64-4
September 1993

(410588)