



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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GENERAL GOVERNMENT  
DIVISION

JUNE 18, 1985

B-181013

The Honorable Thomas F. Eagleton  
Ranking Minority Member  
Committee on Governmental Affairs  
United States Senate

The Honorable Ted Stevens  
Chairman, Subcommittee on Civil Service,  
Post Office, and General Services  
Committee on Governmental Affairs  
United States Senate

The Honorable Albert Gore, Jr.  
Ranking Minority Member  
Subcommittee on Civil Service,  
Post Office, and General Services  
Committee on Governmental Affairs  
United States Senate



The Honorable Charles McC. Mathias, Jr.  
Member, Subcommittee on Civil Service,  
Post Office, and General Services  
Committee on Governmental Affairs  
United States Senate

Subject: Information on the President's  
Commission on Executive Exchange and  
the Congressional Assistant Program  
(GAO/GGD-85-60)

This report is in response to the October 17, 1984, request for an analysis of the President's Commission on Executive Exchange (PCEE) program. In general we were asked to assess whether the PCEE program was achieving its goals and if there were ways the program could be restructured to improve it.

The PCEE program was created in 1969. It was intended to promote federal government and private sector understanding and cooperation by the temporary exchange of executives. Executives participate in the program for 1-year periods. Since the program began, 749 executives have participated--493 from the private sector and 256 from the federal sector. In 1984, about \$465,000 was appropriated to operate the program. In addition, the federal government contributes \$3,000 and the private sector

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contributes \$12,000 for each of their participants. These contributions are used for an educational program to supplement the executive's work experience. The salaries of private sector executives are paid by the federal government and cannot exceed the Senior Executive Service ceiling, which is currently \$72,300. The salaries of federal government executives are paid by the employing private sector organization. Salaries for both private sector and federal government executives are adjusted for anticipated merit and/or cost-of-living increases over the 1-year period.

At the end of the 98th Congress, the Senate Committee on Governmental Affairs was considering a bill to modify the PCEE program. It would have allowed up to 10 private sector executives a year to volunteer their services to the federal government, provided their companies paid their regular salaries. In a hearing on the bill, PCEE's Executive Director testified that PCEE was having problems attracting private sector executives because some were faced with salary cuts when serving in the program. The Committee had numerous concerns about this bill, including possible conflicts of interest among participating private sector executives, the effect of an expanded program on the morale of federal employees, the precedential effect of acknowledging that government salaries were insufficient to attract top talent from the private sector, and uncertainty about whether the program needed revision. Because of these concerns, we were asked to evaluate the program and compare it with the Congressional Assistant Program, a similar program in which private sector participants work with congressional offices. Under the congressional program, private sector employers pay the participants' compensation.

To obtain information on PCEE program objectives, policies, and procedures, we interviewed PCEE officials and reviewed applicable laws, Executive Orders, policies, brochures, and participants' files. We interviewed officials of the Office of Personnel Management's Office of Government Ethics, which provides overall direction to government agencies on preventing conflicts of interest, to discuss conflict of interest procedures and controls as they related to the PCEE program. We reviewed minutes and transcripts of PCEE meetings and a 1980 consultant's report on the program. We also interviewed the Director of the Congressional Assistant Program and reviewed certain program documents to obtain information on that program and to compare it with the PCEE program. Our work was conducted from December 1984 to February 1985.

On December 20, 1984, we briefed Committee representatives on the preliminary results of our work on the PCEE program and said we found:

- weak internal procedures and controls which preclude early identification of potential conflicts of interest;
- no follow-up after participants complete exchange assignments to determine whether program objectives were met; and
- no documentation to show that federal salary limitations were discouraging top-level, private sector executives from entering the program.

We also advised the Committee representatives that our evaluation of the salary and program effectiveness issues could best be accomplished through a questionnaire to program participants. We estimated this process would take about 5 months. Subsequently, we were told it was doubtful that the Committee would be considering the bill during this session of Congress and that no further audit work on our part was required. We were asked to prepare a report to PCEE's Executive Director including our findings on conflict of interest controls and program evaluation. Also, we were asked to summarize our work on the PCEE program, including comparative information on the Congressional Assistant Program, for the requestors.

#### REPORT TO PCEE'S EXECUTIVE DIRECTOR

In our report to PCEE's Executive Director we stated that the required conflict of interest determinations by the host organizations, the Office of Government Ethics, and the sponsoring organizations frequently were not completed before the executives began their assignments. As a result, PCEE had no assurance that potential conflicts of interest were identified and resolved until about 2 months after the assignments started. We recommended that PCEE request preliminary conflict of interest reviews and ensure that these reviews, to the extent practicable, are made by the time the assignments begin.

Our report also pointed out that PCEE did not perform evaluations to determine whether the program's overall objectives were being met. Therefore, PCEE had no way of knowing if the program was accomplishing its intended objectives or whether participants were honoring post-employment agreements. We recommended that PCEE establish procedures to evaluate the results of the program.

The Executive Director agreed with our recommendations and told us that PCEE would take corrective actions to deal with both of these problems.

CONGRESSIONAL ASSISTANT PROGRAM

In the Congressional Assistant Program, private sector executives work with congressional committees and subcommittees for 1-year periods. The program is geared towards mid-level career executives, whereas the PCEE program is aimed at executives who have achieved senior level management positions. The Congressional Assistant Program is a one-way program in that congressional staff members are not assigned to the private sector. All participants work in Washington, D.C., and also participate in an educational program. The program is administered by The Conference Board, a not-for-profit corporation which provides management information services to its member organizations on such things as management practices, public policy, and economics. The Director of the program is a Conference Board employee.

Ninety executives have participated in the Congressional Assistant Program since it began in 1976. The program's objectives include providing executives information on the legislative process and improving their management skills in that environment. The sponsoring companies pay all costs of executives in the program, including compensation, housing, and moving expenses. There is no restriction on the amount of salary a sponsoring company may pay. The Director told us that current participants' salaries average about \$50,000 and that, in her opinion, having companies pay these salaries has not created a morale problem among committee staff who work with the participants.

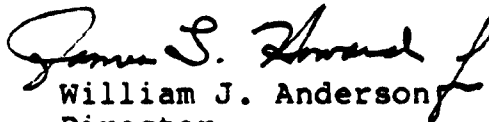
In many respects, the program is managed in a manner similar to the PCEE program. One significant difference is that the Director reviews each assignment before it begins. She said she obtains a verbal understanding from both the host and the sponsor that the assignment does not create a potential conflict of interest. She also said these verbal understandings are later put in writing, but not necessarily before the assignment begins. Executives who are assigned to Senate committees or subcommittees periodically are required to file conflict of interest reports after their assignments begin. The House of Representatives does not require participants to submit these reports.

The Director said that participants are required to return to their sponsoring companies after the 1-year program is completed. As in the PCEE program, the Director said no formal evaluation of the program or follow-up on participants is made. However, she told us that she is aware of how well the program is working through daily contact with participants and their

supervisors, a meeting held with participants at the end of their assignments, and letters which each committee staff director sends to her at the end of the program year.

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We trust that this information meets your needs. As arranged, copies of this report are being sent to the Director, OPM; PCEE's Executive Director; the Director, Office of Government Ethics; and the Director, Congressional Assistant Program.

  
William J. Anderson  
Director