

GAO

Report to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives

May 1987

FEDERAL PERSONNEL

Annual Report on Activities of OPM and MSPB, Fiscal Year 1986



132946

038874

.....

.....

1

1

1

1

1

**Comptroller General
of the United States
B-204941****May 13, 1987****The President
The White House****The Honorable George Bush
President of the Senate****The Honorable James C. Wright, Jr.
Speaker of the House of
Representatives**

Title I of the Civil Service Reform Act of 1978 requires us to report annually to the President and Congress on the activities of the Office of Personnel Management and the Merit Systems Protection Board. The act specifies that in reporting on significant actions of the Office of Personnel Management, we include an analysis of whether the actions of the Office are in accord with merit system principles and free from prohibited personnel practices.

During fiscal year 1986, we issued a series of reports covering significant activities of each of these offices. When appropriate, the reports discussed the effect of such activities on the federal civilian work force in light of merit system principles and prohibited personnel practices. Taken together, these reports constitute our annual reporting effort in compliance with Title I of the act.

Appended to this letter are brief descriptions of (1) the reports we issued in fiscal year 1986 on civilian personnel matters (app. I); (2) our statements on personnel issues presented before various congressional committees during fiscal year 1986 (app. II); and (3) our work in progress as of September 30, 1986, on civilian personnel matters (app. III).

We are sending copies of this report to the Director, Office of Personnel Management; the Chairman, Merit Systems Protection Board; and the Director, Office of Management and Budget.

W. J. Anderson

for

Charles A. Bowsher
Comptroller General
of the United States

Fiscal Year 1986 GAO Reports on Civilian Personnel Matters

Performance Appraisal Information From Selected Federal Agencies (GAO/ GGD-86-1, Oct. 10, 1985)

This report, requested by three Members of Congress, presented information on employee performance appraisals given in 1983 by three Department of Commerce agencies and the National Aeronautics and Space Administration. The information covered General Schedule employees in grades 1 through 15 and merit pay employees in grades 13 through 15, categorized by race/national origin and gender.

GAO did not determine whether individual performance appraisals were justified, nor did it obtain information on such factors as the educational levels, time in grade, or work experiences of the employees involved. The report cautioned that because of the limited nature of GAO's work, care should be taken when using the data presented.

Evaluation of Proposals to Alter the Structure of the Senior Executive Service (GAO/GGD-86-14, Oct. 11, 1985)

The Chairwoman, Subcommittee on Civil Service, House Committee on Post Office and Civil Service, requested GAO to examine proposals to alter the structure of the Senior Executive Service (SES).

Perceived problems with the SES have generated several proposals to alter its structure. These proposals included

- removing noncareer appointees from SES,
- limiting SES membership to top executives, and
- establishing a separate personnel system for senior scientists and engineers.

GAO found insufficient data to support the proposals to change the structure of SES. The Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) generally agreed with GAO.

Federal Workforce: How Certain Agencies Are Implementing the Grade Reduction Program (GAO/ GGD-86-33, Jan. 3, 1986)

At the request of the Chairman, House Committee on Post Office and Civil Service, GAO gathered information on how certain agencies were implementing a grade reduction program. This program, known as the "bulge program," was established to eliminate approximately 40,000 grade 11 to 15 positions over a 4-year period beginning in fiscal year 1985.

GAO's work at four agencies showed that (1) the agencies varied in their approach to implementing the program and (2) the size of the grade 11 to 15 population was affected by factors unrelated to the bulge program. For these reasons, GAO concluded that the results of the program would

be difficult to assess or quantify. GAO also found that OPM efforts to assess position management in the agencies were incomplete.

**Retirement Benefits:
Modification of Civil
Service Retirement Benefits
for Part-time Work (GAO/
PEMD-86-2, Jan. 9, 1986)**

In a report to the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, GAO proposed a modification in the rules for calculating civil service retirement benefits for part-time federal employees. GAO found that existing rules permitted disproportionately generous benefits for career part-time employees who switch to full-time in the last few years of their careers, and that the rules may act as financial disincentives to employees who want to reduce their work hours near the end of their careers.

GAO showed the effects of the existing rules and compared them to the effects of the proposed modification. This analysis demonstrated that (1) the retirement benefits employees received for part-time work were not always in proportion to the service they gave, and (2) the modification would remedy this inequity. GAO concluded that the modification could reduce the cost of the retirement system but that this would depend on future work and retirement patterns. (Congress enacted legislation that incorporated GAO's proposed modification into both the civil service retirement system and the new federal employees retirement system applicable to employees first hired after December 31, 1983.)

**Reduction-In-Force:
Information on the Office of
Personnel Management's
Reduction-In-Force Rules
(GAO/GGD-86-39FS,
Jan. 16, 1986)**

GAO was requested by the Chairmen, House Committee on Post Office and Civil Service and the Committee's Subcommittee on Human Resources to provide information on the "bump and retreat" provisions of OPM's reduction-in-force (RIF) rules. The fact sheet compared the revised rules published by OPM in the Federal Register on January 3, 1986, with the rules that were previously in effect. The revised rules are less restrictive since they (1) permit employees subject to a RIF to bump one additional grade, (2) remove the restriction on nonclerical-to-clerical bumping, and (3) allow employees subject to a RIF to retreat two additional grades.

**Federal Workforce: Revised
Factors to Compare
Government and Contractor
Costs Are Appropriate**
(GAO/GGD-86-87, Jan. 24,
1986)

This report, requested by a Member of Congress, provided information on revisions to OMB Circular A-76, Performance of Commercial Activities. The circular prescribes the procedures agencies are to follow when comparing the cost of performing a commercial function using federal employees to the cost of performing the work using a contractor. Specifically, the requester was concerned that the revisions to the circular had (1) increased the cost factors to be used for federal employee fringe benefits, (2) eliminated the cost of one-time physical inventories from the comparisons, and (3) increased the tax rates to be applied.

GAO concluded that (1) the increases in fringe benefit costs were appropriate, (2) costs of one-time physical inventories were not eliminated from the comparisons, and (3) changes in the tax computation table were made to reflect more up-to-date data on taxes being paid by private industry.

**Insurance Refunds:
Allocation Inequities in the
Federal Employees Health
Benefits Program (HRD-86-
52, Jan. 27, 1986)**

At the request of the Chairman, House Committee on Post Office and Civil Service, GAO reported on the refund of excess 1985 health insurance reserves by 11 plans. GAO concluded that the more than \$1 billion refunded was divided inappropriately between the government and enrollees.

GAO's analysis showed that the method used by OPM to divide the refund was not in accordance with the way the reserves developed. Overall, enrollees received \$98 million less than they contributed to the reserve surplus and the government received \$98 million too much. GAO developed a method to divide the fund more appropriately and recommended that OPM use it. OPM did not agree.

**Hazardous Waste:
Adequacy of EPA Attorney
Resource Levels (GAO/
RCED-86-81FS, Jan. 31,
1986)**

The Chairman, Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations, asked GAO to review whether the Environmental Protection Agency (EPA) had enough regional attorneys to enforce the Superfund and Resource Conservation and Recovery Act statutes and to defend EPA against lawsuits. In addition, GAO was requested to provide information on EPA's fiscal year 1986 budget for legal enforcement and counseling activities.

Nearly all of the legal and program officials GAO talked with said that more attorneys were needed. Increases in attorney resources did not keep pace with increases in workload resulting from new statutory requirements. EPA provided only anecdotal evidence on the impact of

these shortages (e.g., comments about attorney overtime and work backlogs or delays).

In 1985, EPA started an effort to quantify its attorney resource needs through the use of workload models. EPA was developing and refining these models and hoped to complete them for use during the fiscal year 1988 budget development process.

Child Care: Employer Assistance for Private Sector and Federal Employees (GAO/GGD-86-38, Feb. 11, 1986)

In response to requests by the Chairman, House Committee on Post Office and Civil Service, and the Chairman, Senate Committee on Governmental Affairs, GAO examined various options under which the government might provide federal employees with dependent care assistance. GAO (1) summarized the costs and benefits of such assistance reported by private sector employers; (2) compared and contrasted the advantages and disadvantages of the different options; (3) described the federal government's current involvement with dependent care; and (4) estimated the cost of dependent care assistance for federal employees using various assumptions on the level of subsidy, annual per-child costs, and number of children sponsored.

GAO found that (1) no option is superior in all situations; and (2) in choosing among the various available options, many issues must be considered, including a particular employer's location, business characteristics, labor force composition and needs, and workplace goals.

For employer-sponsored day care centers, the literature on annual operating costs showed a range of \$1,579 to \$4,901 per child. Start-up costs ranged from \$7,373 to open one center for 126 children to \$478,100 to open another facility for 100 children. Because voucher or vendor programs would reach larger numbers of employees and their children, their total costs would be higher.

GAO estimated that providing dependent care assistance could cost the government at least \$43.8 million a year, assuming a 10-percent subsidy level, a \$2,500 annual per-child cost, and restrictive eligibility criteria that would exclude 525,000 of the estimated 700,000 preschool children of federal employees.

**Federal Workforce: Effects
of FY 1987 Budget
Proposals on Take-Home
Pay of Selected Federal
Employees (GAO/GGD-86-
50FS, Feb. 20, 1986)**

In response to a request by the Chairman, House Committee on Post Office and Civil Service, this fact sheet provided information on how the take-home pay of selected federal employees would be affected by the fiscal year 1987 budget proposals calling for a 3-percent pay raise and a 2-percentage point increase in employee contributions to the retirement system.

The fact sheet showed that the annual take-home pay of employees in grades GS-5 and GS-9 would increase. However, the annual take-home pay of employees at GS-12 and in the SES would decrease.

**Federal Compensation:
Effects of Proposed
Retirement Changes on a
Typical Federal Retiree
(GAO/GGD-86-51FS,
Feb. 27, 1986)**

This fact sheet, prepared in response to a request from the Chair, Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service, provided information on the effects of the fiscal year 1987 budget proposals recommending changes in civil service retirement benefits. GAO calculated the effects on retirement benefits for the typical employee who retires at age 61 after 30 years of service.

The fact sheet showed that the three proposed changes (use of a high 5-year instead of the high 3-year average salary for benefit computations, annuity reductions of 2 percent for each year the retiree is younger than 62, and limited cost-of-living adjustments) could reduce the lifetime benefits of the typical retiree by an estimated \$111,767. Furthermore, the typical current employee would be required to contribute an additional \$11,751 over the remainder of his/her career because of the proposal to increase retirement contributions from 7 to 9 percent of salary.

**Affirmative Action:
National Institutes of
Health Does Not Fully Meet
Federal Requirements
(GAO/HRD-86-37, Mar. 5,
1986)**

This report was requested by two Members of Congress. GAO found that the National Institutes of Health (NIH) did not fully comply with four of eight Equal Employment Opportunity Commission requirements for affirmative action after its plan was approved in February 1983. In particular, NIH did not (1) establish numerical hiring goals for under-represented minority groups, (2) implement minority and women's recruitment plans for all components, (3) complete analyses to identify barriers to achieving full representation of minorities and women, and (4) collect data on the race and sex of job applicants to monitor and evaluate the effectiveness of its affirmative action program. GAO reported that this noncompliance may have contributed to the under-representation of minorities and women in NIH.

GAO also reported that the median time taken to render decisions on and resolve discrimination complaints after receiving investigation reports from the Department of Health and Human Services (HHS) increased from about 230 days in fiscal year 1982 to about 400 in fiscal year 1984. Several NIH studies completed between 1980 and 1984 showed that internal management and personnel problems at NIH and HHS contributed to the lengthy time for resolving discrimination complaints.

**Aviation Safety: Serious
Problems Concerning the
Air Traffic Control Work
Force (GAO/RCED-86-121,
Mar. 6, 1986)**

The Federal Aviation Administration (FAA) is responsible for operating the Nation's air traffic control system. The Chairman, Subcommittee on Transportation, House Committee on Appropriations, asked GAO to review the operations of the air traffic control system and the adequacy of its staffing.

In this report to the Secretary of Transportation, GAO presented data on FAA staffing, overtime, and air traffic activity; and discussed the results of a questionnaire survey of (1) 4,500 radar qualified controllers, (2) 1,000 first-line supervisors, and (3) the managers of 20 air route traffic control centers and the 54 busiest terminal facilities in the United States. The following were GAO findings:

- FAA did not have as many fully qualified, experienced controllers at major air traffic control facilities as managers, supervisors, and controllers believed were needed and as were called for by FAA standards and goals.
- FAA could lose more supervisors and controllers through retirement than it expected, especially at key facilities.
- Air traffic activity had reached record levels and was at the point where controllers and their supervisors believed they were overworked during peak periods, especially at traffic control centers.
- Full performance level controllers reported spending about 25 percent more time at radar control positions during typical day and evening shifts than managers and supervisors believed they should.
- Overtime at the facilities was likely to remain high and was negatively affecting controllers' ability to perform their duties.
- There were problems with the quality and amount of on-the-job training being given to new controllers.
- Poor communications and other employee/management problems at the facility level were adversely affecting controller morale.

The report recommended actions FAA could take to improve air traffic control system safety.

National Parks: Law Enforcement Capability and Cost Comparisons at Two Recreational Areas (GAO/RCED-86-40, Mar. 7, 1986)

At the request of the Chairman, Subcommittee on Interior and Related Agencies, Senate Committee on Appropriations, GAO examined the principal issues involved in a hypothetical replacement of U.S. Park Police with commissioned Park Rangers at the Gateway and Golden Gate National Recreation Areas. GAO found that commissioned Park Rangers could perform the law enforcement functions handled by the Park Police. In addition, such a replacement, with the related elimination of the Park Police positions, would bring about possible long-term personnel and pension cost savings. However, such action would increase short-term costs

Financial Audit: Civil Service Retirement System's Financial Statements for 1984 (GAO/AFMD-86-12, Apr. 2, 1986)

GAO's audit concluded that the retirement system's financial statements presented fairly its financial status as of September 30, 1984, and the changes in financial status for the year then ended. The examination was made pursuant to 31 U.S.C. 9503, which provides for the Comptroller General to audit federal government pension plans.

As part of the audit, internal accounting controls were selectively tested. The review was more limited than would be necessary to express an opinion on the system of internal accounting controls taken as a whole. However, the audit disclosed no condition GAO believed to be a material weakness, although several opportunities for improving internal controls and financial statement presentation were identified and communicated to the OPM Director.

Limited tests were also conducted for compliance with laws and regulations that could have materially affected the financial statements. No noncompliances were found. GAO did find that OPM was not correctly computing the amount of the federal payment to the retirement system for interest on the unfunded liability in accordance with 5 U.S.C. 8348 and 8331. (OPM agreed and in 1986 included a \$128 million adjustment in its annual interest payment request to the U.S. Treasury to recover amounts due the retirement system between 1971 and 1985.)

Life Insurance: Assessment of Federal Employees' Group Life Insurance Program (GAO/GGD-86-28, Apr. 7, 1986)

Members of Congress had expressed concern that the premiums charged for the Federal Employees' Group Life Insurance (FEGLI) program exceeded those of group life insurance programs in the private sector. Because of this concern, 29 Members of Congress asked GAO to (1) compare the FEGLI program to other life insurance programs, (2) determine whether premiums could be reduced, (3) identify any needed program reforms, and (4) analyze FEGLI participation.

When Congress enacted the FEGLI program in 1954, the expressed objective was that it be comparable to life insurance programs offered by private sector companies. GAO's analysis showed that FEGLI does not meet this standard. Federal employees pay a greater share of the insurance premium than private sector employees, and FEGLI benefits are generally less generous than those in private sector plans.

GAO identified ways in which employee costs could be reduced by 7.5 percent. GAO also recommended changes in FEGLI investment practices to be consistent with other government life insurance programs and major trust funds. The most recent data available showed that 90 percent of eligible federal employees participated in the FEGLI program.

Federal Workforce: Added Cost of Early Retirement Is Included in Retirement Cost Factor (GAO/GGD-86-67BR, Apr. 25, 1986)

This briefing report, prepared in response to a request by a Member of Congress, discussed the question of whether the costs of early retirement negate any anticipated savings to the government when functions are converted to contractor operations.

GAO reported that early retirement costs were considered in the cost comparisons used in making the contracting decisions. OMB Circular A-76 prescribed that agencies use a civil service retirement cost factor of 27.9 percent of pay when making cost comparison studies. This factor represented the government's share of accruing retirement system costs (total accruing costs of 34.9 percent of pay less employees' contributions of 7 percent of pay) as determined by OPM. In calculating accruing retirement costs, OPM made assumptions about early retirement, and the cost factor included an amount for the extra costs associated with early retirement.

Federal Retirement: Records Processing Is Better; Can Be Further Improved (GAO/GGD-86-47, May 15, 1986)

OPM has had persistent difficulties in expeditiously processing civil service retirement applications and related documents. The Ranking Minority Member, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, and another Senator requested a GAO review to identify ways to streamline processing and reduce backlogs to acceptable levels.

Each of the processes GAO reviewed contained inefficiencies that contributed to delays and backlogs. In part, OPM was not making the best use of its automated equipment. During GAO's review, OPM made several changes that eliminated unnecessary processing steps and improved work flow; however, service to retirees and others could be further improved if OPM made other needed changes that GAO identified. Also,

GAO estimated that the retirement fund potentially lost as much as \$420,000 in interest income because of delays in processing applications in fiscal year 1985 from people who owed money to the fund.

**Federal Workforce:
Performance Management
and Recognition System
Performance Awards
(GAO/GGD-86-79FS,
May 16, 1986)**

At the request of the Chair, Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service, GAO provided information on performance awards granted to employees under the Performance Management and Recognition System. The fact sheet included award expenditure information for FAA, the Internal Revenue Service, OPM, and two bureaus within the Department of the Interior—the Bureau of Land Management and the Bureau of Reclamation.

**Federal Workforce: Views
on Need to Offer Health
Insurance to Temporary
Employees (GAO/GGD-86-
78FS, June 4, 1986)**

This fact sheet, requested by the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, concerned the question of whether health insurance benefits should be offered to temporary federal employees. By regulation, employees serving under temporary appointments are generally excluded from enrolling in the federal employee health insurance program.

GAO found that the prevailing practice in the private sector was not to offer health insurance to temporary employees. Also, there was limited support from the federal agencies and federal unions that GAO contacted to extend health insurance to temporary employees

**Federal Workforce:
Retirement Credit Has
Contributed to Reduced Sick
Leave Usage (GAO/GGD-86-
77BR, June 6, 1986)**

This briefing report to the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, provided information on whether the 1969 law authorizing additional retirement benefits for unused sick leave has had its intended effect of encouraging employees to use their sick leave appropriately.

GAO compared the average sick leave balances of employees who retired in 1968, the year prior to the change, to the average sick leave balances of employees who retired in 1984 and 1985. GAO found the recent retirees had significantly higher average balances of unused sick leave than those who retired in 1968. GAO believed this could be attributed in part to the change in the law.

**Senior Executive Service:
Investigating Distinguished
Rank Award Nominees**
(GAO/GGD-86-86BR,
June 19, 1986)

At the request of the Chairwoman, Subcommittee on Civil Service, House Committee on Post Office and Civil Service, GAO examined OPM's practice of charging agencies \$450 to investigate each senior executive nominated for a distinguished rank award under the Presidential Rank Awards Program

GAO pointed out that OPM did not require agency reimbursement until 1986 and expressed the opinion that OPM did not have the authority to impose such charges. GAO stated that nothing in the authorizing legislation called for OPM to be reimbursed by other agencies for performing this review function and that the reimbursements constituted an unauthorized augmentation of OPM's appropriations.

**Federal Personnel: Federal
Agencies' Part-Time
Employment Programs**
(GAO/GGD-86-103BR,
July 7, 1986)

At the request of the Chairwoman, Task Force on Economic Security, House Select Committee on Children, Youth and Families, GAO provided information on permanent part-time employment programs in the federal government. The objective of the 1978 Federal Employees Part-Time Career Employment Act was "to provide increased part-time career employment opportunities throughout the Federal Government."

GAO reported that the number of part-time employees governmentwide increased during 1979 and 1980, the first years after the legislation became effective, but there had since been a general downward trend. From January 1981 to January 1986, part-time employment dropped by about 11 percent. Over the same period, the total number of permanent federal employees increased by about 1.5 percent.

Moreover, part-time employees were concentrated in the lower salary grades. The number of permanent part-time employees at grades GS-10 and above represented 16.6 percent of all permanent part-time, white-collar employees as of July 1985. In contrast, permanent full-time employees in grades GS-10 and above were 42 percent of the total permanent full-time, white-collar work force as of July 1985.

**Senior Executive Service:
Agencies' Use of the
Candidate Development
Program** (GAO/GGD-86-93,
July 14, 1986)

In this report to the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, GAO pointed out that the Candidate Development Program had not served as a primary source for filling SES positions.

During fiscal years 1982 through 1984, only 13 percent of the initial career SES appointments were granted to certified candidates GAO also

reported that despite this low utilization rate, most agencies favored continuing the program.

Training Budgets: Agency Budget Reductions in Response to the Balanced Budget Act (GAO/GGD-86-98BR, July 16, 1986)

As requested by the Chairwoman, Subcommittee on Civil Service, House Committee on Post Office and Civil Service, GAO gathered information on the impact of the Balanced Budget and Emergency Deficit Control Act of 1985 on the budgets for civilian employee training. Almost two-thirds of the 66 agencies GAO contacted reported reductions in one or more of their training components. About 60 percent of the agencies reported cuts that exceeded the budget act's mandated reductions of 4.3 percent for civilian agency programs and 4.9 percent for defense programs. About 18 percent of the agencies reported cuts of 50 percent or more.

Given the widespread and uneven nature of these cuts, GAO stated that the Committee might wish to explore with OPM and OMB, the agencies responsible for central oversight of training and budgetary matters, whether they need to provide additional guidance to agencies on the management of training programs.

Federal Workforce: New Authority to Make and Extend Temporary Appointments (GAO/GGD-86-111BR, July 28, 1986)

GAO was requested by the Chairman, House Committee on Post Office and Civil Service, to monitor implementation of the new authority OPM delegated to agencies in January 1985 on the employment of temporary workers. Under the delegated authority, agencies may make temporary competitive appointments from their own registers to grades GS-12 and below for 1 year or less and may extend these appointments without OPM approval in increments of up to a year for a total not to exceed 4 years. Previously, agencies' authority was limited to making such appointments at grades GS-7 and below for up to 1 year and extensions were allowed for only 1 year.

GAO reported that the number of temporary employees was growing and that more appointments were being made at higher grade levels and in professional, administrative, and technical occupations. The number of appointments to temporary positions in grades GS-8 to GS-12 increased about 82 percent in the first 6 months of 1985 over the first 6 months of 1984 when agencies were required to use OPM's registers for temporary appointments at these grades.

Agency officials said appropriate use of the authority allowed greater hiring efficiency and flexibility in meeting short-term needs. Union officials agreed that the employment of temporary employees could be

useful in appropriate circumstances, but they expressed concern that the authority could be abused by the use of temporaries as a cost-saving measure to meet permanent requirements. Both agency and union officials agreed that improper use of the authority could lead to productivity losses, increased training costs, and deterioration of a career workforce.

**Federal Retirement:
Retirement Data for
Selected Agencies (GAO/
GGD-86-123FS, Aug. 1,
1986)**

This fact sheet, prepared in response to a request from two Members of Congress, provided information on the extent to which employees may have been retiring to avoid the consequences of proposed income tax legislation.

Until July 1, 1986, federal and other retirement annuities were taxed under a 3-year recovery rule. If, within 3 years after retirement, retirees received annuity payments equivalent to the amounts they contributed to the retirement fund, they paid no taxes on their annuities until their contribution equivalents were received. Repeal of the 3-year recovery rule, (as proposed and eventually enacted in the Tax Reform Act of 1986), meant the tax-free recovery of contributions would be pro-rated over the retirees' expected lifetimes.

As requested, GAO obtained retirement information from eight agencies responsible for national security, public safety, space exploration, and basic research. GAO found the number of voluntary retirements during the first three quarters of fiscal year 1986, compared to the number of retirements in the same period in fiscal year 1985, increased in seven agencies and decreased in one. Retirements in all agencies were greater in June 1986 than in June 1985, although the rate of increase varied considerably among the agencies.

**Pay Equity: Status of State
Activities (GAO/GGD-86-
141BR, Sept. 19, 1986)**

This briefing report, prepared in response to a request by two Members of Congress, discussed the status of pay equity studies and related activities in the states. GAO conducted a mail survey focused on the types of job evaluation systems used for classified state employees, pay equity policies in the states, and pay equity studies. The responses from 48 states showed that

- 46 states used job evaluation to set pay grades for classified positions;
- 34 of the 46 states used one method of job evaluation for all jobs, most commonly a point-factor system;
- 10 states had a written pay equity or comparable worth policy;

- 27 states had gathered data on their pay and classification systems and determined whether there were sex-based wage differences and/or occupational segregation;
- 20 states had conducted pay equity studies that compared the pay of male and female job classes with comparable job evaluation scores; and
- 5 states had conducted pay equity studies that compared the pay of male and female employees with comparable individual characteristics, such as education or experience.

Fiscal Year 1986 GAO Testimony on Civilian Personnel Matters

Statement of Rosslyn S. Kleeman, Associate Director, General Government Division, Before the Subcommittee on Civil Service, House Committee on Post Office and Civil Service, on H.R. 3002, The Executive Exchange Program Voluntary Services Act of 1985 (Oct. 9, 1985)

This statement presented GAO's views on H.R. 3002, which proposed to allow, on an experimental basis, 10 of the private sector participants in the executive exchange program to continue to be paid by their private sector employers. H.R. 3002 was introduced because of concerns that federal salary limitations discouraged top private sector executives from entering the program

The executive exchange program was created in 1969 to promote federal government and private sector understanding and cooperation by the temporary exchange of executives for 1-year periods. The salaries of private sector executives were paid by the government and could not exceed the Senior Executive Service salary ceiling. The salaries of government executives were paid by the host private sector organizations based on the executives' projected government salaries.

GAO found no documentation to show that the disparity between government and private sector salaries created a problem in recruiting candidates for the executive exchange program. GAO concluded, however, that if such a case could be made, a change to allow companies to pay all or part of their executives' salaries might be appropriate. GAO suggested, however, that if a change were made, it should apply to all participating private sector executives, and their companies should be required to pay only the difference between the government and private sector salaries rather than paying the entire salary amount (Congress subsequently enacted H.R. 3002 without modification.)

Statement of the United States General Accounting Office Before the House Committee on Post Office and Civil Service, on Proposed Civil Service Supplemental Retirement System (Statement for the Record, Oct. 24, 1985)

This statement presented GAO's views on a proposed Civil Service Supplemental Retirement System. The Social Security Amendments of 1983 required all federal civilian employees first hired after December 1983 to participate in social security and set January 1, 1986, as the target date for establishing new retirement programs for these employees.

GAO suggested that prevailing private sector practice was a reasonable standard on which to base federal retirement benefits. The statement compared the features of the proposed system, such as age, benefit amounts, vesting, employee contributions, and financing, with prevailing practices in private sector plans

Statement of Rosslyn S. Kleeman, Associate Director, General Government Division, Before the Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service, on Federal Pay (Mar. 19, 1986)

This statement presented GAO's views on the General Schedule pay system. GAO reiterated its long-held position that comparability with the private sector is a logical and factual standard to follow in establishing federal pay rates since it helps assure employees and the taxpayers that compensation levels are fair.

The statement also discussed proposed alternative pay systems for federal employees modeled after a Navy demonstration project. Key features of this project include broad pay bands in place of the 18 General Schedule grades and pay for performance at all employee levels.

GAO observed that the wide interest expressed in the new concepts indicated that the demonstration projects could have a significant impact on governmentwide personnel management policies. However, certain matters need to be considered. For example, alternative pay systems may be more expensive, and sufficient central control would need to be maintained to ensure that agencies do not use pay differences to compete with each other for the same employees. GAO suggested that wider testing was in order before alternative systems for all agencies were adopted.

Statement of William J. Anderson, Director, General Government Division, Before the Subcommittee on Civil and Constitutional Rights, House Committee on the Judiciary, on the Operations of the United States Commission on Civil Rights (Mar. 25, 1986)

This statement presented GAO's findings in a review of the U.S. Commission on Civil Rights. GAO examined allegations of mismanagement and other improprieties in various areas of Commission operations.

Missing, incomplete, and conflicting records seriously hampered GAO's ability to come to firm conclusions on some of the allegations. In the personnel area, GAO found that more noncareer than career employees had been hired since the Commission's reconstitution in fiscal year 1984, and indications of possible irregularities in hiring many of these employees existed. Also, the Commission had hired many women and minorities, but it had not met its affirmative action goals.

In the administrative area, GAO found that sources other than the Commission paid for some Commissioner and staff travel, constituting a possible unauthorized augmentation of appropriations. The Chairman also made speeches which contained statements that appeared to violate federal anti-lobbying restrictions.

GAO also found that the state advisory committees had undergone significant changes in size, selection, and communications with the Commission since being rechartered in 1985, and the number of committee reports had declined substantially since the Commission's reconstitution. Supporting records were lacking on billings by the Commissioners and their Special Assistants, use of the Commission's automobile, and compliance with the fiscal year 1985 appropriation's earmarks

Statement of Rosslyn S. Kleeman, Senior Associate Director, General Government Division, Before the Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, on Federal Pay and Personnel Systems (Apr. 30, 1986)

GAO presented its views on S. 1327, a bill to amend the government's special pay rate program; S. 1727, the Federal Science and Technology Revitalization Act of 1985; and S. 2082, the Defense Acquisition Enterprise and Initiative Act of 1986.

GAO supported the intent and purpose of S. 1327, which would permit the consideration of factors other than disparity with private sector pay in the special rate determination process. S. 1727 and S. 2082 were intended to enhance the management of scientific, technical, and acquisition personnel. GAO was concerned that these proposals could result in selective treatment of certain employees and the proliferation of alternative personnel management systems.

GAO pointed out that the creation of separate systems for certain occupations could create serious administrative problems as varying standards and processes were applied for hiring, paying, training, and retraining these personnel. Without central control by the Office of Personnel Management, GAO saw a potential for inequitable pay and personnel practices.

Statement of James F. Hinchman, Deputy General Counsel, Before the Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce, on Michael K. Deaver's Compliance With the Ethics in Government Act (May 12, 1986)

This statement presented the results of a preliminary investigation of allegations concerning Mr. Michael K. Deaver's compliance with post-employment laws. It appeared that Mr. Deaver, while serving as White House Deputy Chief of Staff and Assistant to the President, had participated in an Administration decision to invoke the Special Envoy process by which the United States and Canada attempted to resolve their differences over the acid rain issue. After leaving federal employment, Mr. Deaver represented the Canadian government in a meeting with the U.S. Special Envoy for Acid Rain at which differences between the United States and Canada were discussed. GAO stated that Mr. Deaver's actions called into question whether four provisions of federal law were violated. GAO referred its findings and relevant documents to the Department of Justice.

Statement of Rosslyn S. Kleeman, Senior Associate Director, General Government Division, Before the Senate Committee on Governmental Affairs, on S. 2197, Optional Early Retirement Program for Federal Employees (May 15, 1986)

This statement presented GAO's views on S. 2197—a bill that proposed to establish a temporary governmentwide early retirement opportunity for federal employees. The bill would have allowed employees who met specific age and years of service criteria to retire on immediate annuities with reduced benefits.

Early retirements can be authorized under current laws, but they are generally limited to situations in which agencies are undergoing major employment reductions. GAO stated that the early retirement of some federal employees under the bill could minimize or substitute for reductions-in-force that agencies may face as a result of budget reductions. But GAO also pointed out that agencies' programs could be seriously disrupted if large numbers of federal employees retired and could not be replaced.

GAO suggested that a more focused early retirement option would better serve the bill's objective. Congress could waive for a limited period the current requirement that a substantial reduction-in-force is required before early retirements can be authorized in an agency. By these means, early retirements could permit agencies to reduce or realign their workforces in a more orderly manner.

Statement of William J. Anderson, Director, General Government Division, Before the Subcommittee on Commerce, Consumer, and Monetary Affairs, House Committee on Government Operations, on Walter C. Lenahan's Compliance With Ethics Laws (July 31, 1986)

This statement presented the results of GAO's preliminary investigation of allegations concerning Mr. Walter C. Lenahan's compliance with conflict-of-interest, post-employment, and foreign agent registration laws.

Mr. Lenahan, who was Deputy Assistant Secretary of Commerce for Textiles and Apparel, left the government to become Vice-President of International Business and Economic Research Corporation (IBERC). GAO concluded that Mr. Lenahan, while discussing potential employment with IBERC and two other firms, may have violated a conflict-of-interest provision codified at 18 U.S.C. 208 by participating in matters which he had reason to know would affect the financial interests of those firms. GAO referred its findings and relevant documents on this issue to the Department of Justice. GAO also reported that Mr. Lenahan did not violate post-employment or foreign agent registration laws. GAO could not conclude that Mr. Lenahan was responsible for any leak of classified information that may have occurred.

Statement of William J. Anderson, Assistant Comptroller General for General Government Programs, and Harry R. Van Cleve, General Counsel, Before the Subcommittee on Human Resources, House Committee on Post Office and Civil Service (Sept. 25, 1986)

This statement presented GAO's views on Executive Order 12564 requiring mandatory drug testing of federal employees. In GAO's opinion, mandatory drug testing as provided for in the Executive Order could violate the Fourth Amendment to the United States Constitution, which protects individuals from unreasonable searches. Most courts that have considered urine analysis testing of public employees for illegal drug use have held that the Fourth Amendment allowed such testing only when there was a reasonable suspicion that the persons to be tested were users of controlled substances or when extraordinary circumstances were involved.

GAO also recognized that the Executive Order included several worthwhile initiatives to further the government's legitimate interest in a drug-free workplace. For example, agencies would be required to establish (1) employee assistance programs, (2) supervisory training to assist in identifying and addressing drug abuse by agency employees, and (3) procedures for employees to voluntarily seek counselling and rehabilitation services.

GAO Work in Progress as of September 30, 1986, Relating to Civilian Personnel Matters

Changes to Merit Pay

The Chairman, House Committee on Post Office and Civil Service, asked GAO to assess how federal agencies implemented legislative changes to the merit pay system for federal managers and supervisors in grades 13 through 15. The study is being conducted in five agencies and focuses on (1) improvements made to merit pay by the changes collectively known as the Performance Management and Recognition System (PMRS), (2) payments received by PMRS employees, (3) whether problems that were prevalent under merit pay still exist in PMRS, and (4) employee opinions about PMRS.

Performance Appraisal Systems for Blue-Collar Workers

As part of its mandate under the Civil Service Reform Act to review and report on the effectiveness of agencies' performance appraisal systems, GAO is evaluating how four federal agencies have implemented performance appraisal systems for blue-collar employees. The study's overall objective is to analyze the processes by which the performance of these employees is evaluated and to determine the effectiveness with which the processes are carried out. The audit work also includes an examination of how agencies conducted internal evaluations of their appraisal functions.

Agency Actions in Dealing With Poor Performers

The Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, asked GAO to examine agencies' procedures for dealing with employees whose performance has been judged less than satisfactory. The study will include an assessment of how the Civil Service Reform Act has enabled agencies to take appropriate actions in the event of such performance. Audit work will also involve discussions with agency officials and line supervisors on (1) the linkages between appraisals and personnel actions and (2) methods for dealing with poor performers that are not considered official adverse actions.

SES Appointments

This assignment was requested by the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, as a follow-up to an earlier GAO review. GAO was asked to examine agencies' Senior Executive Service (SES) candidate development programs, with emphasis on: (1) reasons that agencies have not used the program as a major source for SES career appointments, (2) agencies' views on the program's benefits and costs and whether it should continue, and (3) the program's relationship to the SES appointment process.

GAO is examining these issues in six agencies—the Departments of Agriculture, Health and Human Services, and the Interior; the Environmental Protection Agency; the Office of the Secretary of Defense; and the Veterans Administration.

**Department of Navy SES
Rotation Program**

The Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, asked GAO to review the Navy's SES rotation program, which the Secretary announced in August 1985. The review will assess how the program was implemented and communicated to senior executives and the effect of the program on overall management of the Navy. Audit work will involve interviewing Navy officials and sending a questionnaire to all Navy career SES members.

Retention of SES Members

This assignment, requested by a Member of Congress, is being done to develop information on issues relating to the retention of career executives in the federal government. Audit work will involve (1) collecting comprehensive, governmentwide statistics on attrition in the SES, including comparative characteristics of individuals who left government service and individuals who remained; and (2) sending questionnaires to current SES members and to SES members who retired or resigned from federal service in fiscal year 1985.

**Compartmentalization of
Departments and Agencies
by the Office of
Government Ethics**

The Chairman, Subcommittee on Investigations, House Committee on Post Office and Civil Service, asked GAO to determine the basis of regulations issued by the Office of Government Ethics that limit the application of the 1-year, no-contact restriction on former employees in federal conflict-of-interest laws. The review will also cover the application of those regulations to the Executive Office of the President.

**Operations of the
U.S. Commission on Civil
Rights**

This assignment was requested by the Chairmen, Senate Committee on the Judiciary and the Committee's Subcommittee on Constitutional Rights. The assignment is to review the operations of the U.S. Commission on Civil Rights during the period of 1978 through 1983.

**Certain Appointments at
the Bureau of Land
Management, Department
of the Interior**

The Chairman, Subcommittee on Public Lands, House Committee on Interior and Insular Affairs, asked GAO to review the legality of certain political appointments at the Bureau of Land Management, provide background data on the appointees, and provide information on the number of such appointments in recent years.

**Propriety of Interagency
Details**

The Chairman, House Committee on Post Office and Civil Service; the Chairwoman, Subcommittee on Civil Service; and the Chairman, Subcommittee on Human Resources, asked GAO to determine the numbers, legality, and cost of detailing federal employees to the White House, particularly Schedule C employees.

MSPB Case Processing

This assignment is examining the Merit Systems Protection Board's (MSPB) efforts to streamline the process of adjudicating appeals of agency actions and improve timeliness of case disposition. The study is covering (1) timeliness in processing appeals and issuing decisions in relation to MSPB standards of 120 days for regional offices and 110 days for headquarters, (2) the new Voluntary Expedited Appeals Process, and (3) views of major participants on their experiences with MSPB.

**MSPB Contracting
Practices—Court Reporting
Services**

The Chairman, Subcommittee on Employment and Housing, House Committee on Government Operations, asked GAO to review the procedures followed by MSPB's San Francisco Regional Office in awarding contracts for court reporting services. The review will examine (1) whether the practices followed by one regional office are unique to that office or represent common MSPB practice; (2) whether, in other areas such as scheduling of hearings, MSPB is guided solely by its own costs or also considers costs to other agencies and individuals; and (3) how MSPB's procedures for awarding court reporting contracts and scheduling hearings compare with procedures followed by other agencies.

**Survey of Temporary
Appointments and
Extensions of Temporary
Appointments in Selected
Federal Agencies**

This assignment is a follow-on request by the Chairman, House Committee on Post Office and Civil Service, for GAO to evaluate federal agencies' use of the January 1985 delegated authority on the employment of temporary workers. The review will (1) examine how temporary employees are being appointed and utilized and (2) assess the Office of Personnel Management's (OPM) and other agencies' controls for preventing abuse of the authority.

**OPM's Personnel
Management Evaluation
Program**

The Chairman, House Committee on Post Office and Civil Service, asked GAO to review the revised methodology used by OPM to conduct federal agency personnel management evaluations. The review will compare the former and current evaluation programs and assess the effectiveness of the current evaluation approach in meeting OPM's statutory responsibilities.

**OPM's Executive,
Management, and
Supervisory Development
Approach**

The Chairwoman, Subcommittee on Civil Service, House Committee on Post Office and Civil Service, asked GAO to review OPM's approach for the systematic development of federal supervisors, managers, and executives as it was revised and expanded in July 1984. The review will assess the effectiveness of OPM's leadership role in promoting management excellence under the new approach and explore whether OPM's minimum requirements for agency development programs need strengthening.

**Review of OPM's
Management of Its
Revolving Fund**

Public Law 91-189 requires GAO to periodically review the activities financed by a revolving fund at OPM. Accordingly, GAO is evaluating whether OPM has effectively maintained revolving fund stability in the management of its personnel investigations activities. This review will analyze the backlog of cases in the investigations activity during fiscal years 1983 through 1986 and examine the effect of the backlog on the revolving fund and agency productivity.

Disclosure Awards Program

As required by Public Law 99-145, GAO is assessing the effectiveness of the federal government's cash awards program for disclosures of fraud, waste, or abuse.

**Administration of Sick
Leave Regulations**

At the request of the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, GAO is developing information on the extent to which employees use sick leave prior to retirement and assessing how agencies are administering OPM regulations regarding such employees' incapacitation for duty.

**Employee Suggestion
Programs**

A Member of Congress asked GAO to develop information on the implementation and effectiveness of government employee suggestion programs. Audit work will involve gathering data on savings resulting from

the adoption of employee suggestions and on OPM's oversight of the programs.

**Benefits Offered During
Nonpay Status**

The Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, asked GAO to evaluate the government's policies on providing fringe benefits to employees who are absent from work in a nonpay status. The objectives are to identify the extent and reasons for granting nonpay status and to assess the rationale for providing benefits to employees who are not working and not being paid.

**General Schedule Pay
Survey**

The Chair, Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service, asked GAO to evaluate the government's annual survey of white-collar employee salary rates in the private sector. The objectives of the review are to (1) identify changes made to the survey in recent years, (2) evaluate their appropriateness, and (3) analyze the effect they have had on the determinations of federal/private sector pay comparability by the President's pay agent.

**Pay, Recruitment, and
Retention**

The Chair, Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service, asked GAO to determine the effects of inadequate federal pay on recruitment and retention in selected federal occupations.

**Employee and Retiree
Information Needs**

Five Members of Congress asked GAO to analyze federal employee and retiree information needs on their benefit programs and assess how these needs are being met by federal agencies. The study will also examine how major private sector employers help their employees with similar information needs.

**Federal Employment of
Disabled and Vietnam Era
Veterans**

The Chairman, House Committee on Veterans' Affairs, asked GAO to determine whether the employment policies and practices of five agencies adhere to the statutes concerning the employment and advancement of qualified disabled and Vietnam era veterans in the federal government. The review will also assess OPM's effectiveness as the agency responsible for governmentwide implementation of the veterans' programs.

SSA's Affirmative Action Program

A Member of Congress asked GAO to develop information on whether Department of Health and Human Services directives to the Social Security Administration (SSA) ensure that affirmative action requirements are being satisfied. The review will focus on selected SSA headquarters components' affirmative action plans to determine whether the plans comply with Equal Employment Opportunity Commission (EEOC) requirements and whether the plans have been implemented. Also, the review will assess whether SSA and its components are collecting and analyzing EEOC-required data on the race and sex of employees and applicants for targeted job series, so that the affirmative action plans can be monitored and evaluated.

Tennessee Valley Authority: Affirmative Action Program for Disabled Veterans

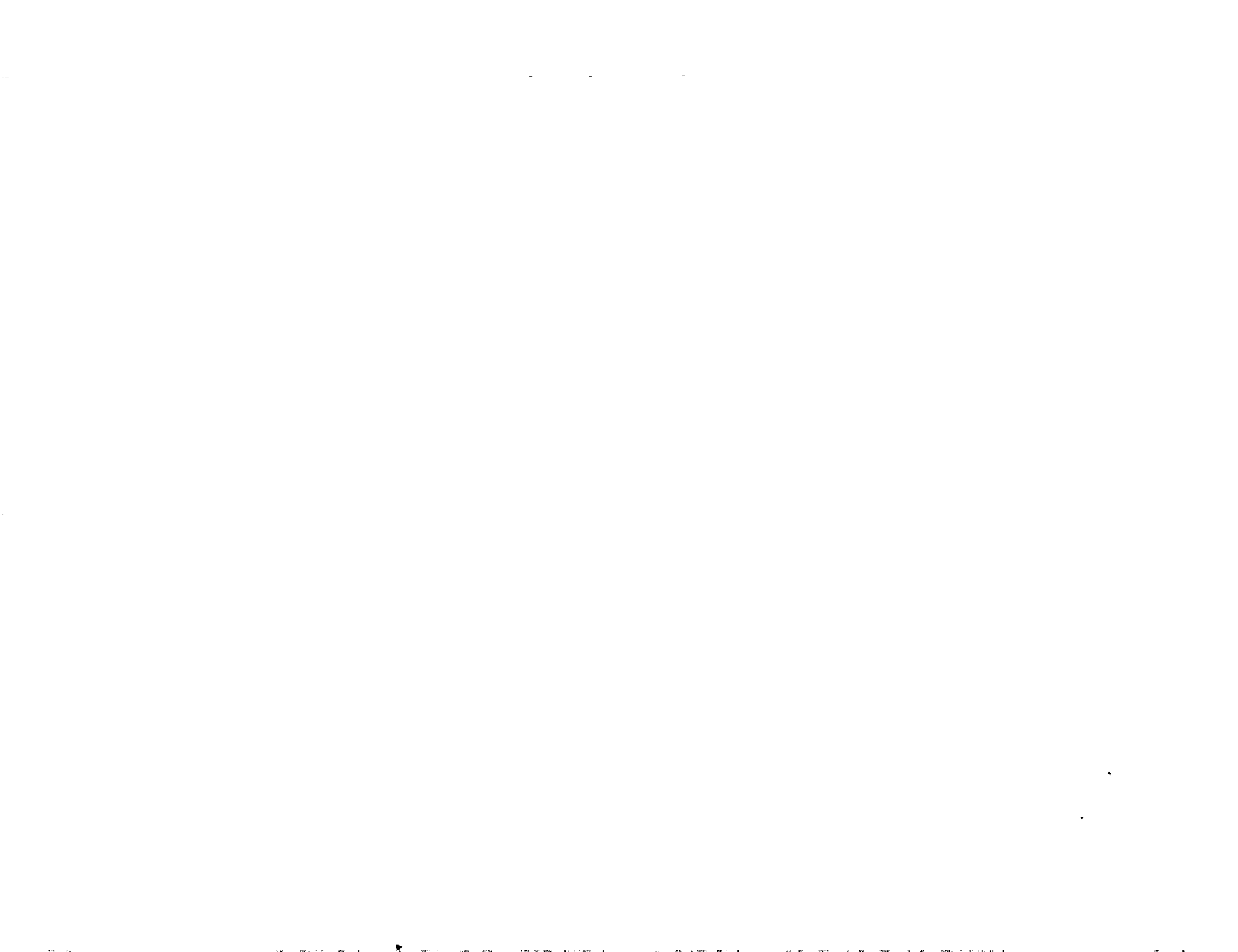
The Chairman, Subcommittee on Education, Training, and Employment, House Committee on Veterans' Affairs, asked GAO to determine whether the Tennessee Valley Authority's policies and practices for employing and advancing disabled veterans comply with applicable legislation.

Review of Staffing Shortages in EPA's Superfund Program

Section 118(d) of the Superfund Amendments and Reauthorization Act of 1986 requires GAO to study the problem of shortages of skilled personnel in the Environmental Protection Agency (EPA) needed to carry out required actions under the Superfund program. This study will provide information on (1) the types of skilled personnel for which there are shortages in EPA, (2) the extent of the shortages, (3) pay differentials between the public and private sectors, (4) the extent to which federal personnel are leaving for the private sector, (5) the types of training required to improve employee skills, and (6) the success of other federal programs in retaining skilled personnel.

RIF and Contract Actions at the Department of Energy

The Chairman, Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce, asked GAO to examine the legality, adequacy, and appropriateness of reduction-in-force and contracting actions in two Department of Energy program offices.



Requests for copies of GAO reports should be sent to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are \$2.00 each

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents

United States
General Accounting Office
Washington, D C. 20548

Official Business
Penalty for Private Use \$300

Address Correction Requested

First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100