

GAO

Testimony

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Political Appointees in
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Statement of
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Before the
Subcommittee on Civil Service
Committee on Post Office and Civil Service
House of Representatives



POLITICAL APPOINTEES IN FEDERAL AGENCIES

Summary of Statement by
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Management Issues

Data GAO obtained on the number and placement of noncareer SES and Schedule C appointees governmentwide for the period from September 1979 to June 1989 show that the number of such appointments tends to be cyclical. The number of appointees generally reaches its lowest point just after a new president takes office, and its highest point at about the midpoint of the presidential term. Appointee data obtained for five specific agencies over the same period show that these agencies generally followed the trend of the government as a whole.

An analysis of employment data at comparable points in time during the Carter and Reagan Administrations shows that the Reagan Administration had almost 400 more noncareer SES and Schedule C appointees working in federal agencies. However, the cyclical nature of the political appointment process makes it difficult to determine whether this increase will be sustained in future years. Career SES membership governmentwide dropped slightly between 1979 and 1987, thereafter rising by some 500 members to about 6,700 by June 1989. Most of this rise appears to be attributable to additional authorizations of SES positions to agencies by the Office of Personnel Management.

In recent years, various concerns about the increasing number of political appointees in the federal government have been voiced in several quarters. GAO shares these concerns and concurs in the findings of the National Commission on the Public Service (the Volcker Commission) that there have been too many political appointees in federal agencies, and that the number should be reduced. GAO believes that, because the political appointee cycle is currently at a low point with the recent change in Administration, the new Administration should take the opportunity to reassess the number of political appointees it places in agencies.

Further, Congress may wish to consider changing existing law to limit the number of noncareer SES appointees to a percentage of filled SES positions, rather than to a percentage of total SES positions allocated. It must be pointed out, however, that problems that exist between career employees and political appointees will not be completely resolved through legislation. It will be necessary for political appointees to work with career SES members to improve their working relationships and to recognize that career SES members can make a substantive contribution to the efficient operation of the government.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the placement of political appointees in the federal service as well as other issues affecting the Senior Executive Service (SES).

As you requested, we obtained data on the number and placement of career SES, noncareer SES, and Schedule C appointees as of September 30, 1988, and June 30, 1989, in each of five executive agencies---the Department of Education, the Department of Housing and Urban Development (HUD), the Environmental Protection Agency (EPA), the Small Business Administration (SBA), and the United States Information Agency (USIA)---from officials of these agencies.¹ We also obtained data from OPM on career SES, noncareer SES and Schedule C appointees in each of these five agencies as well as governmentwide as of September 30 of each year from 1979 to 1988, and as of June 30, 1989.

¹Career SES appointees are individuals with civil service status who have had their executive qualifications reviewed and approved by the Office of Personnel Management (OPM) and who have been appointed competitively. Noncareer SES appointees receive noncompetitive appointments to positions which involve formulating, advocating, and directing Administration policies. Schedule C appointees receive noncompetitive appointments at the GS-15 level or below to positions which are policy-determining or which involve a close and confidential working relationship with the head of an agency or other key appointee of the agency.

In instances where OPM and agency-provided data disagreed, we used the agency-provided data. Also, in instances where precise appointee figures were not readily available for the dates we requested, we used estimates based on available data which most closely conformed to those dates. Due to time constraints, we were unable to independently verify the data provided by these agencies.²

As agreed with the Subcommittee, we prepared a series of charts depicting the data we obtained. These charts appear in the figures below and in Appendixes I through X.

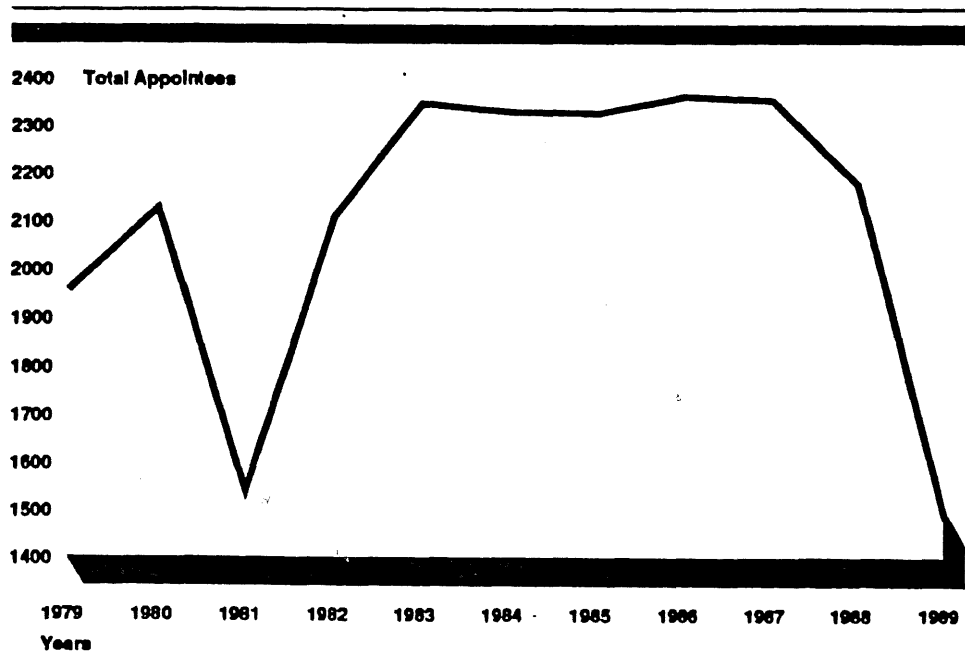
WHAT DO THE DATA SHOW?

According to OPM, there were 1,490 noncareer SES and Schedule C appointees employed in executive agencies on June 30, 1989. Ten years ago, that figure was higher, with 1,955 such appointees in place on September 30, 1979.

The data we obtained show that the number of political appointees governmentwide tends to follow a cyclical trend of increases and decreases over time. Figure 1 shows the aggregate number of noncareer SES and Schedule C appointees governmentwide for the period from September 1979 through June 1989.

²We did not include data on limited term SES appointees, limited emergency SES appointees, or temporary Schedule C appointees, owing to the limited duration of their appointments.

Figure 1: Noncareer SES & Schedule C Appointees Governmentwide, September 1979 - June 1989



These data show that an increase in political appointees occurred most noticeably after the first year of a new Administration, followed by decreases in their numbers in the months preceding and following a change of Administration.

Specifically, from September 1981 to September 1983, the aggregate number of noncareer SES and Schedule C appointees increased substantially governmentwide. Between September 1983 and September 1987, the number of these appointees remained relatively stable at about 2,350.

Beginning in September 1988, the number of political appointees governmentwide decreased sharply, reaching its lowest point in almost 10 years by June 1989. In total, noncareer SES appointees governmentwide declined 26 percent and Schedule C appointees declined 34 percent during this 9-month period. These data are summarized in table 1:

Table 1: Governmentwide Employment of Noncareer SES and Schedule C Appointees

<u>Group</u>	<u>Appointees Employed in Agencies</u>		<u>Net Change</u>
	<u>September 1988</u>	<u>June 1989</u>	
Noncareer SES	659	485	-174 (-26%)
Schedule C	1,516	1,005	-511 (-34%)

This up-and-down trend in the number of political appointees is not surprising. We would expect that delays by top Administration officials in designating individuals for political appointments governmentwide in the early days of an Administration would result in low numbers of such appointees in place in the months immediately following the change of Administration. Because most political appointees will likely be in place by the end of the new Administration's first year, the number of noncareer SES and Schedule C appointees would likely reach a high point during the Administration's second year. As the term of an Administration nears its completion, we would expect political appointees to begin leaving their positions, their numbers dropping off sharply in the final months.

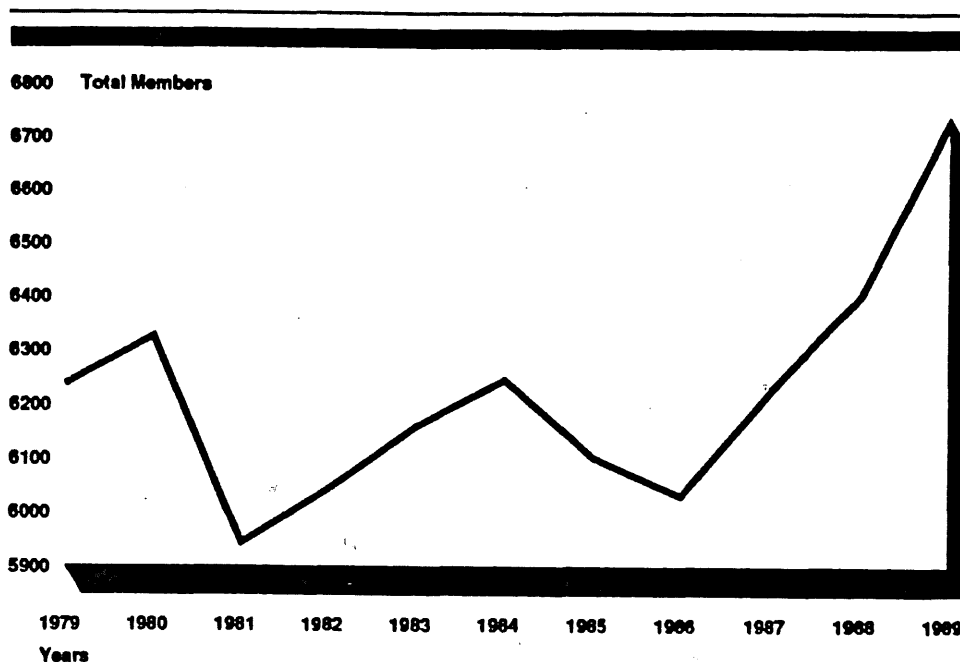
Has there been an increase
in political appointees?

An analysis of employment data at comparable points in time during the Carter and Reagan Administrations provides some indication that the use of Schedule C and noncareer SES appointees may be becoming more prevalent. In September 1979, the third year of the Carter Administration, there were 1,955 of these appointees working in executive agencies (1,439 Schedule C appointees and 516 noncareer SES appointees). In September 1987, during the third year of President Reagan's second term, there were 2,353 appointees (1,671 Schedule C appointees and 682 noncareer SES appointees). However, the cyclical nature of the political appointment process makes it difficult to determine whether this increase in political appointees will be sustained in future years.

Has career SES membership changed?

The data we obtained on career SES membership governmentwide for the period September 1979 to June 1989 is shown in figure 2.

Figure 2: Career SES Membership Governmentwide, September 1979 - June 1989



As figure 2 shows, net career SES membership governmentwide dropped slightly between 1979 and 1987, from 6,235 to 6,223 members. Between September 1987 and June 1989, the number steadily increased, rising by more than 500 to 6,727 members governmentwide by June 1989.

In commenting on the rise in the number of career SES members since September 1987, an OPM official told us that over the last

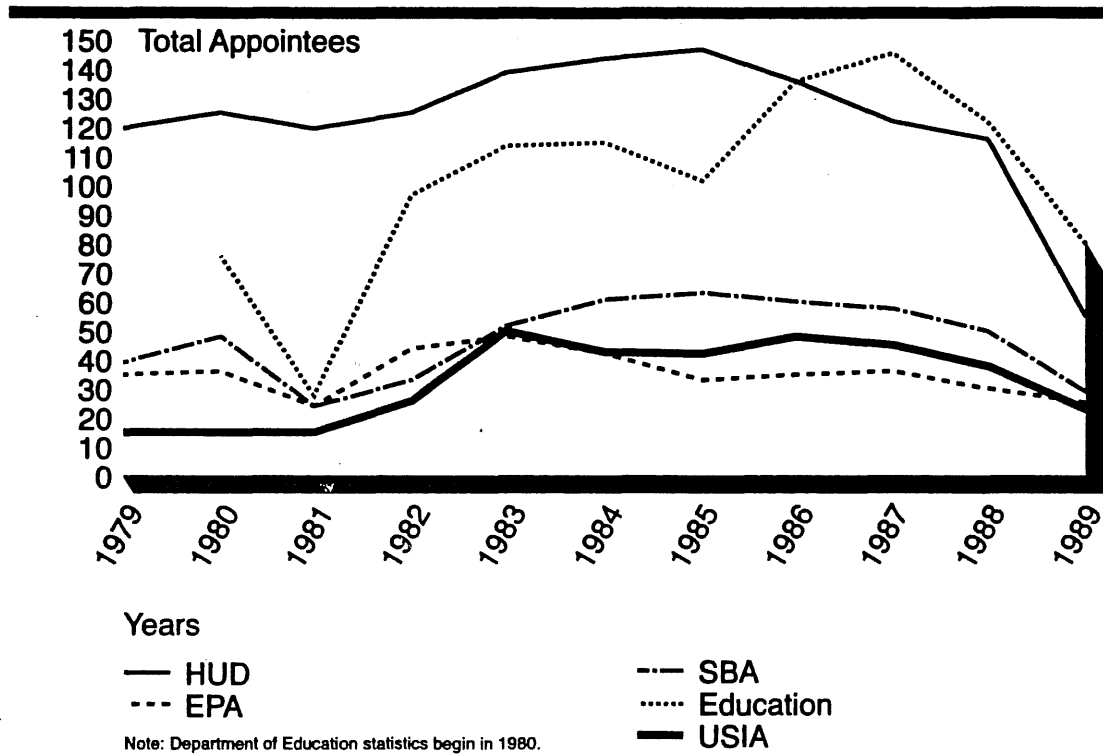
2 fiscal years (1988 and 1989), OPM had authorized an additional 333 positions in a number of different agencies governmentwide.³

Are employment trends different
in the five agencies?

In reviewing political appointee trends in each of the five agencies whose employment data we reviewed for the period from September 1979 to June 1989, we found that these agencies generally followed the trend of the government as a whole. Increases in political appointees were most apparent after the first year of a new Administration. These increases were followed by decreases in the number of appointees during the months preceding and following the end of an Administration. Figure 3 shows the aggregate number of noncareer SES and Schedule C appointees in each of the five agencies from September 1979 to June 1989.

³According to OPM, the largest allocations of additional SES positions were made to the Department of Veterans Affairs (166 positions); the Department of Transportation (33 positions); the Office of the Secretary of Defense (33 positions); and the Department of the Treasury (23 positions). HUD's allocation did not change, and Education's allocation increased by 5 positions.

Figure 3: Noncareer SES & Schedule C Appointees in Five Executive Agencies, September 1979 - June 1989



Specifically, from September 1981 to September 1983, the aggregate number of noncareer SES and Schedule C appointees increased substantially in each of the five agencies. Between September 1983 and September 1987, the number of these appointees decreased in three of the agencies (by 10 percent in USIA, by 12 percent in HUD, and by 25 percent in EPA). The number of appointees increased in the other two agencies (by 12 percent in SBA and by 28 percent in Education).

Beginning in September 1988, the number of noncareer SES and Schedule C appointees in four of the five agencies dropped sharply. For example, HUD reported a 52-percent drop in its noncareer SES and a 53-percent drop in its Schedule C appointees, and SBA reported a 35-percent drop in its noncareer SES and a 45-percent drop in its Schedule C appointees. The fifth agency, EPA, reported no decrease in the number of its noncareer SES appointees and a 29-percent decrease in its Schedule C appointees during the period. It should also be noted that from September 1988 to June 1989, three of the five agencies reported increases in the number of their career SES members. Career SES membership increased by 3 in Education (6 percent), by 11 in EPA (5 percent), and by 1 in USIA (4 percent). The number of career SES members in the two remaining agencies, HUD and SBA, did not change. Appendixes I through V show the change in the numbers of career SES members and aggregate noncareer SES and Schedule C appointees in each of the five agencies from September 1988 to June 1989, by major agency component.

While, as I noted earlier, changes in the number of political appointees can be expected at different points during the term of an Administration, our data show that Education experienced far more pronounced fluctuations in its political appointee population over time than did the other four agencies. As figure 3 shows, Education reported very sharp reductions in the number of political appointees during the periods preceding

September 1981, September 1985, and June 1989; and very sharp increases in political appointees in the periods preceding September 1982 and September 1986.

In commenting on Education's atypically sharp fluctuations in its political appointee population, an Education official attributed these trends to a succession of major events during the period, including (1) the establishment of the agency as a cabinet department in mid-1980; (2) the election of a new Administration and the appointment of a new Secretary; (3) the appointment of two other Secretaries during the course of the Administration; and (4) another change in Administration earlier this year. This official noted that with each successive event, some political appointees left the agency and others arrived.

Are conversions of noncareer
appointees to career status a concern?

In conjunction with your Subcommittee's previous request for information on conversions of noncareer appointees to career appointments, we obtained and reported conversion data in a series of reports covering the period from January 1, 1987, through February 28, 1989.⁴ Agencies reported converting 24 noncareer SES appointees and 62 Schedule C appointees

⁴These data are summarized for the entire period in the last of the reports, Federal Employees: Appointees Converted to Career Positions, January and February 1989 (GAO/GGD-89-89FS).

governmentwide to career positions during this period.

Your Subcommittee also asked us to assess the propriety of conversions from noncareer to career positions. We plan to begin work on this issue in the near future.

ORGANIZATIONAL PLACEMENT

You asked us to identify the 10 agencies with the highest aggregate numbers of noncareer SES and Schedule C appointees as of September 1988 and June 1989. These data are presented in Appendix VI. In September 1988, the top 3 agencies, in descending order, were Commerce, with 168; Agriculture, with 146; and Health and Human Services, with 133. In June 1989, the top 3 agencies were Agriculture, with 106; Commerce, with 87; and the Office of the Secretary of Defense (OSD), with 86.

You also asked us to show the organizational distribution of career SES, noncareer SES, and Schedule C appointees in HUD and Education as of September 1988 and June 1989. As agreed, we prepared organizational charts for each of the agencies which identify the distribution of appointees in components one level below the Secretary. In addition, the HUD charts show the appointee distribution one level below the Assistant Secretary for Housing, and the Education charts show the appointee distribution one level below the Assistant Secretary for Civil

Rights. The resulting charts appear in Appendixes VII through X.

The data we obtained show that career SES, noncareer SES, and Schedule C appointees were dispersed throughout both HUD and Education at the organizational levels for which we obtained data. Several components had more noncareer SES and Schedule C appointees than career SES members. However, because we did not examine the specific responsibilities or activities of the political appointees at these agencies, we cannot comment on their organizational roles or their working relationships with agencies' career executives. For the same reason, we cannot go beyond what has been reported in the public media in recent months concerning the implications of these roles and working relationships to the still-unfolding housing scandals at HUD.

As I noted earlier, career SES membership remained stable in HUD and increased in Education between September 1988 and June 1989. However, both HUD and Education experienced significant decreases in their agencywide noncareer SES and Schedule C appointee populations during the same period. These decreases occurred in components throughout the two agencies.

CONCERNS ABOUT

POLITICAL APPOINTEES

In recent years, various concerns about political appointees have been raised in several quarters. One of these concerns relates to the increasing number of political appointees and the belief, which we share, that such a large number of appointees is not necessary to achieve an Administration's political agenda. Two problems associated with the increased number of appointees have been the layering of political appointees between top political officials and career executives, and less involvement by career executives in decision-making and mission-related activities. Both the increased number of political appointees and layering can limit opportunities for career executives and make the jobs of career SES members less meaningful. The short tenure of political appointees causes additional problems. These include high turnover, lack of program stability, and the need for career executives to divert their attention from mission achievement to orienting new political appointees.

Another major concern centers around the poor working relationships that have existed between career SES members and many political appointees. During the last Administration, for example, this was demonstrated through a lack of respect for career executives by many appointees and the frequent exclusion of career executives from key activities. This problem was most

recently cited in a report issued this month by the Merit Systems Protection Board in which many former SES members expressed the view that the SES is not being administered in a way that protects senior executives from improper political interference.⁵ They also expressed low regard for the managerial and leadership skills of politically-appointed senior executives and their commitment to merit principles.

The problem of poor working relationships also surfaced in previous studies we did to elicit career SES members' views about their federal employment situation⁶ and was recognized by the National Commission on the Public Service (the Volcker Commission) when it reported earlier this year on the state of the public service. To deal with such problems, the Volcker Commission recommended that (1) the number of political appointees be significantly reduced; (2) career appointees be considered more frequently for subcabinet level appointments; and (3) a lower limit be set on the number of noncareer senior executives allowed within a particular agency than is currently

⁵U.S. Merit Systems Protection Board, The Senior Executive Service: Views of Former Federal Executives (Washington, D.C.: October 1989).

⁶Senior Executive Service: Reasons Why Career Members Left in Fiscal Year 1985 (GAO/GGD-87-106FS, August 12, 1987), and Senior Executive Service: Executives' Perspectives on Their Federal Service (GAO/GGD-88-109FS, July 20, 1988).

permitted by law.⁷

In our testimony last April on the Volcker Commission's report,⁸ we concurred in the Commission's concerns about the growth in the number of political appointees and endorsed the Commission's recommendation that career executives be appointed to top level positions. We also pointed out that the existing method of calculating the percentage of noncareer SES appointees allowed could be changed from one based on total allocated SES positions to one based on total executives on board. Such a change would avoid the current situation where an agency could increase the ratio of noncareer appointees by filling its entire allocation of noncareer appointees while leaving positions allocated for career executives vacant.⁹

It must be pointed out, however, that the problems that exist between career employees and political appointees will not be completely resolved through legislation. It will be necessary for political appointees to work with career SES members to

⁷Paul A. Volcker, Chairman, National Commission on the Public Service, Leadership for America: Rebuilding the Public Service, (Washington, D.C.: 1989).

⁸Report of the National Commission on the Public Service (GAO/T-GGD-89-19, April 27, 1989).

⁹Section 3134 of Title 5, United States Code, currently provides that noncareer appointees cannot hold more than 10 percent of all allocated SES positions governmentwide, and no more than 25 percent in any one department or agency.

improve their working relationships and to recognize that career SES members can make a substantive contribution to the efficient operation of the government. Political appointees can demonstrate this commitment in such ways as involving career staff in decision making, objective setting, and policy and program implementation planning. They should also ensure that career staff are recognized and rewarded for exceptional performance when warranted.

We believe that the Bush Administration has taken some promising actions in this regard. For example, the President has convened the career SES members to convey his appreciation for the work that they do. The Administration has emphasized the need for good working relations between appointees and career staff during orientation sessions being held for new political appointees.

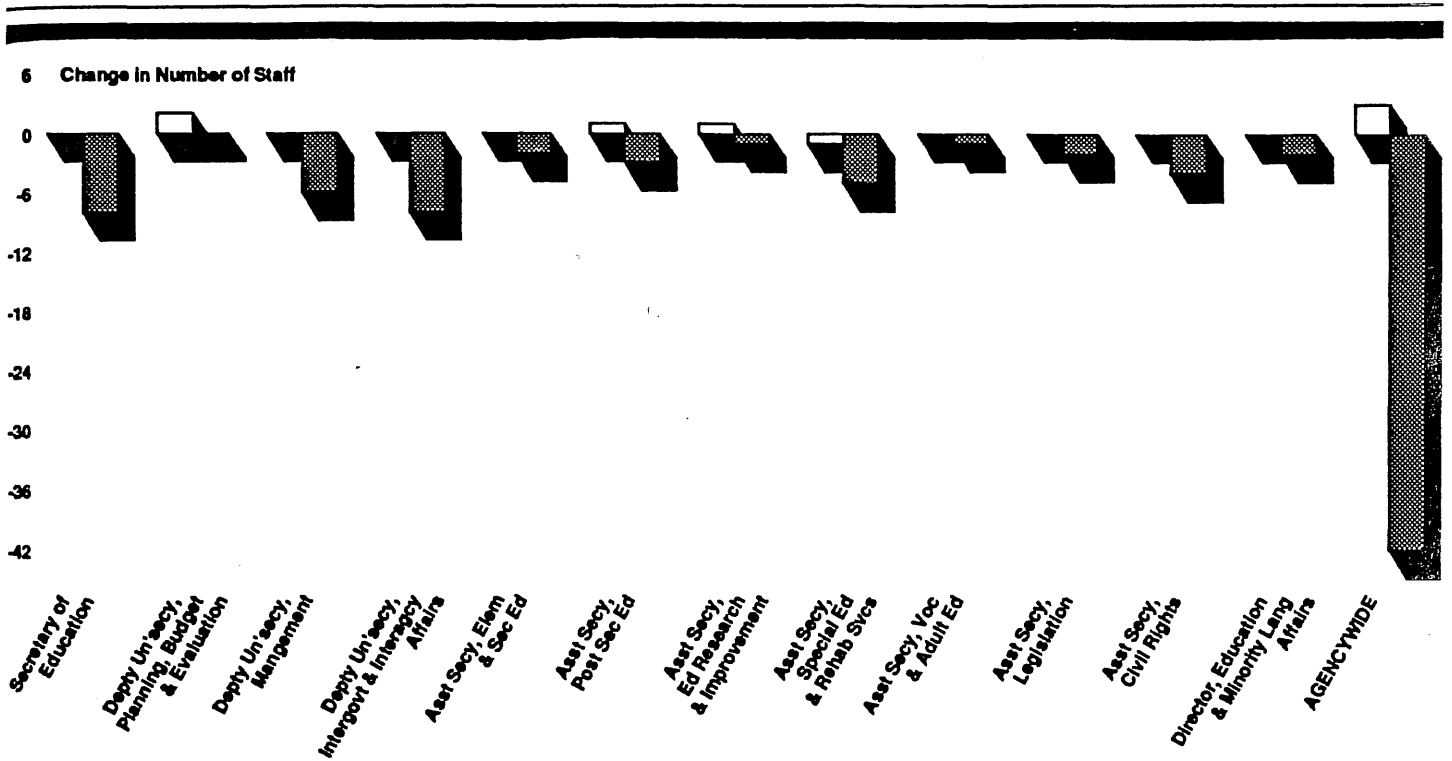
Along those lines, we believe that the reduced number of noncareer SES and Schedule C appointees presently in place provides the new Administration with an opportunity to carefully reassess the number of such appointees it realistically needs, and to limit that number to the extent possible. It may well be that one key to achieving an Administration's policy goals is not the number of political appointees in an agency, but rather, their ability to effectively lead and interact with career executives. Choosing appointees with such abilities can help increase the likelihood of program success.

Congress can also play a role in facilitating improved political/career relationships. One way is by continuing to have oversight hearings in which agency political leaders are asked to explain their efforts and progress in working with career staff and the qualification standards they set and follow for filling noncareer SES and Schedule C positions.

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This concludes my prepared testimony, Mr. Chairman. I will be pleased to answer any questions that you or members of the Subcommittee may have.

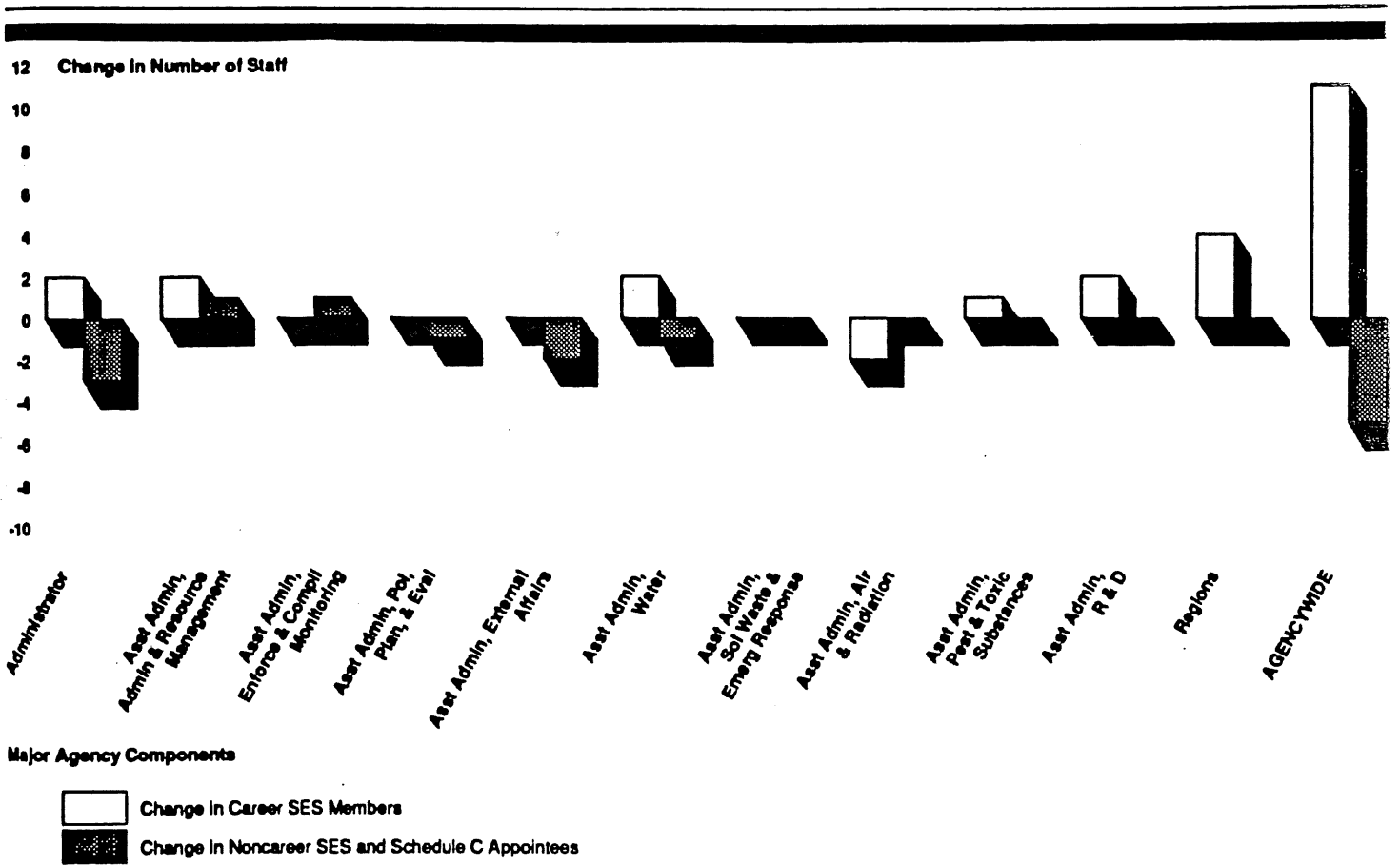
**DEPARTMENT OF EDUCATION:
CHANGE IN TOTAL CAREER SES, NONCAREER SES,
AND SCHEDULE C STAFF -
SEPTEMBER 1988 TO JUNE 1989**



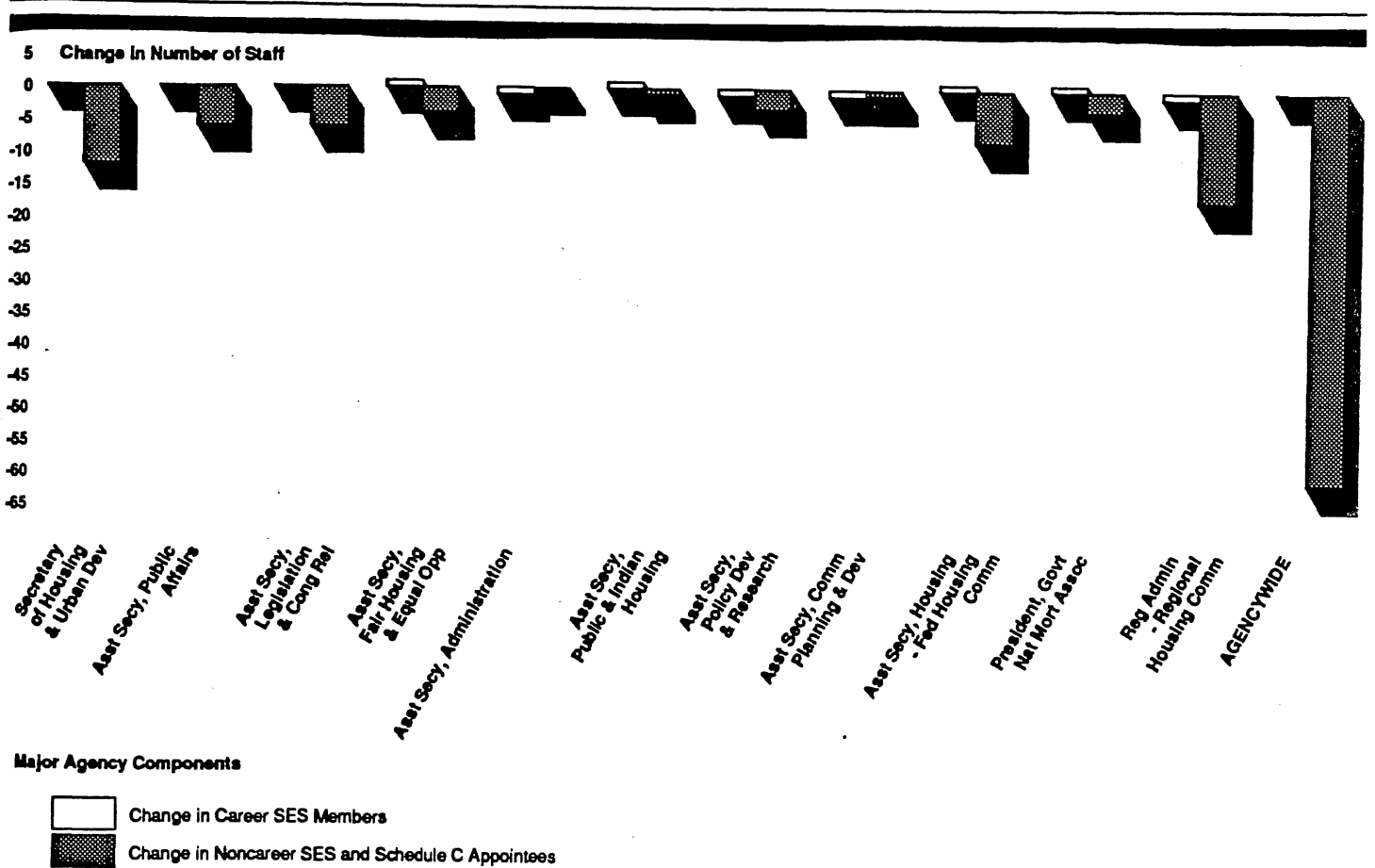
Major Agency Components

- Change in Career SES Members
- Change in Noncareer SES and Schedule C Appointees

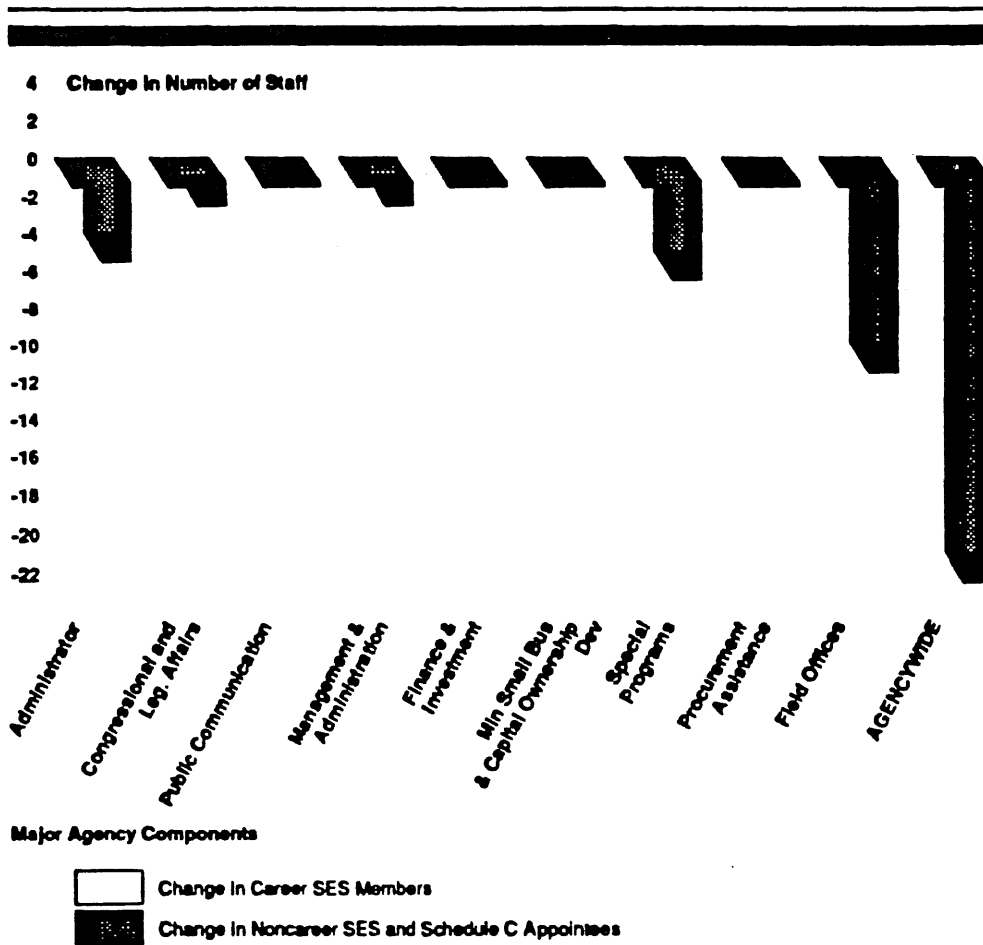
**ENVIRONMENTAL PROTECTION AGENCY:
CHANGE IN TOTAL CAREER SES, NONCAREER SES,
AND SCHEDULE C STAFF -
SEPTEMBER 1988 TO JUNE 1989**



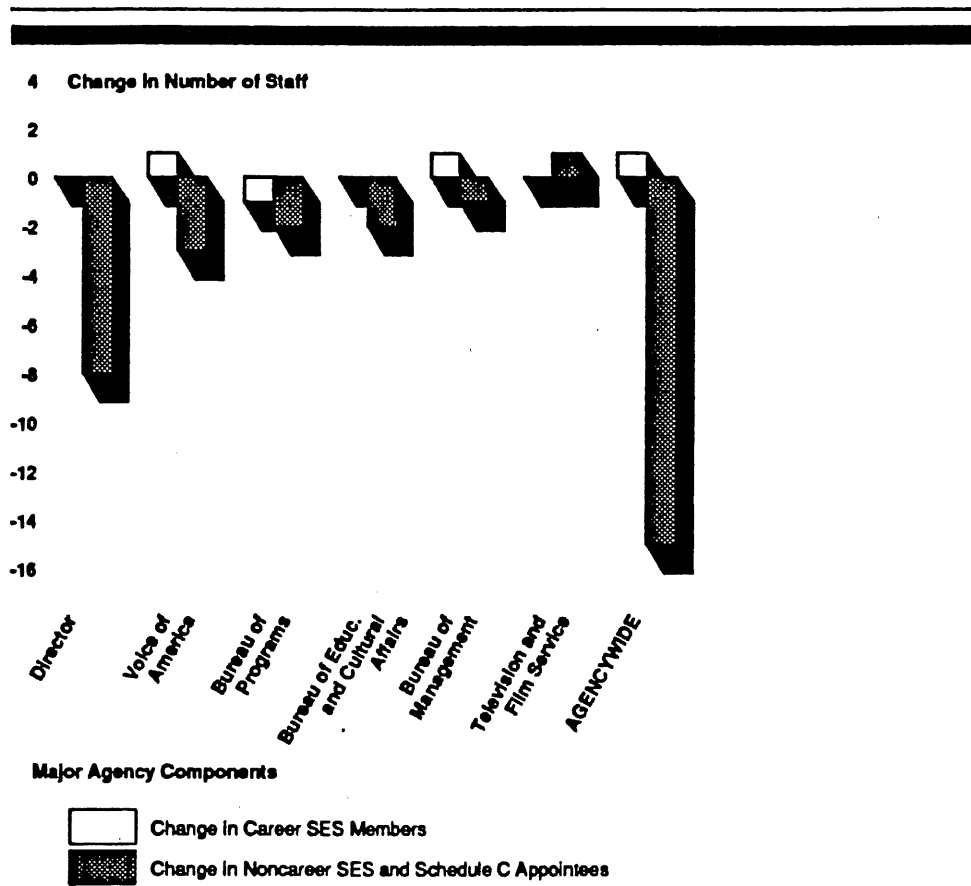
**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:
CHANGE IN TOTAL CAREER SES, NONCAREER SES,
AND SCHEDULE C STAFF -
SEPTEMBER 1988 TO JUNE 1989**



**SMALL BUSINESS ADMINISTRATION:
CHANGE IN TOTAL CAREER SES, NONCAREER SES,
AND SCHEDULE C STAFF -
SEPTEMBER 1988 TO JUNE 1989**



**UNITED STATES INFORMATION AGENCY:
CHANGE IN TOTAL CAREER SES, NONCAREER SES,
AND SCHEDULE C STAFF -
SEPTEMBER 1988 TO JUNE 1989**



THE 10 EXECUTIVE AGENCIES WITH THE HIGHEST AGGREGATE NUMBER OF
NONCAREER SES AND SCHEDULE C APPOINTEES AS OF SEPTEMBER 1988 AND
JUNE 1989

Table VI.1: Total Appointees - September 1988

<u>Agency</u>	<u>Appointees</u>
1. Commerce	168
2. Agriculture	146
3. HHS	133
4. Education	131
5. Justice	129
6. OSD ^a	119
7. HUD	117
8. Transportation	110
9. Energy	106
10. State	101

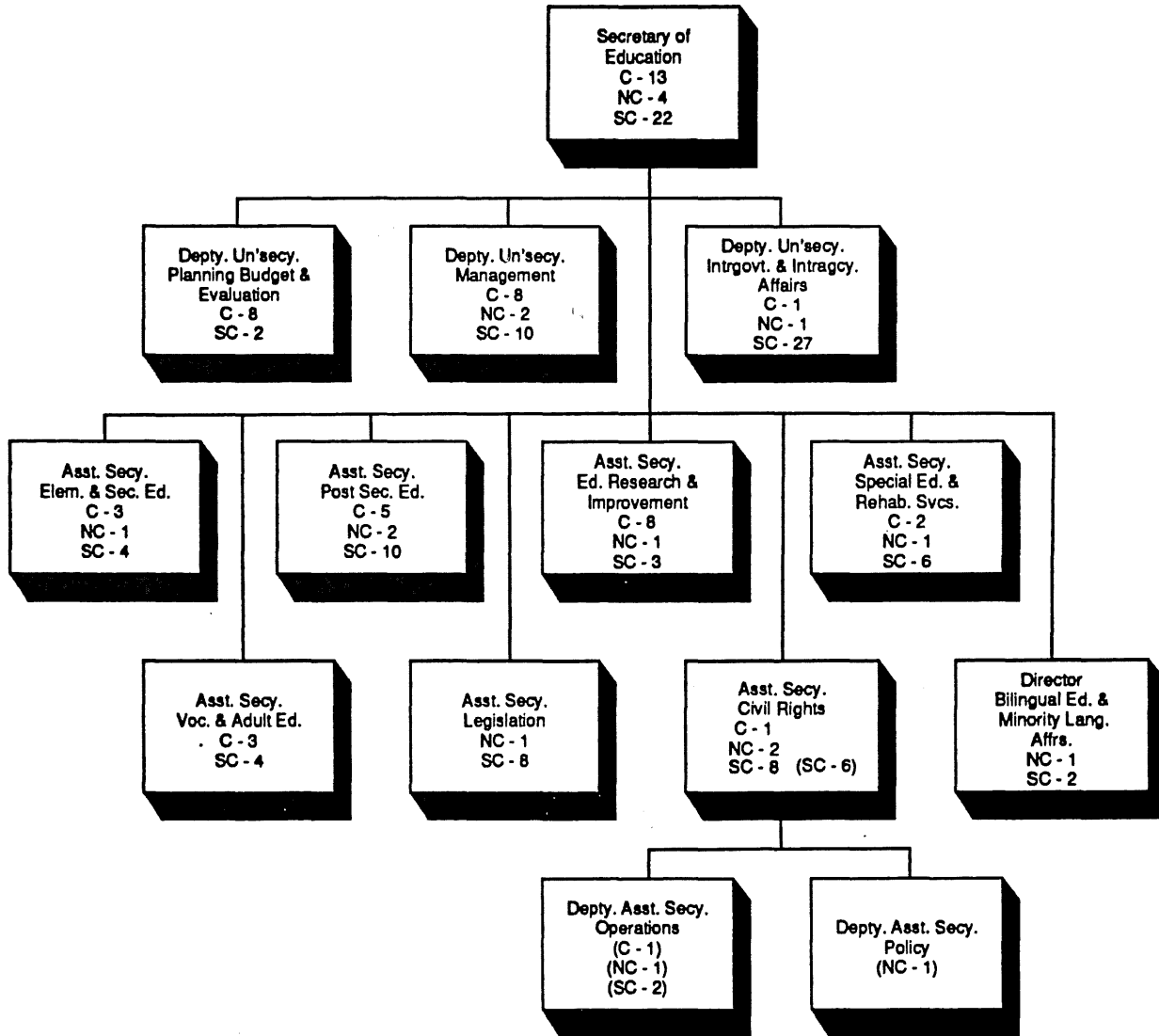
^aOffice of the Secretary of Defense.

Table VI.2: Total Appointees - June 1989

<u>Agency</u>	<u>Appointees</u>
1. Agriculture	106
2. Commerce	87
3. OSD ^a	86
4. State	80
5. Education	74
6. Interior	71
7. Justice	71
8. Treasury	70
9. Energy	70
10. Labor	69

^aOffice of the Secretary of Defense.

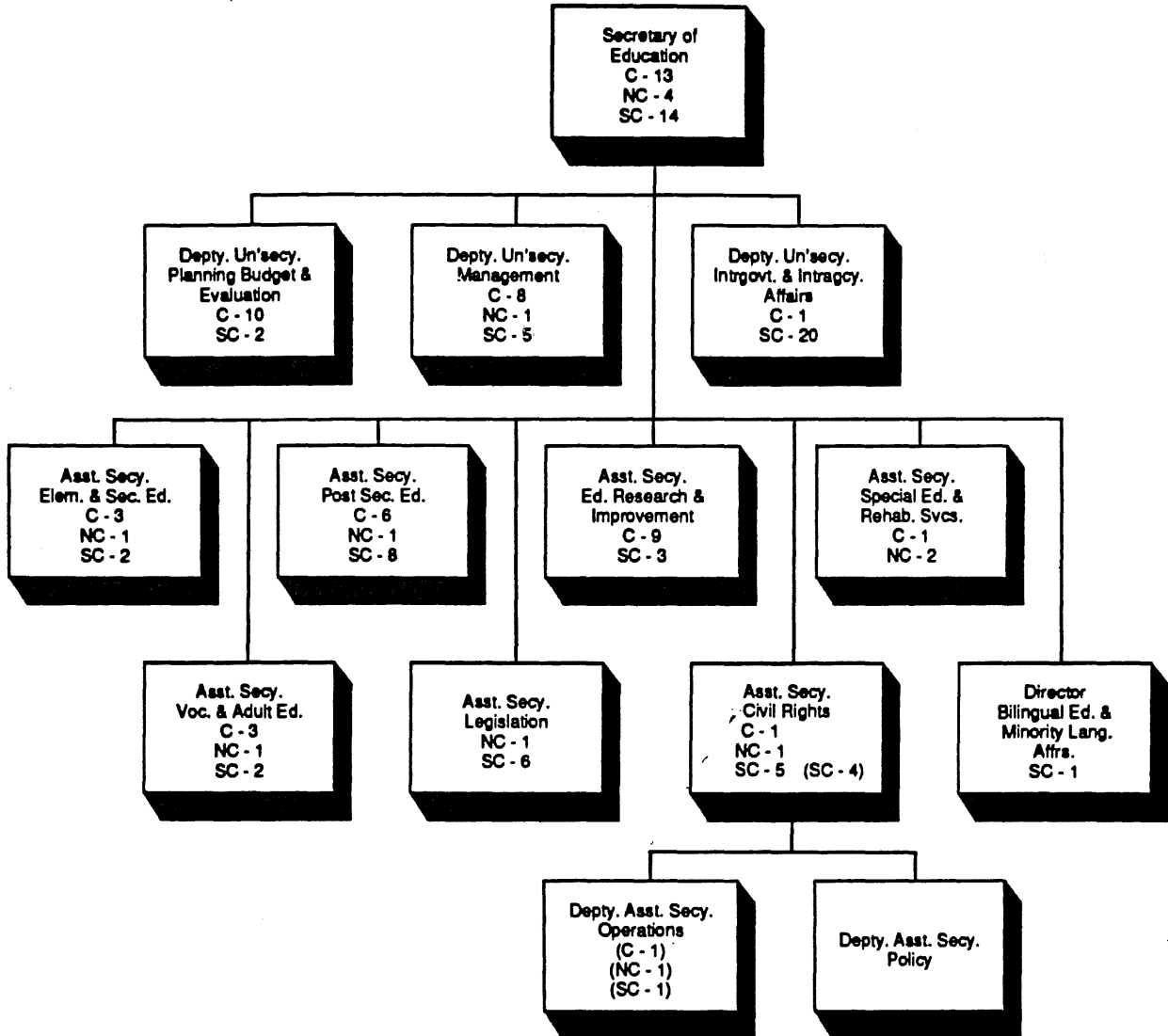
**EDUCATION: CAREER SES
AND POLITICAL APPOINTEES, 9/88**



Legend:
C - Career SES
NC - Noncareer SES
SC - Schedule C

Totals:
C - 52
NC - 16
SC - 106

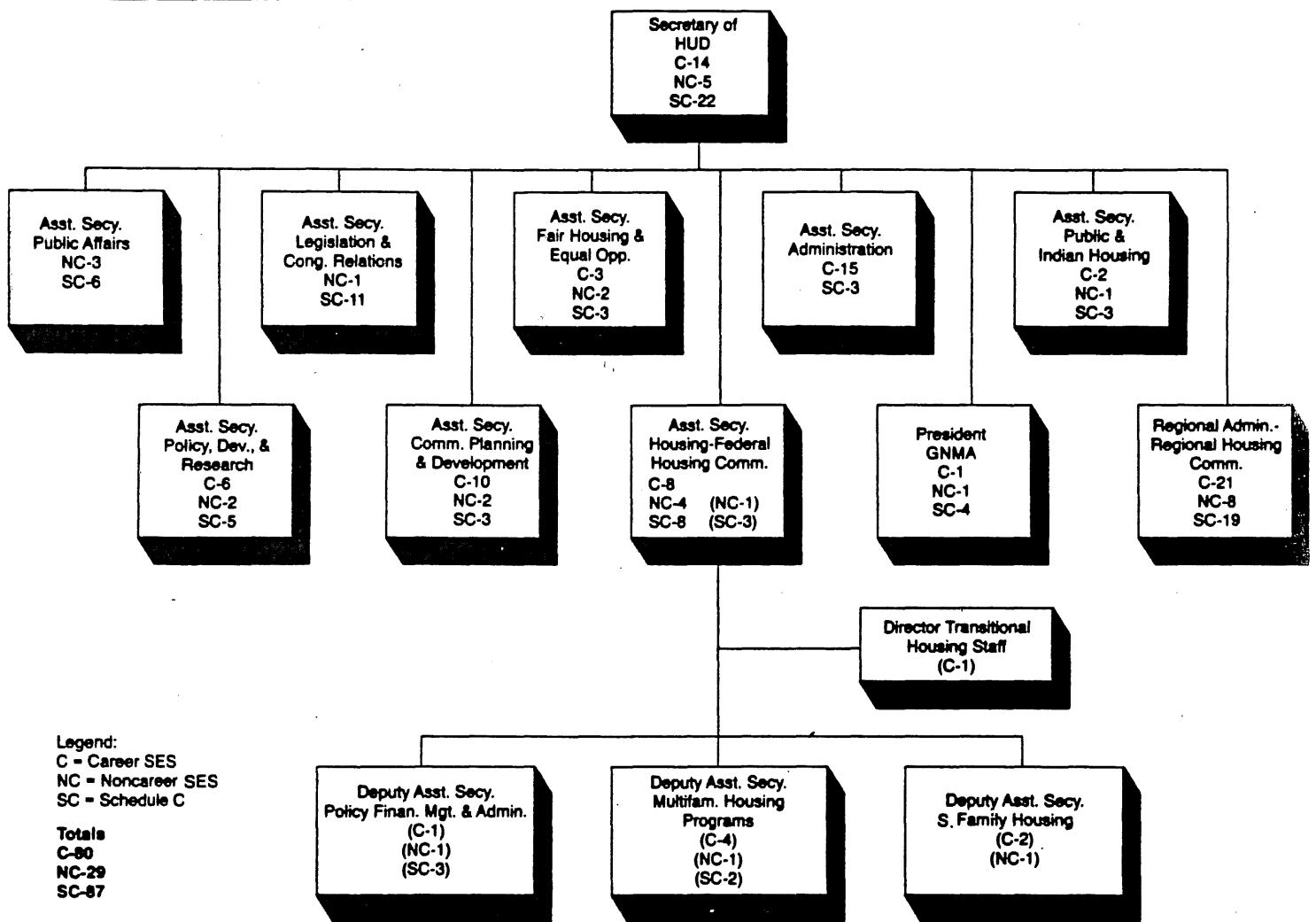
EDUCATION: CAREER SES
AND POLITICAL APPOINTEES, 6/89



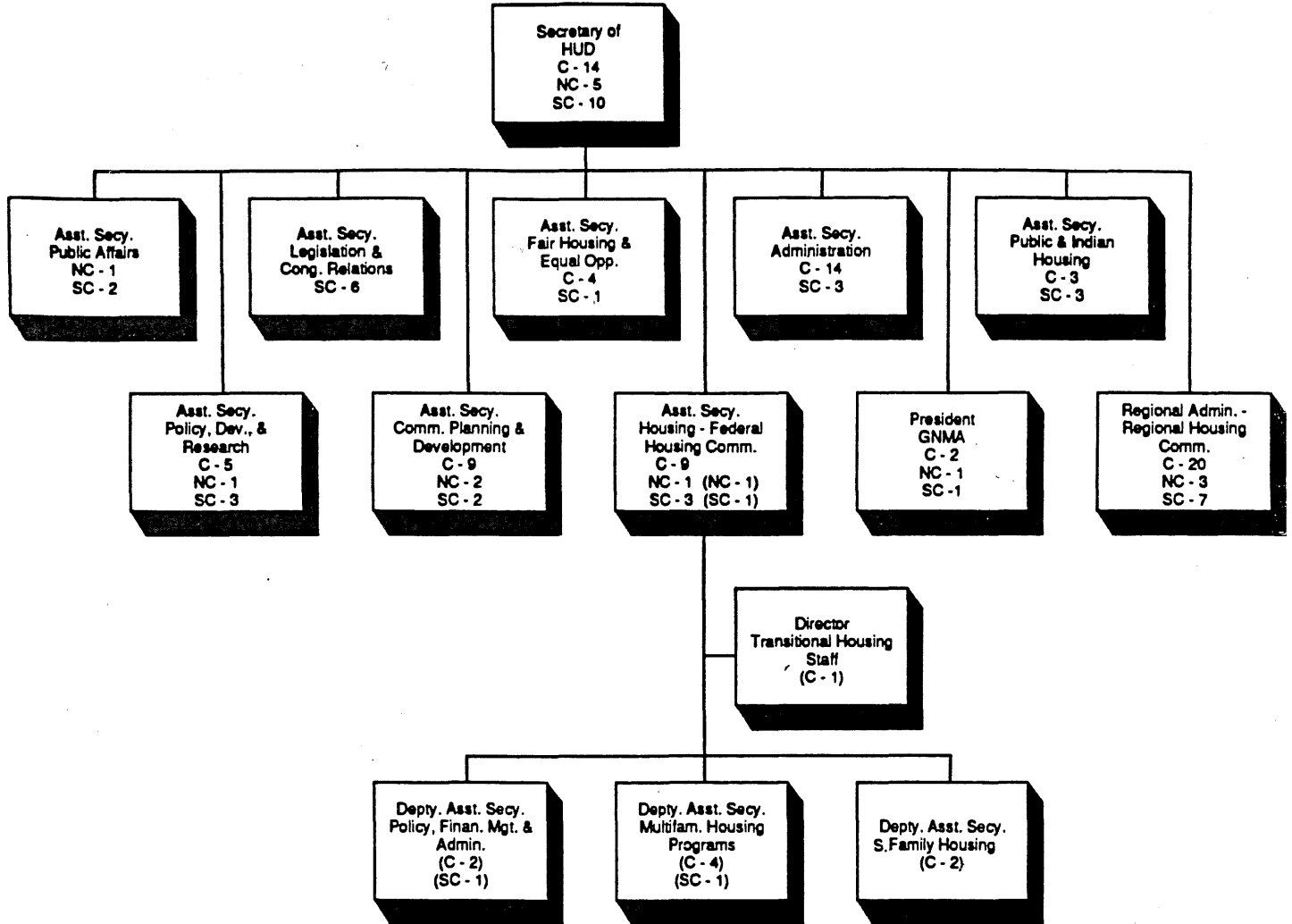
Legend:
C - Career SES
NC - Noncareer SES
SC - Schedule C

Totals:
C - 55
NC - 12
SC - 68

HUD: CAREER SES AND
POLITICAL APPOINTEES, 9/88



HUD: CAREER SES AND
POLITICAL APPOINTEES, 6/89



Legend:
C - Career SES
NC - Noncareer SES
SC - Schedule C

Totals:
C - 80
NC - 14
SC - 41