

STUDY BY THE STAFF OF THE U.S.

General Accounting Office

Federal Civilian Personnel: A Work Force Undergoing Change

In fiscal year 1982, about 2.8 million Federal civilian employees will be paid about \$90 billion in salaries and benefits, and Federal retirees and their survivors will receive another \$20 billion. These expenditures represent about 20 percent of the Federal budget.

This study provides GAO's perspective on current and emerging Federal civilian personnel issues and raises questions that may be addressed in future GAO reports.



119697



GAO/FPCD-83-9
OCTOBER 14, 1982

023670

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FOREWORD

This staff study has been prepared as a part of GAO's continuing assessment of areas of national concern and interest and identifies critical Federal civilian personnel issues. These topics have an important bearing on employee morale, motivation, and productivity, as well as services to the American public.

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C o n t e n t s

		<u>Page</u>
CHAPTER		
1	OVERVIEW--CIVILIAN PERSONNEL ISSUES	1
2	WHAT LEGISLATIVE AND ADMINISTRATIVE REFORMS ARE NEEDED TO INSURE THAT FEDERAL COMPENSATION IS COST EFFECTIVE AND EQUITABLE WHILE ACHIEVING COMPARABILITY WITH THE NON-FEDERAL SECTOR?	4
3	DO WORK FORCE REDUCTIONS AND STAFFING PLANS ADEQUATELY CONSIDER ALL PERTINENT FACTORS?	7
4	HAVE FEDERAL AGENCIES IMPLEMENTED SOUND PERFORMANCE APPRAISAL SYSTEMS AND ARE THEY USING THEM AS A BASIS FOR MERIT PAY AND OTHER PERSONNEL ACTIONS?	9
5	HOW ARE CHANGES IN LABOR MANAGEMENT AND EMPLOYER/EMPLOYEE RELATIONSHIPS AFFECTING GOVERNMENT PERFORMANCE?	12
6	HAS SES IMPROVED INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE AND SHOULD IT BE CONTINUED AFTER JULY 1984?	16
7	CAN THE FEDERAL GOVERNMENT'S PROGRAMS FOR EMPLOYEE TRAINING AND DEVELOPMENT BE MADE MORE COST EFFECTIVE?	19
8	ARE THERE OPPORTUNITIES TO REDUCE TRAVEL COSTS AND IMPROVE TRAVEL MANAGEMENT?	21
9	HAS THE ETHICS IN GOVERNMENT ACT INSURED THE ETHICAL CONDUCT OF FEDERAL CIVILIAN EMPLOYEES?	23
APPENDIX		
I	Size and cost of the Federal civilian work force	25
II	GAO studies on Federal civilian personnel (July 1980 - Dec. 1981)	27

ABBREVIATIONS

DOD	Department of Defense
FLRA	Federal Labor Relations Authority
GAO	General Accounting Office
MSPB	Merit Systems Protection Board
OGE	Office of Government Ethics
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSC	Office of Special Counsel
RIF	reduction-in-force
SES	Senior Executive Service

CHAPTER 1

OVERVIEW--CIVILIAN PERSONNEL ISSUES

INTRODUCTION

Federal civilian personnel management is undergoing dramatic changes. The size and cost of the civilian work force are major factors in the attempts to reduce the size of the Federal budget and reorganize Federal program management. For fiscal year 1982, Federal civilian employees will number about 2.8 million, and their pay and benefits will cost about \$90 billion. (See app. I.) Retirees and their survivors will receive another \$20 billion from Federal retirement funds. The Department of Defense (DOD), employing about 980,000 civilian employees, is the largest Federal employer. The largest civilian agencies are the U.S. Postal Service; Veterans Administration; and the Departments of Health and Human Services, the Treasury, and Agriculture.

The Congress, the public, and GAO are concerned about how Federal employees are hired, managed, paid, and otherwise motivated to do the best job possible. The central objectives of this issue area are to insure that civilian personnel policies and practices are equitable, are meeting objectives at the optimum cost, and are administered effectively.

ISSUES NEEDING ATTENTION

The primary questions in this area center around the turbulence brought about by decreasing employment levels, the attempt to reduce payroll costs in most civilian agencies, and the increasing number of civilian employees in DOD. Across-the-board changes in pay policies and benefit entitlements are also being sought in an effort to bring about both short- and long-term savings in Federal work force costs. Because a change of only 1 percent in overall compensation for employees and retirees amounts to about \$1 billion annually, people both inside and outside of Government are interested in the potential savings.

The effectiveness of Federal civilian personnel management is another important issue. The major developments aimed at improving personnel management are taking place under the authority of the Civil Service Reform Act of 1978. The intent of the Reform Act was to give Federal managers more flexibility to improve Government operations and, at the same time, protect employees from unfair employment practices. Some programs under the act have been in place for several years while others--such as merit pay and performance appraisal systems to link employee performance to organizational objectives and to personnel actions--are just getting fully underway.

We have explicit reporting responsibilities under the Reform Act, including an annual evaluation and report to the President and the Congress, and selective reporting responsibilities on major

elements of the legislation. In addition, the Congress must decide whether to continue the Senior Executive Service (SES) provisions which come up for review in 1984, and we will be asked to assist in this decision. (See app. II for GAO studies of Federal civilian personnel management.)

LONG-TERM TRENDS

The Reagan Administration has proposed major cutbacks in some Federal programs and increased spending in the defense area. This philosophy has caused, and will continue to cause, much turmoil. The eventual outcome and decisions reached affect the focus and direction of our work. For example, personnel reductions and cutbacks have serious short- and long-term effects on agency operations because they affect employees' morale and productivity. The fear of losing jobs, along with concerns over proposals to change pay and retirement systems, may take precedence over concern for meeting job-related goals. Our work has shown that alternatives to a reduction-in-force (RIF) may be more economical and less disruptive to agency operations.

The impact of personnel cutbacks has already surfaced in our work. Recently, we received several congressional requests concerning RIF-related issues--treatment of displaced personnel, cost savings related to RIFs, midyear budget changes, and effects on part-time employees.

PLANNING APPROACH

Our general strategy was to consider both our past experience and the present views of the Congress and interested outside parties. We consulted with congressional oversight committees (primarily Senate Governmental Affairs and House Post Office and Civil Service and their subcommittees) and officials of the Office of Personnel Management (OPM), the Merit Systems Protection Board (MSPB), the Office of Special Counsel (OSC), the Federal Labor Relations Authority (FLRA), and the Office of Management and Budget (OMB). We obtained the views of a wide variety of groups interested in public administration and personnel management. These groups include the International Personnel Management Association, American Society for Public Administration, National Academy of Public Administration, Interagency Advisory Group, Common Cause, Federal Executives Association, Federal Managers Association, American Federation of Government Employees, National Treasury Employees Union, and National Federation of Federal Employees.

On the basis of our evaluation and discussions with these groups, we plan to review eight areas which we believe address the most critical problems and issues:

1. What legislative and administrative reforms are needed to insure that Federal compensation is cost effective and equitable while achieving comparability with the non-Federal sector?
2. Do work force reductions and staffing plans adequately consider all pertinent factors?
3. Have Federal agencies implemented sound performance appraisal systems and are they using them as a basis for merit pay and other personnel actions?
4. How are changes in labor management and employer/employee relationships affecting Government performance?
5. Has SES improved individual and organizational performance and should it be continued after July 1984?
6. Can the Federal Government's programs for employee training and development be made more cost effective?
7. Are there opportunities to reduce travel costs and improve travel management?
8. Has the Ethics in Government Act insured the ethical conduct of Federal civilian employees?

CHAPTER 2

WHAT LEGISLATIVE AND ADMINISTRATIVE REFORMS ARE NEEDED TO INSURE THAT FEDERAL COMPENSATION IS COST EFFECTIVE AND EQUITABLE WHILE ACHIEVING COMPARABILITY WITH THE NON-FEDERAL SECTOR?

MAJOR ISSUES

With Federal employee pay and benefits costing about \$90 billion annually, a change of even 1 percent in the overall level of compensation has substantial budgetary impact. While successive Administrations have endorsed the principle that Federal pay should be comparable with that of the private sector, they have differed on the definition of comparability and how it should be implemented--generally with a view toward reducing the Federal payroll. A recurring result of the emphasis to hold down Federal costs is the yearly attempt to reduce or delay the annual General Schedule pay adjustments, proposed by Presidents in 9 of the last 11 years and accepted by the Congress 7 times. Adjustments of less than full comparability in 5 of the last 7 years saved the Federal Government \$10 billion. Blue-collar pay raises have also been capped for 3 years.

In 1981, the President restated his support for the comparability principle, but only if major changes were made in the way comparability is determined. These include comparability of both pay and benefits (total compensation comparability), a 94-percent comparability standard (to account for intangible benefits associated with Federal employment), and pay rates that vary by location for General Schedule employees. We supported some of the proposed changes, but concluded that other parts of pay reform proposals need to be examined more closely before legislation is enacted.

In early 1982, the Administration again endorsed the comparability principle but withdrew its pay reform proposal to start a new review of Federal civilian compensation. The review, which should result in a new reform proposal with the 1984 budget, will recommend revised procedures for setting pay and revised benefit structures. In the meantime, a 4-percent raise for white- and blue-collar employees became effective in October 1982, which means that Federal pay will remain well below comparability. Therefore, we will continue to make the Congress aware of pay reform issues so that the Federal pay-setting processes will not continue to be ignored or even terminated. Many major criticisms of the pay-setting processes are valid (benefits are not considered; some occupations are overpaid, some underpaid; and rates

do not vary by location for white-collar employees) and, until they are corrected, the Administration will have public and congressional support for depressing Federal pay.

The January 1, 1982, pay increase for executives somewhat eased severe pay compression but offered no permanent solution to the problem. We need to explore better methods of handling Federal executive pay.

Most of our prior work has been on the Government's major wage and pay systems. During the next few months, we also plan to study the numerous other systems and special rates outside the major systems. These range from sizable systems, such as the Foreign Service, to special rates for particular occupations, localities, or agencies. We should assess the need for these pay systems and special rates, how they are determined, their relationship to the major systems, and the effect that pay reform would have on them.

Followup work on overtime shows that selected agencies, where abuses previously occurred, substantially improved overtime controls and reduced the possibility of abuse. We believe positive results and savings can be attained from reviewing overtime controls at additional agencies.

Federal retirement, which will incur costs of \$17 billion in fiscal year 1982, continues to be a candidate for cost reduction. Legislation has been introduced in the Senate, and major changes to the retirement system are likely. In any event, we need to maintain a presence in the area to evaluate proposals, reiterate prior recommendations when appropriate, and identify additional changes that are warranted, particularly in program administration.

Also, under the provisions of the District of Columbia Retirement Reform Act (Public Law 96-122), we are required to review and report to the Congress by March 31, 1983, on certain determinations affecting the amount of the Government's annual payment to the District's Police and Firefighters' Retirement Fund. The act established a potential commitment for the Government to pay approximately \$684 million to the fund over a 20-year period.

QUESTIONS TO BE ADDRESSED

To assess various aspects of Federal compensation systems and to determine whether they are internally and externally consistent with other systems and, where appropriate, less costly, specific questions must be addressed:

1. What actions are needed to demonstrate the importance of enacting major provisions of proposed pay reform, and what additional changes to the processes are needed?

2. Is a locality pay system feasible for all General Schedule employees, and should it be coordinated with the Federal Wage System?
3. How effective are the Government's pay systems for employees not covered by the General Schedule and Federal Wage System?
4. Are premium pays and special rates being administered effectively?
5. What can be done to assure a more rational approach for setting Federal executive pay?
6. Is the District of Columbia Retirement Reform Act being properly implemented?
7. What can be done to get the Congress and the Administration to recognize and fund the full costs of retirement programs?
8. What additional actions are needed to improve the administration of retirement programs?
9. What reforms of the civil service retirement system are needed and are there better alternatives to its current design?

CHAPTER 3

DO WORK FORCE REDUCTIONS AND STAFFING PLANS

ADEQUATELY CONSIDER ALL PERTINENT FACTORS?

MAJOR ISSUES

Federal managers are concerned about whether the size, composition, and cost of their work force is adequate to effectively accomplish their mission. With the current Administration's effort to reduce the size and cost of the Federal civilian bureaucracy, excluding DOD, assuring that work force needs are properly met to accommodate the changing Federal workload becomes even more important. At the same time, DOD is expected to increase its civilian work force, and managers are concerned about how DOD will accommodate the staff increases.

The exact scope of these changes is difficult to project because many agencies do not yet have budgets, estimates are constantly changing, and separate proposals are going forward both in the Congress and the Administration. Nonetheless, the effect will be sizable--it has been estimated that over 100,000 positions will be abolished or reorganized through fiscal year 1982, and over 10,000 employees will be separated by RIFs. In addition, there will be thousands of downgradings and transfers, furloughs, and hiring and promotion freezes. Additional costs are foreseeable for severance pay, early retirement, unemployment compensation, and additional use of consultants and contractors. Also, rumors, fears, and actual changes affect productivity in many agencies.

We plan to focus on the personnel aspects of reductions and reorganizations and to assess their effect on agency performance.

QUESTIONS TO BE ADDRESSED

We anticipate that, with the significant program and workforce reductions planned by the current Administration, much of our work will continue to be examining RIFs, personnel constraints, and the use of consultants.

To assess the appropriateness, effectiveness, cost, and impact of Federal work force reductions, the following questions must be addressed.

1. What are the costs and impact of RIFs and other personnel constraints (furloughs, freezes, grade controls, and ceilings) on work force and workload? Are RIFs being properly conducted?
2. Are displaced employees appropriately matched with vacant Federal positions, including those in DOD?

3. What can be done to improve the procedures used to develop sound Federal work force requirements and staffing plans and make these activities an integral part of agencies' management planning and budgeting systems?

CHAPTER 4

HAVE FEDERAL AGENCIES IMPLEMENTED SOUND PERFORMANCE APPRAISAL SYSTEMS AND ARE THEY USING THEM AS A BASIS FOR MERIT PAY AND OTHER PERSONNEL ACTIONS?

MAJOR ISSUES

The Civil Service Reform Act of 1978 required that each Federal agency establish, by October 1, 1981, performance appraisal systems and use the results as a basis for training, rewarding, re-assigning, promoting, reducing in grade, retaining, and removing Federal employees. Beginning October 1, 1981, pay increases for between 130,000 and 150,000 supervisors and managers in grades 13 through 15 of the General Schedule were directly linked to performance. The act's performance appraisal requirements also apply to about 2 million white- and blue-collar employees occupying a variety of Federal jobs, including many jobs in grades 1 through 12 of the General Schedule.

Merit pay for grades 13 through 15 of the General Schedule represents a major change in agencies' personnel procedures in at least two basic areas. First, performance appraisals for merit pay employees must be based on preestablished performance standards and conducted much more systematically and vigorously than before. Second, merit pay employees are no longer guaranteed full comparability pay adjustments and are no longer eligible for within-grade or quality-step increases. Instead, they must now earn these increases on the basis of their job performance.

Factors which, by law, are supposed to be considered in determining merit increases include cost efficiency, timeliness of performance, and improvements in productivity and quality of work or service. Good merit pay systems are complex undertakings which require several years of development, testing, and evaluation. Federal agencies have had only 2 years and many have not even tested or evaluated their systems.

OPM was responsible for implementing the new pay-for-performance system, but it encouraged a decentralized approach to implementation and did not provide the leadership agencies needed to develop credible merit pay programs. OPM's approach resulted in guidelines to agencies that were not timely or definitive enough to insure that effective merit pay programs were developed. Also, in meeting the October 1, 1981, deadline, OPM's emphasis was on reviewing and approving agencies' performance appraisal and merit pay plans for compliance with the law and not on assessing the quality of the systems or assuring they operate properly.

As a result of time constraints and lack of OPM leadership, many agencies experienced problems with their merit pay programs. Problems with pretesting, performance standard-setting, and higher level review of performance appraisals raised questions about agencies' initial readiness to make sound pay decisions on the basis of performance.

For employees in grades 1 through 12, agencies' performance appraisal systems were to (1) recognize and reward employees whose performance so warrants, (2) assist employees whose performance was unacceptable, and (3) reassign, reduce in grade, or remove employees whose performance continues to be unacceptable. Performance is to be judged on objective criteria.

The Reform Act directs us to periodically review selected performance appraisal systems and to report our findings to OPM and the Congress. The act's requirements on performance appraisal essentially outline the features of a sound performance appraisal system. We plan to assess how and to what extent agencies are complying with these requirements.

QUESTIONS TO BE ADDRESSED

One area of interest will be the credibility and equity of agencies' merit pay and related cash award decisions and whether and how they have improved governmental performance.

Another issue will be to determine whether Federal agencies have implemented sound performance appraisal systems for employees in grades 1 through 12 of the General Schedule and whether they are using those systems as a basis for personnel actions. Also, the Congress has expressed an interest in whether the results of the performance appraisal process are worth the time and effort required to implement performance appraisal systems.

Specific questions that must be addressed are:

1. Are financial incentives adequate to motivate merit pay employees to improve their performance? Do they result in sufficient pay distinctions between levels of performance?
2. Do agencies' performance appraisal systems for merit pay employees adequately reflect critical job and organizational factors, and are they having a positive effect on Federal productivity and accomplishment of agencies' missions?
3. Is OPM providing the necessary leadership to insure that agencies have implemented effective merit pay systems and performance appraisal systems? Are merit

pay evaluations sound? Is cost data on merit pay systems being accumulated as required by the Reform Act?

4. Are agencies' performance appraisal processes resulting in credible, equitable, and defensible merit pay and cash awards and personnel decisions?
5. Have the performance appraisal systems for grades 1 through 12 of the General Schedule been properly developed and implemented?

CHAPTER 5

HOW ARE CHANGES IN LABOR MANAGEMENT AND EMPLOYER/EMPLOYEE RELATIONSHIPS AFFECTING GOVERNMENT PERFORMANCE?

MAJOR ISSUES

Title VII of the Civil Service Reform Act significantly altered the direction of Federal labor management relations. It sets forth collective bargaining as the central element of the formal labor management relations program in the Federal service for resolving conflicts, solving problems, deciding conditions of employment, and promoting common goals of management and organized employees. Binding written agreements between management and employee representatives govern work relationships and, in addition to statutory processes, offer peaceful resolution of disputes.

Over 1.2 million of the 2.2 million nonpostal civilian employees are organized into bargaining units. As the size and strength of unions increase, their demands for expanding the scope of collective bargaining will encompass virtually every area of personnel management: wages, fringe benefits, working conditions, classification, and job evaluation. However, as the limits on Federal spending continue, management will be pressured to hold the line and possibly recoup some of the unions' past gains. If employees perceive that they are incurring losses in pay, benefits, and working conditions, they may rebel with possible strikes or other work disruptions. This could result in (1) interruptions in the flow of Government goods and services and attempts to secure substitute goods and services, (2) higher third-party settlement costs, and (3) other hidden costs, including lowered productivity. Increased unionization of professional employees whose interests go beyond work conditions to management policies and practices will require important changes in the way agencies manage.

Some Government organizations, such as the Postal Service and the Tennessee Valley Authority, are specifically excluded from title VII of the Reform Act. By virtue of their exclusion, they are to a great extent "free from scrutiny." However, the public interest demands that their collective bargaining policies, practices, and processes also be as efficient as possible.

The Reform Act established third party neutrals in the collective bargaining process. FLRA provides leadership for labor management relations policies and guidance and insures compliance with the statutory rights and obligations of Federal employees, labor organizations, and agencies under title VII. The FLRA General Counsel investigates alleged unfair labor practices

and decides whether to issue unfair labor practice complaints and prosecute the cases before the FLRA. The Federal Service Impasses Panel, an entity within FLRA, is responsible for resolving negotiation impasses.

For nonbargaining employees, MSPB and OSC were established to safeguard merit principles and employee rights. However, these offices are heavily involved in resolving individual problems after the fact. The primary responsibilities for carrying out the intent of the Reform Act--increasing management flexibility while at the same time preserving merit principles and employee rights--lie mainly with individual agencies (responsible for personnel actions) and OPM (responsible for seeing that agency policies and operations preserve merit principles and avoid prohibited personnel practices).

Employees are increasingly testing their rights. At the same time, managers are being pressured into conducting their operations more efficiently, resulting in their taking a "hard line" with employees. The number of conflicts entering the adjudication processes is rapidly increasing. The Reform Act is often referred to as the "full employment act for lawyers" because of the amount of litigation involved in carrying out its provisions. Thus, it is increasingly evident that maintaining a balance between protecting employee rights and improving managers' flexibility to carry out their responsibilities have a definite impact on the efficiency of Government operations.

QUESTIONS TO BE ADDRESSED

Through consultation and negotiation, a broad range of personnel policies and working conditions have come under bilateral decisionmaking--the scheduling of work hours, overtime, and rest periods, leave administration, safety and health practices, training and promotion policies, grievance and complaint handling, performance appraisals, and many other matters of concern to employees and management.

We need to assess (1) the various collective bargaining processes to determine if they can be more efficient and at the same time beneficial to the interests of employees, management, and the public, (2) the legislation by which the Government conducts collective bargaining to determine where changes and fine tuning will result in more efficient and effective Federal labor relations programs, (3) the employee relations activities for nonbargaining employees to determine how they can better promote relationships that are constructive and beneficial to the collective interests of employees, management, and the public, and (4) whether OSC and MSPB jurisdictions should be extended to protect certain excepted civil service employees.

Specific questions that must be addressed are:

1. How can Federal sector collective bargaining more efficiently meet the intent of the Reform Act and improve the delivery of public service?
2. Does FLRA have the ability to administer and interpret title VII of the act, determine bargaining units, supervise and conduct elections, decide unfair labor practices and negotiability questions, and consider arbitration award exceptions?
3. Is the collective bargaining process fairly representing employee rights?
4. Is the Federal sector prepared for strikes, work slowdowns, or other employee work disruptions?
5. What are the status, impact, and results of increased unionization of Federal professional employees?
6. How can the collective bargaining programs of Government corporations and agencies not covered by the act be improved?
7. Are MSPB's policies and practices adequate to monitor and assure that merit systems are free of prohibited personnel practices, provide timely decisions on appeals without sacrificing employees' rights, and assure merit principles and practices are being protected?
8. How has the Reform Act affected agency complaint and grievance systems, and are these systems achieving their objectives?
9. Are the relationships among the central personnel agencies--OPM, MSPB, OSC, and FLRA--conducive to efficient implementation of the act's provisions?
10. How well are the central personnel agencies evaluating their activities and the success of civil service reform?
11. Has the decentralization of personnel authorities improved Federal agency personnel management without causing abuse of the merit systems?

12. Do OPM's compliance activities result in improved personnel management and protection of the merit systems?
13. Do managers have enough flexibility to take appropriate personnel actions?

CHAPTER 6

HAS SES IMPROVED INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE AND SHOULD IT BE CONTINUED AFTER

JULY 1984?

MAJOR ISSUES

SES is the cornerstone of the Civil Service Reform Act of 1978. It was designed to insure that the executive management of the Federal Government responds to the needs, policies, and goals of the Nation and is of the highest quality. Specifically, the SES system is to

- attract and retain highly competent executives and to insure that compensation, retention, and tenure are contingent upon executive success and measured on the basis of individual and organizational performance;
- provide better management of the number and distribution of Federal executives;
- give agency managers greater flexibility in assigning executives where they are most needed;
- insure that career people entering SES have managerial qualifications;
- make executives individually accountable for their performance;
- permit removal of those whose performance is less than fully satisfactory and does not show improvement;
- offer increased advancement opportunities to career executives; and
- simplify the numerous pay and other laws previously governing senior executive levels.

SES encompasses managerial/supervisory positions in the executive branch formerly classified at General Schedule 16, 17, and 18 and Executive Levels IV and V that do not require Senate confirmation, with the exception of statutory and other exclusions. The Reform Act establishes a limit of 10,777 on SES and non-SES General Schedule supergrade positions. The following table shows where most of these positions are.

Agencies With 100 or More SES Positions
Filled as of July 31, 1982

	<u>SES career eligibles</u>
Agriculture	307
Commerce	429
Transportation	337
Energy	484
Environmental Protection Agency	203
Health and Human Services	537
Housing and Urban Development	112
Interior	246
Justice	234
Labor	153
National Aeronautics and Space Administration	435
Nuclear Regulatory Commission	199
National Science Foundation	107
Veterans' Administration	136
Defense:	
Army	323
Air Force	185
Navy	406
Office of the Secretary of Defense	363
Treasury	491

The Reform Act requires the Congress to evaluate the effectiveness of SES in July 1984, 5 years after its implementation, and to decide whether to allow SES to continue. During this program planning cycle, we will focus our attention on SES to be prepared to assist in that decision.

QUESTIONS TO BE ADDRESSED

Only a few regulations govern SES. Therefore, agencies have broad discretion for managing executive personnel planning, staffing and development, position management, pay management, performance appraisals and awards, and evaluation of executive personnel management.

To address the status of the SES program and to provide the Congress with information it needs to determine whether the SES should be retained, the following questions must be answered:

1. Are SES members recruited, selected, trained, developed, evaluated, and released so as to have and retain properly qualified and mobile managers?

2. Have SES performance appraisal systems been used to increase organizational and individual performance?
3. What problems does the SES program face in providing sufficient opportunity and incentive, monetary and otherwise, to retain highly skilled and motivated executives?
4. Does the program, as intended, assign executives where they are most needed?

CHAPTER 7

CAN THE FEDERAL GOVERNMENT'S PROGRAMS FOR EMPLOYEE TRAINING AND DEVELOPMENT BE MADE MORE COST EFFECTIVE?

MAJOR ISSUES

The Government's training programs for its civilian employees are authorized under the Government Employees Training Act of 1958 and Executive Order 11348. OPM has delegated responsibility for establishing and operating the training programs to the heads of departments and agencies. Fulfilling these responsibilities requires a wide range of activities, including

- determining training needs,
- developing training curricula,
- selecting employees to attend training, and
- evaluating training results.

Several studies of waste, fraud, and abuse in the public sector point to possible savings in areas where training could improve the way Government services are provided or administered. Necessary changes in operations often require improving workers' skills, work methods, procedures, and systems, or introducing more cost-effective technologies. These avenues for improved Government services almost always result in a need for training.

Employee training programs are expensive, and costs are increasing. OPM estimates that, during fiscal year 1980, \$682 million was spent for training--a \$58 million increase over the prior year. These costs were incurred for such items as trainer and trainee salaries, tuition, fees, and books.

Congressional interest in training is increasing because of the growing costs and the need to reduce agency budgets. Particular concerns are about whether

- agencies have a systematic way to determine training needs and whether employees are selected for training on the basis of these needs,
- agencies assure that skills acquired in training are effectively used,

- improvements are needed in evaluating training results,
- more emphasis is needed in accounting for training costs,
and
- OPM should improve its management oversight of agencies' training programs.

QUESTIONS TO BE ADDRESSED

Because OPM has delegated responsibility for administering Federal employee training programs to the heads of agencies and departments, training programs are, for the most part, decentrally managed.

Because of (1) the renewed congressional interest in the training area, (2) the steadily increasing costs associated with Federal training programs, and (3) the critical role that training and development can play in accomplishing the Government's work, we plan to focus more attention in this area.

To identify opportunities to reduce program costs and improve overall program effectiveness, the following questions should be addressed:

1. Is there a rational system for selecting and assigning employees for training?
2. Are employees using the skills, knowledge, and abilities acquired through training?
3. What are the comparative costs of interagency, intra-agency, and external training, and is there duplication among these programs?
4. Can training costs be reduced without impairing training effectiveness?

CHAPTER 8

ARE THERE OPPORTUNITIES TO REDUCE TRAVEL

COSTS AND IMPROVE TRAVEL MANAGEMENT?

MAJOR ISSUES

Travel and transportation of persons will require about \$4 billion in fiscal year 1982, not including funds for transportation of household goods. Because of increased interest in improving travel management, we have received several requests to study various aspects of travel, mainly dealing with travel abuses or opportunities to reduce costs. In hearings held in July 1981, the Chairman, Senate Committee on Governmental Affairs, asked us to monitor and report on the executive branch's implementation of the Interagency Travel Management Improvement Project's recommendations to strengthen travel management. GAO staff served on the Executive Committee of this project.

As a result of the Project's recommendations, the President directed that policies and practices be changed to tighten travel authorization procedures, streamline travel reimbursement policies, simplify and standardize travel regulations, make greater efforts to expand availability and use of discounts, and improve travel services for employees.

The Congress has also voiced concern over travel costs of Federal contractors and grantees who travel on the Government's behalf. A major concern is that there is no specific reimbursement policy for Federal contractors and grantees--expenses are only limited to reasonable amounts, without defining the term "reasonable."

In the past, the Congress expressed dissatisfaction with the progress Federal agencies had made in trying to avoid requiring employees to travel on their own time. This congressional concern resurfaced in a request for a GAO inquiry.

QUESTIONS TO BE ADDRESSED

To evaluate the management of Federal travel resources, our efforts will be aimed at (1) monitoring the implementation of the Interagency Travel Management Improvement Project's recommendations, (2) assessing agencies' efforts to monitor their own travel practices to minimize travel costs, and (3) promoting economies and efficiencies in travel by Federal employees, contractors, and grantees.

The following questions should be addressed:

1. What actions have been taken on the recommendations of the Interagency Travel Management Project?
2. What efforts have agencies made to monitor their own travel practices and are those efforts effective?
3. Are agency managers complying with Government travel policies?
4. What amount of contractor and grantee travel costs are reimbursed by the Federal Government?
5. What are the differences in procedures controlling contractor, grantee, and Federal employee travel and their impact on costs?
6. Would it be feasible to use the statutes and regulations controlling Federal employee travel to administer contractor and grantee travel?
7. Are travel costs reviewed to assure only allowable costs are reimbursed?
8. Are relocation policies and reimbursements adversely affecting Federal agencies' ability to meet their staffing needs?

CHAPTER 9

HAS THE ETHICS IN GOVERNMENT ACT INSURED

THE ETHICAL CONDUCT OF FEDERAL CIVILIAN EMPLOYEES?

MAJOR ISSUES

The Ethics in Government Act of 1978 was the culmination of our concentrated review of executive branch agency financial disclosure systems and standards of employee conduct. Our past work brought about several immediate improvements and, more importantly, helped the Congress and the executive branch recognize that improved guidance and increased attention was needed for Federal agencies to develop standards of conduct and prevent real or apparent conflicts of interest.

The act established an ethics office in each branch of the Government with direct responsibility for monitoring, controlling, and improving agency ethics programs. The act also broadened post-employment restrictions and required public financial disclosure for most high-level officials.

The 1978 act authorized appropriations for the executive branch's Office of Government Ethics (OGE) through fiscal year 1983. The Senate Committee on Governmental Affairs has requested that we review selected aspects of the 1978 act in preparation for planned hearings. Our work, therefore, will emphasize the implementation of the Ethics in Government Act of 1978 in the executive branch agencies and possible changes in the role of OGE.

Certain problems were reported during the transition to President Reagan's Administration, the first under the Ethics in Government Act. Public disclosure requirements for high-level officials were criticized as being too detailed, and postemployment restrictions were criticized as too strict. This was brought to our attention as a particular problem in DOD. The Counsel to the President also suggested to us that ethics requirements discouraged well-qualified individuals from accepting Government positions. Therefore, to make accepting Government service more palatable, we expect the Administration will propose changes to this ethics law.

QUESTIONS TO BE ADDRESSED

To identify and to evaluate major systems in place to insure ethical standards of conduct in the Federal service, we plan to focus our attention on the policies, regulations, and operations of OGE and executive branch agencies.

The following questions should be addressed:

1. Have executive branch agencies implemented effective public financial disclosure systems that comply with the spirit and intent of the laws and OGE's regulations?
2. How effectively have OGE and executive branch agencies implemented provisions of the 1978 act requiring OGE to monitor agency ethics systems to insure compliance with the laws, issue advisory opinions on ethics questions, and review disclosure statements for appointments requiring Senate confirmation? What should OGE's continuing role be?
3. Are the postemployment restrictions being monitored and enforced? Do agencies follow up with former employees to insure compliance with the law?

SIZE AND COST OF THE FEDERALCIVILIAN WORK FORCE (note a)SIZE OF THE FEDERAL
CIVILIAN WORK FORCE

The table below shows about 2.1 million full-time equivalent of total Federal civilian employment in the executive branch, excluding the Postal Service. Forty-seven percent are in DOD, and 53 percent are in civilian agencies.

<u>Agency</u>	<u>1981 estimate</u>	<u>1982 estimate</u>	<u>1983 estimate</u>
Defense - military functions	947,000	945,200	947,300
Defense - civil functions	34,400	32,300	30,700
Veterans' Administration	214,100	215,900	216,800
Health and Human Services	148,400	147,600	141,400
Treasury	123,900	122,200	123,000
Agriculture	117,300	117,000	111,000
All other agencies	525,600	500,100	483,500
 Total	 <u>2,110,700</u>	 <u>2,080,300</u>	 <u>2,053,700</u>

About 1,888,000 full-time permanent employees are in the executive branch, 33,000 in the legislative and judicial branches, and 543,000 in the Postal Service. These, plus about 334,000 other than full-time permanent employees throughout the Government, bring the Federal civilian work force to about 2.8 million.

COST OF THE FEDERAL
CIVILIAN WORK FORCE

The following table show that costs for civilian personnel compensation and benefits will total about \$89.3 billion for 1982.

a/Source - Fiscal year 1983 Budget.

<u>Description</u>	<u>1981 Actual</u>	<u>1982 Estimate</u>	<u>1983 Estimate</u>
	----- (millions) -----		
<u>Civilian personnel costs</u>			
Executive branch:			
Direct compensation	\$47,547	\$48,220	\$50,134
Personnel benefits	8,608	9,205	9,456
Total	<u>56,155</u>	<u>57,425</u>	<u>59,590</u>
Legislative and judiciary (note a):			
Direct compensation	856	936	982
Personnel benefits	<u>82</u>	<u>93</u>	<u>99</u>
Total	<u>938</u>	<u>1,029</u>	<u>1,081</u>
Allowance for civilian pay raise	<u>--</u>	<u>1,274</u>	<u>1,839</u>
Transfers for interest on unfunded liability and payment of military service annuities	<u>10,257</u>	<u>10,703</u>	<u>11,475</u>
Total--civilian personnel costs	<u>67,350</u>	<u>70,431</u>	<u>73,985</u>
<u>Postal Service personnel costs</u>			
Direct compensation	15,270	16,336	17,343
Personnel benefits	<u>2,317</u>	<u>2,557</u>	<u>2,597</u>
Total--Postal Service personnel costs	<u>17,587</u>	<u>18,893</u>	<u>19,940</u>
Total--all personnel costs	<u>\$84,937</u>	<u>\$89,324</u>	<u>\$93,925</u>

a/Excludes members and officers of the Congress.

GAO STUDIES ON FEDERAL CIVILIAN PERSONNEL(JULY 1980-DEC. 1981)IS FEDERAL COMPENSATION COMPARABLE
TO THE NON-FEDERAL SECTOR, AND IS
IT BEING ADMINISTERED EFFECTIVELY?

Tightening Eligibility Standards Could Cut Involuntary Retirement Costs by Millions of Dollars (FPCD-81-71; Sept. 25, 1981).

Injury Compensation Process Delays Prompt Payment of Benefits to Federal Workers (HRD-81-123; Sept. 25, 1981).

Alternatives to the Current Method of Computing General Schedule Pay (FPCD-81-60; Aug. 26, 1981).

Federal Life Insurance Changes Would Improve Benefits and Decrease Costs (FPCD-81-47; Aug. 21, 1981).

Action Needed to Eliminate Delays in Processing Civil Service Retirement Claims (FPCD-81-40; July 20, 1981).

Federal Pay-Setting Surveys Could Be Performed More Efficiently (FPCD-81-50; June 23, 1981).

Cost-of-Living Allowances for Federal Employees in Nonforeign Areas Should Be Based on Spendable Income (FPCD-81-48; May 13, 1981).

Cost of Increased Retirement Benefits for Panama Canal Employees (FPCD-81-42; May 6, 1981).

Federal Employees' Compensation Act: Benefit Adjustments Needed To Encourage Reemployment and Reduce Costs (HRD-81-19; Mar. 9, 1981).

Changes Needed in Calculation of Reduction in Civil Service Annuities for Survivor Benefits (FPCD-81-35; Feb. 26, 1981).

Voluntary Early Retirements in the Civil Service Too Often Misused (FPCD-81-8; Dec. 31, 1980).

Civil Service Disability Retirement Program (FPCD-81-18; Dec. 15, 1980).

Problems in Developing and Implementing a Total Compensation Plan for Federal Employees (FPCD-81-12; Dec. 5, 1980).

Followup Review of Federal Overtime Practices (FPCD-80-88; Sept. 19, 1980).

Total Compensation Comparability for Federal Employees (FPCD-80-82; Sept. 3, 1980).

Federal Executive Pay Compression Worsens (FPCD-80-72; July 31, 1980).

Bill comments on H.R. 128 requiring OPM to administer military retired pay and include appropriations for such payments in OPM's budget (B-125037; June 1, 1981).

Bill comments on S. 838 (97th Congress) on the Reagan Administration's pay reform plan (B-203058; FPC-97-1-15; Sept. 29, 1981).

Bill comments on H.R. 1576 and S. 808 on the air traffic controllers (B-202304; June 15, 1981).

Bill comments on S. 46 and S. 92 proposing military service performed after 1956 be credited for both civil service retirement and social security benefits (B-93671, May 1, 1981, and Aug. 22, 1980).

Letter to the Director of the Office of President-elect on various issues in the area of Federal employee compensation (B-199649; Dec. 15, 1980).

WHAT CAN BE DONE TO BETTER ASSURE THE EFFECTIVE USE OF WORK FORCE PLANNING?

DOD's Management of Civilian Personnel Ceilings (FPCD-81-66; Aug. 18, 1981).

Improving the Credibility and Management of the Federal Work Force Through Better Planning and Budgetary Controls (FPCD-81-54; July 17, 1981).

An Evaluation of the Organizational Relationship of the Office of Human Development Services and the Administration on Aging (FPCD-81-41; Apr. 20, 1981).

Cost of Examinations To Fill Anticipated Vacancies Could Be Reduced (GGD-81-63; Mar. 26, 1981).

Federal Work Force Planning: Time For Renewed Emphasis (FPCD-81-4; Dec. 30, 1980).

Better Use Can Be Made of Federal Professional Staff (FPCD-81-14; Dec. 31, 1980).

Automated Career Management for DOD Civilians: Performance and Potential (FPCD-81-3; Nov. 14, 1980).

HOW CAN THE FEDERAL GOVERNMENT'S
SYSTEMS FOR STAFFING BE MADE MORE
RESPONSIVE, EFFICIENT, AND COST
EFFECTIVE?

Increased Agency Use of Efficiency Guidelines For Commercial Activities Can Save Millions (FPCD-81-78; Sept. 30, 1981).

Expanding the Efficiency Review Program for Commercial Activities Can Save Millions (FPCD-81-77; Sept. 30, 1981).

Immigration and Naturalization Service Staffing Levels (FPCD-81-67; Aug. 20, 1981).

Staffing Levels in the Department of Education (FPCD-81-63; Aug. 5, 1981).

Civil Servants and Contract Employees: Who Should Do What for the Federal Government (FPCD-81-43; June 19, 1981).

Personnel Conversions During Presidential Transition: Improved Monitoring Needed (FPCD-81-51; May 27, 1981).

Achieving Representation of Minorities and Women in the Federal Work Force (FPCD-81-5; Dec. 3, 1980).

Bill comments on H.R. 4089, Consultant Reform and Disclosure Act of 1981 (Sept. 21, 1981).

Letter to the Chairman, Senate Committee on Governmental Affairs, on our views on S. 719, the Consultants Reform and Disclosure Act of 1981 (July 22, 1981).

HOW CAN THE FEDERAL GOVERNMENT'S
PROGRAMS FOR EMPLOYEE TRAINING AND
DEVELOPMENT BE MADE MORE COST
EFFECTIVE?

Postal Service Employment Development Programs Need Better Management (GGD-81-107; Sept. 30, 1981).

Management Training Seminars Sponsored by the National Institutes of Health (FPCD-81-75; Sept. 22, 1981).
Federal Agencies' Stress Management Training Programs (FPCD-81-32; Jan. 8, 1981).

Federal Agencies' Stress Management Training Programs (FPCD-81-32; Jan. 8, 1981).

HOW EFFECTIVE ARE FEDERAL EFFORTS TO DEVELOP AND APPLY PERFORMANCE APPRAISAL SYSTEMS AS A BASIS FOR PERSONNEL DECISIONS, INCLUDING PAY, AND FOR IMPROVED MANAGEMENT AND ACCOUNTABILITY?

Actions Needed To Enhance the Credibility of Senior Executive Service Performance Award Programs (FPCD-81-65; Sept. 30, 1981).

Problems with the Small Business Administration's Merit Appraisal and Compensation System (FPCD-81-74; Sept. 21, 1981).

Serious Problems Need To Be Corrected Before Federal Merit Pay Goes Into Effect (FPCD-81-73; Sept. 11, 1981).

Evaluations Called For To Monitor and Assess Executive Appraisal Systems (FPCD-81-55; Aug. 3, 1981).

Federal Merit Pay: Important Concerns Need Attention (FPCD-81-9; Mar. 3, 1981).

Postal Service Merit Pay Program Should Provide More Incentive for Improving Performance (GGD-81-8; Nov. 24, 1980).

First Look at Senior Executive Service Performance Awards (FPCD-80-74; Aug. 15, 1980).

WHAT IMPACT ARE CHANGES IN LABOR MANAGEMENT AND PROGRAMS DESIGNED TO IMPROVE EMPLOYER/EMPLOYEE RELATIONSHIPS HAVING ON GOVERNMENT PERFORMANCE?

AAFES Personnel Policies For Universal Annual Employees: Issues and Concerns (FPCD-81-53; July 1, 1981).

Federal Grievance Arbitration Practices Needs More Management Attention (FPCD-81-23; May 5, 1981).

Mental Health Programs for Federal Employees (FPCD-81-15; Mar. 17, 1981).

The Office of Special Counsel Can Improve Its Management of Whistleblower Cases (FPCD-81-10; Dec. 30, 1980).

The Alternative Work Schedules Experiment: Congressional Oversight Needed to Avoid Likely Failure (FPCD-81-2; Nov. 14, 1980).

HOW CAN THE FEDERAL GOVERNMENT INSURE
THE ETHICAL CONDUCT OF ITS CIVILIAN
EMPLOYEES AND OFFICIALS?

Staff Study on Assessing Job Vulnerability to Ethical Problems (FPCD-82-2; Nov. 4, 1981).

Potential Problems with Federal Tax System Postemployment Conflicts of Interest Can Be Prevented (GGD-81-87; Sept. 15, 1981).

The Financial Disclosures Process of the Legislative Branch Can Be Improved (FPCD-81-20; Mar. 4, 1981).

ARE THE CENTRAL FEDERAL PERSONNEL
AGENCIES SUCCESSFULLY FULFILLING THEIR
NEW MISSIONS AND RESPONSIBILITIES?

Observations on the Office of the Special Counsel's Operations (FPCD-82-10; Dec. 2, 1981).

Second Year Activities of the Merit Systems Protection Board, the Office of the Special Counsel, the Federal Labor Relations Authority, and the Office of Personnel Management (FPCD-82-1; Nov. 10, 1981).

Obstacles Hamper the Office of Personnel Management's Evaluation of the Implementation of the 1978 Civil Service Reform Act (FPCD-81-69; Sept. 14, 1981).

Federal Employees Excluded From Certain Provisions of the Civil Service Reform Act of 1978 (FPCD-81-28; Apr. 7, 1981).

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HOW CAN THE FEDERAL GOVERNMENT'S SYSTEMS
FOR PRODUCING PERSONNEL MANAGEMENT AND
ORGANIZATIONAL RESEARCH BE IMPROVED?

Followup on Actions To Improve Coordination and Utilization of Human Resources Research and Development (FPCD-81-62; July 23, 1981).

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Federal Employee's Use of Annual Leave While on Official Travel (FPCD-82-7; Dec. 16, 1981).

Travel Policies and Practices of Department of Energy
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Insurance Corporation (FPCD-81-22; Dec. 23, 1980).

Proposals for Improving the Management of Federal Travel
(FPCD-81-13; Dec. 24, 1980).

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