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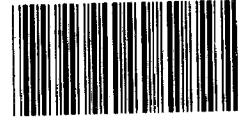
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

B-204589

SEPTEMBER 24, 1981

The Honorable William H. Webster
Director, Federal Bureau of
Investigation
Department of Justice



116507

Dear Judge Webster:

Subject: Fewer Agent Transfers Should Benefit the FBI
and Its Agents as Well as Save Money
(GGD-81-102)

In response to concerns expressed by members of the Congress, agency officials, and individual agents, we recently conducted a survey of agent transfer policies and programs in the Secret Service; the Bureau of Alcohol, Tobacco and Firearms; and the Federal Bureau of Investigation (FBI). Our objectives were to determine whether rotation programs (1) are similar among Federal law enforcement agencies, (2) negatively affect investigations, (3) result in unnecessary costs to the Government, and (4) adversely affect agents' financial situations and career goals. Because recent changes in your Career Development Program have alleviated the problems we identified during our survey, we have discontinued our work on FBI agent transfers.

Personnel transfers involving permanent change of station have been of particular concern recently because of the financial hardships placed on the individuals moved. Personnel who move face higher home mortgage interest rates, difficulties in selling and purchasing homes, and artificially low Government reimbursement limits on moving expenses. Agencies, such as the FBI, which use transfers as an integral part of management development have experienced problems emanating from the financial hardships placed on its managers. These problems included growing reluctance by agents to enter the supervisory ranks and declining morale among present supervisors.

In the FBI, the major area of concern and the focus of our survey was the Career Development Program. A key feature of this program has been to develop managers (GS-14 and above) by providing broad experience in both headquarters and field environments. This was achieved through mandatory transfers. In essence, the program required agents to serve in permanent assignments in

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both headquarters and field offices in order to be eligible for the next grade level. Thus, agents could be transferred from two to seven times depending upon their progression through the supervisory ranks. In addition to the financial hardships imposed by transfers, a transfer-oriented Career Development Program was questionable given the small increases in the Federal pay ceiling and mandatory retirement at age 55 with 20 years service. Most agents would be eligible to retire at age 50 and could be expected to do so in growing numbers. These retirements would create more vacancies necessitating still more transfers.

Recently, the FBI announced a number of changes to its Career Development Program. These changes are designed to reduce the number of transfers that managers--particularly at the first level supervisory position--would have to make. FBI officials estimate the number of transfers will decline from about 320 in calendar year 1980 to less than 100 in calendar year 1981, and transfer costs will decrease by about \$3 million annually. The changes will also create more flexibility in filling positions by attempting to better match agents' career objectives with the needs of the agency.

We believe that the Career Development Program modifications should benefit both the FBI and the individual agents. The full extent of these benefits, however, will not be known until the new policy has been in effect for a while.

The appropriations and oversight committees have expressed concern in the past over problems created by agent transfer policies and programs. Although our audit work was undertaken pursuant to our basic legislative responsibilities, we discussed agent transfer matters with the staff of these committees during the initial stages of our audit. Consequently, copies of this letter will be sent to these committees.

CONCERN ABOUT AGENT TRANSFERS PROMPTED OUR INQUIRY

About 1 year ago, reports of concern began surfacing about agent rotation policies and programs in the major Federal investigative agencies. Various congressional committees raised questions about rotation programs during the fiscal year 1981 authorization and appropriation process. Additionally, agency representatives brought the subject to the attention of GAO officials.

In its report on the Department of Justice authorization of fiscal year 1981 appropriations, the Senate Committee on the Judiciary noted that financial hardships resulting from transfers had caused many FBI agents to shy away from supervisory ranks. Furthermore, agents were choosing to retire rather than accept a promotion which required a move. The report concluded that the

problems facing the FBI might be occurring in other Federal agencies. Similar concerns were raised by the Senate Committee on Appropriations during appropriation hearings for the Bureau of Alcohol, Tobacco and Firearms. The committee noted that increasing numbers of very qualified agents were refusing to enter the career program because they faced transfers every few years and that agents were complaining about the transfer policy. Despite this, the number of relocations has remained relatively constant.

At about the same time, agency officials began pointing out to us informally a number of negative features of the existing transfer policies and programs. These features included: the financial hardships borne by those transferred; the inability to gain expertise in specific geographic or crime areas; the incongruity of placing emphasis on quality cases which require longer, more complex investigations; and the declining morale among supervisors.

In addition, there were other factors directly affecting agent transfers. One was the implementation of the mandatory retirement provision of Public Law 93-350 in 1978. This provision permits Federal law enforcement personnel to retire at age 50 with 20 years law enforcement service and makes retirement mandatory at age 55. Retirements created vacancies which were filled by transfers causing yet other vacancies. This law, coupled with small increases to the Federal pay ceiling and the deteriorating economy, gave agents a strong monetary incentive to retire as soon as possible.

For these reasons, we initiated a survey covering the Bureau of Alcohol, Tobacco and Firearms; the Secret Service; and the FBI. This letter discusses transfer matters in the FBI only. At the FBI we gathered general information about transfer programs, reviewed transfer policies in effect during the last several years, accumulated statistics on the types and cost of transfers made, reviewed FBI internal studies which dealt with agent transfer matters, and interviewed a number of FBI headquarters officials on these topics. We also gathered data on Federal transfer policies, reimbursement of expenses, and proposed changes to current rules at the General Services Administration and the Office of Personnel Management.

FBI SPECIAL AGENT TRANSFER POLICIES

The FBI has a variety of programs which result in agent transfers. For our purposes, we divided these programs into three categories: (1) individual-oriented transfers, (2) new agent transfers, and (3) supervisory transfers. Most of the concern about agent rotation in the FBI involved supervisory personnel--GS-14 and above agents. Following is a brief description of the various transfer programs for each category.

Individual-oriented

This category includes those transfers which are not normally related to an agent's career development. In most instances these transfers are requested by the agents in connection with the Office of Preference Program. This program was established to provide a means to reward agents for faithful service by transferring them to an office of their choice. This system is based upon seniority, consistent with the FBI's needs and budgetary considerations. Once an agent receives a preference transfer, that agent will not be considered for another preference transfer for 5 years.

This category also includes hardship cases relating to the employee, employee's spouse, children, parents, and spouse's parents. These hardship transfers can be temporary or permanent. The FBI reviews each case annually to determine whether the employee's hardship continues to exist. Other transfers, which may or may not be initiated by the agent, are made because of undercover operations, marriage between agents, loss of effectiveness, and changing workloads at field offices.

New agent transfers

Most agent recruiting is done at the entry level. In recent years, the FBI's policy has been to transfer a new agent once during advancement through the career ladder (GS-10 to GS-13). Because of wide disparities in sizes and workloads in the 59 field offices, however, the FBI has periodically adjusted the timing of transfers to balance the experience of the agents with the investigative needs of the field offices.

The policy for transferring new agents which was in effect at the start of our work was established in October 1979. Under this policy, commonly referred to as the 6-month policy, new agents were sworn in at the field office where they were recruited and then sent to the training academy in Quantico, Virginia for approximately 15 weeks. Once agents completed the training they returned to the office that recruited them. After they had been with the FBI about 6 months (including the 15 weeks of training), the agents were normally assigned to 1 of 12 major field offices (New York, Los Angeles, Chicago, Boston, Washington, San Francisco, Philadelphia, Newark, Detroit, Miami, Cleveland, and Baltimore). The agents would remain in these offices until promoted to the top of the career ladder or transferred to their office of preference. It takes about 7 years for an agent to advance from a GS-10 to a GS-13.

Under this approach, however, problems developed. Because new agents were transferred to 1 of 12 major offices after completing 6 months in their first office, the 12 offices were being

staffed primarily with new agents while the other 47 field offices were filling their vacancies with office of preference transfers. Our analysis of staffing patterns at smaller offices disclosed that they were being staffed almost entirely with GS-13 agents while the largest offices were being staffed with a large number of GS-10 and GS-11 agents and a significantly lower percentage of GS-13 agents.

In April 1981, the FBI announced a revised policy designed to balance the experience level among the various field offices. This policy calls for new agents to be assigned to the medium or smaller sized offices for 2 to 4 years.

Supervisory transfers

The Career Development Program governs assignment, rotation, promotion, and other career development activities for supervisory agent personnel. The program covers all GS-14 and above agent personnel--more than 1,100 individuals. The program was structured so that managers would gain experience in both headquarters and field assignments as they progressed upward through the supervisory ranks.

By definition, all management personnel are included in the Career Development Program. Entry is voluntary and begins with an agent's request to be considered for the supervisory ranks. Subsequently, an agent is given the opportunity to act in a supervisory capacity during which time his or her management potential is assessed. Successful completion of these steps makes the candidate eligible for entry into the program. A principle of FBI management development is that supervisors receive broad experience in FBI operations. Basically, this means an agent must have assignments in both headquarters and field offices before being eligible for the next grade level.

Since practically all GS-13 agent personnel are located in the 59 field offices, a new supervisor must normally undergo a permanent change of station transfer to fill a GS-14 headquarters supervisory position. After a few years, an agent will receive a lateral reassignment to a field supervisor slot, usually requiring another physical relocation. If an agent is promoted to the next level, two more career development transfers will result. Thus, upon entry into the Career Development Program, agents could expect from two to seven transfers, depending upon their progression.

The FBI's career board is responsible for making supervisory transfer decisions. The board, which is composed of members at the senior management level, determines the grade level and location of assignments. An agent may or may not receive a promotion

at the time of transfer. If an agent wants to refuse the transfer, his/her only recourse is to withdraw from the Career Development Program and be downgraded to a GS-13.

Since October 1979, large numbers of supervisory transfers have been made under the Career Development Program. During calendar year 1980, about 320 career development transfers occurred. FBI officials explained that the number of transfers was increasing largely because of agent retirements. A single retirement can cause several moves because of the practice of filling positions by transfer.

SUPERVISORY TRANSFERS CREATE SERIOUS PROBLEMS

The FBI recognized that the Career Development Program as constituted was causing serious problems which would only grow worse if not remedied. The frequent transfers inherent under the program were resulting in severe financial hardship for persons transferred. This in turn was creating problems which could not be ignored. As a result, the FBI began to question whether the existing career development structure was the best approach for managerial development.

Transfers cause financial hardship

With the decline of the economy, it became increasingly difficult for transferred agents to sell their homes. In addition, when purchasing new homes, agents faced higher home mortgage interest rates and more expensive housing if they moved to higher cost cities. Furthermore, the Government's maximum reimbursements for moving expenses were not covering the costs agents were incurring.

For example, the maximum reimbursement allowances for sale and purchase of a home are \$8,000 and \$4,000, respectively--limits fairly easy to exceed at today's housing prices. An FBI survey of real estate purchase vouchers processed during fiscal year 1979 showed that approximately 12 percent of the employees exceeded the \$8,000 reimbursement limit by an average of \$800. These figures included transfers of support personnel and new agents whose expenses are usually less than those of supervisory personnel. The FBI has noted that in areas where the real estate commission is 6 percent, an agent would exceed the \$8,000 limit on the basis of the real estate commission paid on any home selling for more than \$133,333. Where the commission is 7 percent, an agent would exceed the limit if a home sold for \$114,285 or more. In major metropolitan areas it is not unusual to find houses in this price range or higher. In addition to the commission, an agent would be required to pay all other expenses over \$8,000 associated with the sale of a home.

Many agents also exceed the household goods weight criterion. An agent with dependents is reimbursed for the movement of household goods up to 11,000 pounds only. However, an FBI sample of vouchers showed that 20 percent of such shipments exceeded the 11,000 pound limit. A number of agents have been billed \$500 to \$3,000 for exceeding the weight limitation. Therefore, agents face the decision of whether to sell their possessions to come within the weight limit or pay transportation charges each time they move.

Making matters worse is the fact that moving expense reimbursements in excess of \$3,000 are taxed. In a survey of agents transferred during 1979, the FBI found that all of them exceeded the \$3,000 limit with the average reimbursement of transfer costs being about \$9,000. Thus, those agents' taxable incomes have been increased by \$6,000 each even though this increase is not disposable income. The FBI estimates that transfer costs have increased several thousand dollars since 1979, making the financial hardship for moving even more severe.

Problems resulting from financial hardships

Given this financial situation, it is not surprising that resistance to career development transfers has become a problem. This became evident in late 1979 when special agents-in-charge at seven large field offices estimated that only about one-third of their agents with management aptitude were in the Career Development Program. The participation rate was low largely because of the financial hardships associated with transfers. More and more agents began voicing their dissatisfaction, and increasing numbers refused transfers and accepted downgrades instead.

A February 1980 FBI study on retirement matters showed that increasing numbers of management personnel would be reaching retirement eligibility over the next few years. By 1985, for example, about 50 percent of the GS-15s (2nd level supervisors) would be eligible to retire. Given the financial hardships associated with transfers, the small increases to Federal pay ceilings, and mandatory retirement at age 55, it was apparent that agents reaching age 50 had a strong financial incentive to retire, if eligible, and start second careers.

The FBI also noted other problems that resulted from the Career Development Program policy. One dealt with continuity of leadership. The FBI was concerned that agents progressing to senior management levels were frequently transferred, thereby affecting the continuity of case management as well as the length of experience at each supervisory level. The transfers also resulted in other problems. The FBI study found that filling the vacated positions took an average of 2 to 4 months for headquarters and

field positions, respectively. The study also cited that agents experienced a downtime syndrome lasting several months or more while they were waiting to be transferred or learning the new assignment after a move.

Shortly after our survey began, the FBI formed an ad hoc group, representing a cross-section of agent personnel, to study alternatives to the Career Development Program. Part of the group's effort involved obtaining the views of other agencies, such as the Office of Personnel Management, the General Services Administration, and GAO. In February 1981, we provided the group with our observations on the Career Development Program, potential modifications which might reduce the number of transfers, and an overview of career development approaches used by the other law enforcement agencies included in our survey.

We pointed out that

- the Career Development Program policy was unnecessarily rigid;
- more flexibility at certain points in the Career Development Program would reduce transfers;
- other law enforcement agencies use job vacancy announcement/competitive bidding systems to fill supervisory positions rather than mandatory transfers; and
- some Career Development Program positions could be filled with non-agent personnel.

FBI HAS ALTERED ITS CAREER DEVELOPMENT POLICY TO REDUCE TRANSFERS

On March 27, 1981, the FBI announced major changes to its Career Development Program for supervisors. The primary intent of these changes is to reduce the number of transfers made by supervisory personnel in order to relieve the financial hardships imposed by today's economic conditions. These changes should also alleviate some past institutional and morale problems.

The major policy changes are as follows:

- Eliminating GS-14 headquarters positions from the Career Development Program

Approximately 50 percent of the FBI's total number of GS-14 positions are located at headquarters and are filled by agents transferring in from field offices. These agents receive a promotion which offsets some of

the costs they bear in transferring to headquarters. However, by eliminating these positions from the Career Development Program, agents who move to Washington receive a promotion without committing themselves to a lateral transfer after a few years.

--Allowing promotions in place

About 50 percent of the GS-14 field supervisory positions will be designated stationary supervisor, which means an agent will remain at that office for at least 5 years. This should attract agents who have high management potential but who are unwilling to move or who prefer to stay at their location longer. This change is also designed to alleviate problems concerning continuity of management and filling vacancies.

--Filling vacancies through promotion

If a transfer is necessary to fill a vacancy, there will be a preference for filling it through a promotion. This change is designed to minimize financial hardship on agents as well as provide an incentive for transferring.

--Advertising GS-14 positions to all agents

Vacancies at the GS-14 level will be advertised. Advertising positions allows agents to choose whether they wish to be considered for specific positions. This should help morale because agents who apply will have indicated a willingness to move.

These changes will affect agents generally at or aspiring to the GS-14 first level supervisor. The GS-14 supervisors comprise about two-thirds of the management positions. It should be noted that the FBI's philosophy for management development, i.e., diversity of experience, remains for the GS-15 assistant special agent-in-charge and senior executive service positions. That is, agents, as a prerequisite, must have supervisory experience at both field and headquarters positions at each grade level. A side benefit of the changes is the reduced transfer costs of the revised Career Development Program. The FBI expects the number of career development transfers in calendar year 1981 to be between 75 to 100, which is about 225 to 250 less than in calendar year 1980. We estimate this reduction will result in annual savings of about \$3 million in transfer costs.

FINANCIAL DISINCENTIVES STILL EXIST

The financial hardships of a permanent change of station have made it difficult for many Federal agencies to get well qualified and experienced personnel to relocate. However, some relief may be in the offing. The General Services Administration and the Office of Personnel Management have proposed a number of changes to employee relocation regulations, among which are substantial increases to the reimbursement limits on the sale and purchase of a home. We have advised the General Services Administration that we endorse the changes designed to alleviate the financial burden on employees transferred in the Government's interest (B-196577, July 23, 1981).

On the other hand, should the reimbursement limits be raised, transferees will still be taxed on reimbursement of costs exceeding \$3,000. Higher reimbursement limits can mean more taxable income. Thus, despite the changes made by the FBI and those being considered on the reimbursement limits, financial disincentives to transfer will still exist.

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We wish to thank you and the many other FBI officials that met with us during our survey. We especially appreciated the opportunity to meet with and provide input to the management group studying agent transfer problems.

Sincerely yours,

W. J. Anderson

William J. Anderson
Director