



General Government Division

B-272464

August 22, 1996

The Honorable John L. Mica
Chairman, Subcommittee on
Civil Service
Committee on Government Reform
and Oversight
House of Representatives

Dear Mr. Chairman:

This letter responds to your request that we determine the number of federal employees who have received both an employment incentive—i.e., a recruitment bonus, relocation bonus, or retention allowance—and either a buyout incentive or a commitment for a deferred buyout incentive to leave an agency. As agreed with your office, the period of time covered in our review was January 1992 through September 1995.

The Federal Employees Pay Comparability Act of 1990 (5 U.S.C. 5753 and 5754) established the recruitment bonus, relocation bonus, and retention allowance authorities. The authorities provide for the payment of bonuses and allowances of up to 25 percent of an employee's basic pay. The recruitment bonus is intended to assist in recruiting an employee to a position that, absent such a bonus, would be difficult to fill. The relocation bonus is paid to an employee who must relocate to accept a position in a different commuting area, provided there is a determination that in the absence of such a bonus the position would be difficult to fill. The full amount of both types of bonuses is paid as a lump-sum payment. The retention allowance is paid to an employee if the unusually high or unique qualifications of the employee or a special need of the agency for the employee's services makes it essential to retain the employee, and the agency determines that the employee would be likely to leave in the absence of such an allowance. The retention allowance is to be paid at the same time and in the same manner as the employee's basic pay. The Office of Personnel Management (OPM) issued governmentwide regulations implementing the authorities for these bonuses and allowances on March 28, 1991.

The Federal Workforce Restructuring Act of 1994 (P.L. 103-226, Mar. 30, 1994) placed annual ceilings on full-time equivalent positions to downsize the federal workforce. To help accomplish this downsizing, the act allowed non-Department of Defense (DOD) agencies to pay buyouts to employees who agreed by March 31, 1995, to resign, retire, or take voluntary early retirement by that date, unless the date of separation was extended by the head of the agency, but no later than March 31, 1997. DOD, although subject to the act's governmentwide full-time-equivalent employee ceilings, has the authority, under earlier legislation, to offer buyouts through September 30, 1999. For both DOD and non-DOD agencies, the buyout payment was the lesser of \$25,000 or an employee's severance pay entitlement.

RESULTS

Our review identified 52 federal employees in DOD and 7 other agencies who received both an employment incentive and a buyout incentive or a commitment for a buyout incentive during January 1992 through September 1995. As table 1 shows, DOD had 38 employees who received both types of incentive, while the other 7 agencies had from 1 to 4 employees who received or had a commitment to receive both incentives. The 52 employees received an average employment incentive of \$9,732 and an average buyout incentive of \$21,490.¹ The time from the effective date of the employment incentive to the effective date of the buyout averaged about 12 months and ranged from 1-1/2 months for a DOD employee to 38 months for a Department of the Interior employee.

¹The average amounts for employment and buyout incentives are based on 49 and 48 employees, respectively. DOD, the Department of Health and Human Services (HHS), and OPM did not provide amounts for all incentives.

Table 1: Federal Employees Receiving Both Employment Incentives and Buyout Incentives or Commitments From January 1992 Through September 1995

Agency	Number of employees receiving employment and buyout incentives	Average amount of employment incentive by agency ^a	Average amount of buyout by agency	Average number of months between dates of employment and buyout incentives and range (months)
DOD	38	\$9,521 ^b	\$21,622 ^b	11 1-1/2 to 25
Export-Import Bank	4	1,592	25,000	6 3 to 11
HHS	4	18,864	5,811 ^c	14 6 to 29
Department of the Interior	2	12,363	25,000	24-1/2 12 to 38
Department of Justice	1	3,500	5,214	9-1/2 ^d
Department of Veterans Affairs	1	300	25,000	25-1/2 ^d
National Aeronautics and Space Administration (NASA)	1	18,869	20,487	14 ^d
Department of Transportation	1	14,412	25,000	7-1/2 ^d
Total/Average (Range)	52	\$9,732 ^e	\$21,490 ^e	11.9 (1-1/2 to 38)

^aEmployment incentives were retention allowances except for (1) two employees at DOD, one employee at Interior, one employee at Justice, and one employee at NASA who received relocation bonuses and (2) one employee at Veterans Affairs who received a recruitment bonus. For retention allowances, the average amounts were calculated after summing the employees' biweekly payments for the period of the allowances.

^bFor DOD, the averages for retention allowances and relocation bonuses are based on 35 employees, and the average for buyouts is based on 37 employees, because the data were not available for all employees.

^cBuyout amount is for one employee. The amounts for the other three employees cannot be determined until their deferred buyouts occur.

^dAverage and range do not apply since data were provided for only one employee.

^eAverages for employment and buyout incentives are based on 49 and 48 employees, respectively.

Source: GAO analysis of agency data.

APPROACH

To identify all of the federal employees who received both an employment incentive and a buyout incentive during January 1, 1992 through September 30, 1995, we asked OPM to search its Central Personnel Data File and provide a listing of such employees. OPM provided a listing of employees who had received both types of incentives from January 1, 1992 through September 30, 1995. We also contacted 13 agencies to identify (1) additional employees who had received employment incentives and had commitments for deferred buyouts—since commitments for deferred buyouts are not reported to OPM—and (2) any additional employees who may not have been reported to OPM.

As agreed with your office, the agencies were selected based on at least one of two criteria: (1) OPM had identified employees at those agencies as having received both types of incentives and (2) the agencies already had provided a significant number of buyouts. We asked each agency to identify all of its employees who received both an employment incentive and either a buyout or a commitment for a buyout. Five agencies—the Departments of Agriculture, Housing and Urban Development, and the Treasury; the Environmental Protection Agency; and the General Services Administration—did not identify any employees who received or had commitments to receive both types of incentive.

We used the information provided by both OPM and the agencies in preparing table 1. For example, if an employee was identified by either source, he or she was included in our table. We did not attempt to independently verify the information provided by OPM and the agencies because there was not sufficient time, given your time

constraints. In addition, attempting to determine the appropriateness of these employment and buyout incentives was not within the scope of the request.

We did our work at OPM's and the agencies' headquarters offices in Washington, D.C., from March to June 1996 in accordance with generally accepted government auditing standards.

AGENCY COMMENTS

Export-Import Bank, Justice, NASA, and DOD provided written comments on a draft of this letter. In their written comments or in the oral comments that accompanied them, these agencies stated that the information presented in the letter was accurate. Justice also noted that it was reimbursed for the full amount of the relocation bonus by the employee who received both a relocation bonus and a buyout incentive within a period of less than 12 months. In addition, DOD explained that all but two of the employees who received both an employment and buyout incentive worked at closing installations where the unusual circumstances justified the use of both types of incentives. DOD further stated that given the limited application of the incentives and the locations where they were used, it did not believe there was a serious problem in this area. Justice's and DOD's comments are printed in full in enclosures I and II because of the additional information each agency provided.

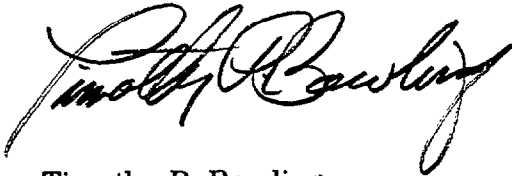
We received oral comments from the Special Assistant for the Assistant Secretary for Personnel, HHS, on July 19, 1996; the Deputy Assistant Secretary for Human Resources Management, Veterans Affairs, on July 24, 1996; the GAO liaisons at Interior and Transportation on August 2, 1996; and the Deputy Chief of Staff, OPM, on August 7, 1996. These agency officials said that the information presented in the letter was accurate. In addition, OPM said it recognized that determining the appropriateness of awarding these employment and buyout incentives was not within the scope of our review, but that it would have been helpful to have examined the context in which incentive payments were made. Interior and OPM also provided technical comments, which we incorporated in our letter where appropriate.

We are sending copies of this letter to the Chairman and Ranking Minority Member, House Committee on Government Reform and Oversight; the Ranking Minority Member, House Subcommittee on Civil Service; the Secretaries of DOD, HHS, Interior, Justice, Veterans Affairs, and Transportation; the President and Chairman of the Export-Import Bank; the Administrator of NASA; and the Director of OPM. Copies will also be made available to others who may have an interest in these matters.

B-272464

Major contributors to this letter were Larry Endy, Tom Davies, and Jeff Dawson. We trust that this information satisfactorily responds to your request. Please call me on (202) 512-7680 if you have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Timothy P. Bowling". The signature is written in a cursive, flowing style with a large initial "T".

Timothy P. Bowling
Associate Director
Federal Management
and Workforce Issues

Enclosures - 2

ENCLOSURE I

ENCLOSURE I

COMMENTS FROM THE U.S. DEPARTMENT OF JUSTICE



U. S. Department of Justice

Washington, DC 20530

July 31, 1996

Tom Davies, Evaluator-in-Charge
General Accounting Office
General Government Division
441 G Street, N.W.
Washington, DC 20548

Re: Draft Report--Employment and Buyout Incentives (410035)

Dear Tom,

Thank you for the opportunity to review the GAO draft report on Employment and Buyout Incentives. Factually, the information found in the report is correct as it relates to the Department. However, we noted that the GAO does not report that in the one instance in which an employee received both a relocation and buyout incentive, the Department was reimbursed for the total amount of the relocation incentive. We believe the Department's corrective actions are worth noting.

Sincerely,

A handwritten signature in cursive script that reads "Vickie L. Sloan".

Vickie L. Sloan, Director
Audit Liaison Office
Justice Management Division

COMMENTS FROM THE DEPARTMENT OF DEFENSE



FORCE MANAGEMENT
POLICY

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000



19 AUG 1996

Mr. Timothy P. Bowling
Associate Director
Federal Management and Workforce Issues
General Government Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Bowling:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "Employment and Buyout Incentives," dated July 18, 1996 (GAO Code 410035/OSD Case 1199). The DoD generally concurs with the draft report.

In the situation reported by the GAO, all but two of the employees worked at closing installations, where highly unusual circumstances may justify the use of retention and separation incentives. The complexities of base closures sometimes require greater flexibility than normal situations. In view of the limited application of these incentives and the locations where they were used, we do not believe the Department has a serious problem in this area.

As we recently informed Chairman Floyd D. Spence and Chairman John L. Mica, we have notified personnel offices that the practice of paying incentives and bonuses to the same individual is generally inappropriate. In addition, we are revising the wording in our Departmental policy document, the Civilian Personnel Manual, to clarify this issue. Finally, we continue to monitor these actions as part of our regular oversight of the Voluntary Separation Incentive Program.

We appreciate the opportunity to comment on this draft and trust that this information is helpful.

Diane M. Disney
Deputy Assistant Secretary of Defense
Civilian Personnel Policy



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