



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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APRIL 17, 1985

The President
The White House

The Honorable George Bush
President of the Senate

The Honorable Thomas P. O'Neill, Jr.
Speaker of the House of Representatives



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Subject: Civil Service Reform Act: Annual Report
On Office of Personnel Management
Activities, Fiscal Year 1984 (GAO/GGD-85-34)

Title I of the Civil Service Reform Act of 1978 requires us to report annually to the President and the Congress on the activities of the Office of Personnel Management and the Merit Systems Protection Board. The act provides that, in reporting on significant actions of the Office of Personnel Management, we include an analysis of whether or not the actions of the Office are in accord with merit system principles and free from prohibited personnel practices (5 U.S.C. §2304). This report constitutes our annual report on the Office of Personnel Management. A separate report will be issued on the Merit Systems Protection Board later this fiscal year.

To comply with the above requirements, we have annually issued a series of reports covering significant activities of the Office of Personnel Management. When appropriate, those reports have discussed the effect of such activities on the federal civilian work force in light of merit system principles and prohibited personnel practices. Taken together, these reports constitute our annual reporting effort performed in compliance with 5 U.S.C. §2304. To fulfill the requirements for fiscal year 1984, enclosed with this letter are lists and brief descriptions of (1) the reports we issued in fiscal year 1984 on activities of the Office of Personnel Management and (2) work in progress as of September 30, 1984, on civilian personnel matters.

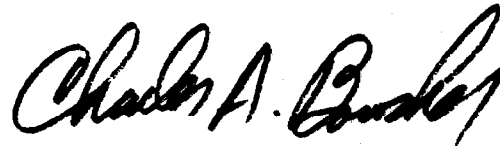
We are sending copies of this letter to the Directors, Office of Management and Budget and the Office of Personnel Management; the Chairman, Merit Systems Protection Board; the

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Special Counsel, Office of the Special Counsel; the Chairmen,
Federal Labor Relations Authority and Federal Service Impasses
Panel; and the Director, Federal Mediation and Conciliation
Service.

A handwritten signature in black ink, reading "Charles A. Budenz". The signature is written in a cursive style with a large, prominent initial "C".

Comptroller General
of the United States

FISCAL YEAR 1984 REPORTS BY THE GENERAL ACCOUNTING OFFICE
ON ACTIVITIES OF THE OFFICE OF PERSONNEL MANAGEMENT

<u>Title</u>	<u>Date</u>	<u>Description</u>
Analysis of OPM's Report on Pay For Performance in the Federal Government - 1980-1982 (GAO/GGD-84-22)	10/21/83	The Office of Personnel Management's (OPM) report concluded that the government's performance appraisal and merit pay systems were functioning well, achieving a high degree of employee acceptance and should be expanded to cover the entire General Schedule workforce. The data cited by OPM to support these conclusions were either outdated or not projectable to the universe of merit pay employees. The attitudinal surveys used by OPM to support its conclusions were conducted in 1979 and 1980 before merit pay was implemented in most agencies, and the actual experiences cited by OPM covered less than 3 percent of the merit pay population.
Testimony of the Comptroller General on the Impact of the Senior Executive Service (GAO/GGD-84-32)	12/30/83	At the request of the Chairwoman, Subcommittee on Civil Service, House Committee on Post Office and Civil Service, GAO made an overall review of the Senior Executive Service (SES). The results of that review were presented to the Subcommittee in testimony on November 7, 1983. The testimony focused on four key areas--executive accountability for program operations, agency flexibility in using executive resources, protection from improper political influence, and improvements in executive managerial capabilities. GAO's work indicates that progress is being made toward achieving the Civil Service Reform Act's (CSRA) goals. Further progress depends largely on how well OPM and the agencies implement the act.

ENCLOSURE I

ENCLOSURE I

<u>Title</u>	<u>Date</u>	<u>Description</u>
A 2-Year Appraisal of Merit Pay In Three Agencies (GAO/GGD-84-1)	3/26/84	<p>CSRA required agencies to establish a merit pay system for management officials and supervisors in grades GS-13 through 15. GAO's review of the 1981 and 1982 merit pay cycles in the Departments of Agriculture, Navy, and Housing and Urban Development found several problem areas.</p> <p>--A number of factors other than employee performance have influenced the amount of merit pay employees received.</p> <p>--Although performance standards were better in 1982 than in 1981, both the standards and the procedures used to establish them need to be improved.</p> <p>--OPM efforts to evaluate agencies' merit pay programs have been limited in scope, but recent initiatives to strengthen these efforts are a step in the right direction.</p> <p>--Employee perceptions of the merit pay program were negative.</p> <p>The three departments employ about 25 percent of the total federal merit pay population. The report made recommendations to the OPM Director for ensuring greater equity in performance ratings and pay in an effort to improve employee acceptance of the merit pay system.</p>

<u>Title</u>	<u>Date</u>	<u>Description</u>
Federal White-Collar Special Rate Program (GAO/GGD-84-54)	3-30-84	About 34,000 of 1.3 million white-collar positions under the General Schedule pay system are authorized pay rates higher than the statutory pay rates. These special rates, which will cost about \$102 million in fiscal year 1984, are offered to attract and retain employees in shortage occupations or in high pay areas. Since 1981, OPM has limited or denied pay increases for most special rate employees even though there are substantial pay disparities between private sector and federal salaries. OPM based its decisions on information indicating that the staffing situation in these occupations has improved or stabilized despite the pay disparities. Agencies, however, believe OPM's decisions are affecting their ability to attract and retain well-qualified individuals and are resulting in extra training and recruiting costs, more overtime, productivity losses, work delays, and other problems. The report discusses several alternatives to the special rate program that may be more effective and could address specific staffing problems.
An Assessment of SES Performance Appraisal Systems (GAO/GGD-84-16)	5/16/84	The CSRA requires that federal agencies establish performance appraisal systems for members of the SES to provide a tool for managing and improving individual and organizational performance. GAO found that agencies have, for the most part, implemented SES performance appraisal systems that provide for setting individual

Title

Date

Description

objectives and assessing performance against them. But SES performance plans often

--did not include the act's appraisal criteria;

--contained general, rather than specific, statements of expected levels of achievement;

--were prepared several months after the beginning of the appraisal cycle;

--were not updated or revised when executives' responsibilities changed; and

--were not prepared for a majority of noncareerists.

The report made recommendations to the Director, OPM, for improving the effectiveness of appraisal systems to better meet the CSRA's goals.

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Description of Selected Systems For Classifying Federal Civilian Positions and Personnel (GGD-84-90)

7/13/84

Federal classification systems are used to determine the value or worth of either positions or persons. This report describes the classification systems used for four pay schedules that, when considered together, apply to about 85 percent of federal civilian employees. The systems for classifying General Schedule and Federal Wage System positions focus on the job rather than the job occupant. The classification systems for Foreign Service employees and employees covered by the Veterans Administration's Department of Medicine and Surgery schedules are rank-in-person systems that focus on the job occupant.

<u>Title</u>	<u>Date</u>	<u>Description</u>
Interagency Advisory Group for Personnel Policy and Operations	7/13/84	<p>The CSRA authorized the delegation of many personnel management activities from OPM to individual federal agencies. This increased the need for consultation and coordination between OPM, which formulates personnel policy, and the individual agencies that have to implement those policies. This report summarizes the results of our work concerning the operations of the Interagency Advisory Group (IAG) which was established to provide a mechanism for continuing consultation between OPM and agencies of the federal government in personnel management policy and operational matters. According to selected personnel directors, the IAG, rather than being a focal point for consultation on personnel policy matters, now serves primarily as a means for OPM to disseminate personnel management information.</p>
Progress Report on Federal Executive Development Programs (GAO/GGD-84-92)	8/15/84	<p>OPM and five agencies GAO reviewed are operating executive development programs required by CSRA. Most program participants GAO interviewed believed the programs were beneficial in preparing candidates for SES and in improving the ability of SES members to do their jobs.</p> <p>Officials in four of the five agencies GAO reviewed believed OPM's executive development guidance was difficult to use because it was fragmented and they expressed concern about OPM's reduction in the level of agency assistance following budget cutbacks in fiscal year 1982. All five agencies were, in some instances, not complying with parts of OPM's executive development program guidance and regulations.</p>

Title

Date

Description

OPM consolidated its program guidance, assigned additional staff members to assist the agencies, and reemphasized to the agencies their responsibilities for compliance with OPM guidance and regulations. These measures should alleviate the agencies' concerns and improve their compliance with OPM's guidance and regulations.

WORK IN PROGRESS AS OF SEPTEMBER 30, 1984,
RELATING TO CIVILIAN PERSONNEL MATTERS

Subject matter

Objective/Scope

Reduction of General Schedule/
General Merit 11-15s

To assess the Administration's program for reducing what it determined to be an excessive number of grades 11-15. The review will (1) examine evidence addressing the need for the program and (2) evaluate the administration and implementation of the program.

Alternative Work Schedules

To develop information on the attitudes of federal employees and managers on the advantages and disadvantages of flexible and compressed work schedules. The study will (1) use a questionnaire to survey federal employees and managers, and (2) conduct structured interviews with officials of selected federal agencies and federal employee unions.

Total Compensation
Comparability

To identify differences between the federal and private sector total compensation packages. The work will cover pay, retirement, health insurance, life insurance, and annual/sick leave benefit programs.

Alternative SES Structures

To analyze proposals to alter the structure of the Senior Executive Service (SES). The study will examine three alternatives: (1) separate political appointees from the SFS, (2) establish a separate scientific service for scientists and engineers in the SES, and (3) reduce the SES to a small elite corps of executives who manage large amounts of resources.

ENCLOSURE II

ENCLOSURE II

Subject matter

Objective/Scope

Appointing Federal
Professional and
Administrative Staff

To obtain information on appointments made to professional and administrative career (PAC) positions before and after the abolishment of the Professional and Administrative Career Examination (PACE). The review will provide information relating to PACE and the new Schedule B authority for filling entry level PAC positions. The review will also cover OPM's and selected agencies' guidance relating to appointment methods, as well as agencies' selection procedures currently used to fill PAC positions formerly filled through PACE.

Merit Systems Protection
Board

To meet the statutory requirement to report annually on significant actions taken by the Board. The report will cover procedures for handling appeals to the Board from federal employees.

Office of Special Counsel

To evaluate the adequacy of the role of the Office of the Special Counsel of the Merit Systems Protection Board in prosecuting prohibited personnel practices and protecting government whistleblowers. The report will comment on proposals to alter the powers and status of the Special Counsel.