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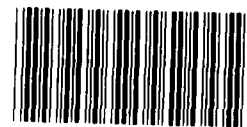
BY THE U.S. GENERAL ACCOUNTING OFFICE  
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# Report To The Honorable John Melcher United States Senate

## Benefit Practices For Permanent And Temporary Federal Employees

This report provides information on benefit practices for permanent and temporary federal employees. Generally, temporary employees are not eligible for civil service retirement, life and health insurance, or severance pay.

The report also includes information requested concerning temporary employees at the Forest Service's Northern Region, headquartered in Missoula, Montana.



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

GENERAL GOVERNMENT  
DIVISION

B-217677

The Honorable John Melcher  
United States Senate

Dear Senator Melcher:

This report responds to your request for information on temporary federal employees. You were concerned about the lack of benefits for temporary employees, particularly those employees hired year after year. In subsequent discussions with your office, we agreed to provide information on (1) the benefits available to permanent and temporary federal employees; (2) the additional cost to the government if temporary employees received the same benefits as permanent employees; and (3) whether temporary employees are working recurring workperiods at the Department of Agriculture's Forest Service's Northern Region, headquartered in Missoula, Montana.

We conducted our review at the headquarters of the Office of Personnel Management (OPM) and at the Forest Service's personnel office in Washington, D.C., and Rosslyn, Virginia, respectively. The Forest Service was selected for review to obtain specific data on temporary employees because of your interest in that agency. The results of our review are summarized below and discussed in detail in the appendices, as are further details concerning our objectives, scope, and methodology.

As of January 31, 1985, the executive branch, including the Postal Service, employed about 2.9 million civilians. About 2.6 million, about 91 percent, were permanent employees; 266,600, about 9 percent, were temporary employees. Permanent employees are hired for jobs that are expected to continue with no time limit. Temporary employees have been used to supplement the permanent work force during peak workperiods and are hired for a limited time period, usually less than a year.

ELIGIBILITY FOR AND  
COST OF BENEFITS

Federal civilian employees are covered by a number of benefit programs. Generally, permanent employees are eligible for all benefits; temporary employees are eligible for annual and sick leave, paid holidays, social security, Medicare, unemployment compensation, and workers compensation. They are not covered by the civil service retirement system, federal employees' group life and health insurance, or the severance pay programs. Permanent employees hired after December 31, 1983, also participate in social security.

In 1979,<sup>1</sup> we recommended that OPM propose legislation to make all federal employees eligible for the full range of benefits, where administratively feasible, and prorate the benefits, or the government's share of the costs to finance them, on the basis of the amount of time the employees worked. OPM agreed that the approach used to provide benefits caused inequities and inconsistencies and agreed to review the benefits policy for less than full-time workers (including temporaries). In October 1980, OPM's Compensation Group completed a staff paper on the feasibility of giving temporary employees civil service retirement and life and health insurance benefits. The paper concluded that temporary employees should not, at that time, be included under the civil service retirement system but that those employees who are appointed for more than 90 days should have the opportunity to enroll in the life and health insurance programs. A Compensation Group official said OPM did not take action on the paper primarily because of the additional cost to the government the expanded coverage would entail. The paper included an estimate that, if 50,000 additional employees were enrolled, the government's premium costs for life and health insurance would increase by about \$18.5 million a year. In April 1985, an OPM Compensation Group official advised us that another staff project by the Compensation Group concerning the feasibility of allowing temporary employees to enroll in the health insurance program was still in process. He said that, at a later date, the project may include the life insurance program. Compensation Group staff said that OPM has not studied the feasibility of giving temporary employees severance pay benefits.

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<sup>1</sup>Part-Time and Other Federal Employment: Compensation and Personnel Management Reforms Needed, (FPCD-78-19, June 5, 1979).

Employing agencies pay part of the cost for civil service retirement, life and health insurance, and all severance pay benefits for their permanent employees. For calendar year 1983, the agencies' share of the cost of these benefits represented about 11.3 percent of the basic salary costs for covered employees--7 percent for the existing civil service retirement system and 4.3 percent for life and health insurance. For fiscal year 1983, costs of severance pay for executive agencies were about one-tenth of one percent of basic salary costs.

Agencies' annual operating budgets would have to be increased if additional employees were provided these benefits. However, we did not attempt to estimate the cost of extending these benefits to temporary employees because it would require making various other estimates, such as the number of temporary employees who would opt to enroll in the life and health insurance programs and the number who would work a sufficient number of years to receive retirement benefits. Such estimates would be very uncertain.

The actual cost to extend civil service retirement benefits to temporary employees cannot be estimated until the Congress develops a new retirement system for employees hired after December 31, 1983, who have social security coverage. (Public Law 98-168, dated November 29, 1983, requires the new system to be designed and in place no later than January 1, 1986.) However, OPM estimates that because actual costs exceed agency contributions, the actual cost to the government for employees covered by the current civil service retirement system is 27.9 percent of salary, or 20.9 percentage points more than the 7 percent agencies contribute.

BENEFITS FOR  
SEASONAL EMPLOYEES

You were specifically interested in the benefit coverage for temporary employees who are hired on a recurring basis year after year. In May 1984, OPM issued instructions for agencies to follow in employing individuals who work recurring periods of less than 12 months. The instructions encourage, but do not require, that individuals working recurring periods of 6 months or more should be given permanent seasonal appointments rather than temporary appointments, and thus be entitled to full benefit coverage.

The instructions point out that the decision on the type of appointment should take into account various factors, such as the cost of the added benefits involved, the difficulty of obtaining skilled workers on a recurring basis, and equitable treatment of employees. Because of the cost implications, current instructions are to let each agency decide whether to give permanent or temporary appointments to their seasonal workers even though this may result in different treatment within and among federal agencies.

TEMPORARY EMPLOYEES AT THE  
FOREST SERVICE'S NORTHERN REGION

Forest Service headquarters personnel staff advised us that the decision on whether to give employees permanent or temporary appointments is left to regional officials. According to the personnel staff, factors to be considered in deciding on the type of appointment an individual will receive include the type of work to be performed, i.e., is the work of a recurring nature; budget resources; and the ability to recruit workers. Thus, because various regional officials decide on the type of appointments, differences could result among and within the 10 Forest Service regions on the type of appointments given to seasonal workers.

The Northern Region uses some permanent seasonal employees. In fiscal year 1983, the Northern Region employed a monthly average of 4,809 employees, including a monthly average of 649 permanent seasonal employees. As discussed below, a number of temporary workers are employed on a recurring basis, year after year.

We analyzed the employment history of 1,879 temporary employees on the July 1983 payroll at the Forest Service's Northern Region. Our objective was to determine how many of these employees were hired for recurring workperiods, year after year. We found that 1,515, or about 81 percent, of the 1,879 temporary employees had worked for more than one workperiod. For 548 of the 1,515 employees, the average length of the workperiods was 6 months or more (see app. V).

Forest Service headquarters personnel agreed to have the Northern Region review the 548 cases to see if subsequent appointments made in 1984 were appropriate. We received information for 547 cases on February 28, 1985--one employee's record could not be located. According to the information, 16 of the 547 employees either had received permanent appointments

since July 1983, or were scheduled to receive permanent appointments, and 116 employees did not work in 1984. The remaining 415 employees were reemployed under temporary appointments. Of these employees, the information identified 167 who worked intermittent work schedules and the total time they actually worked was 2 to 4 weeks. The information showed various reasons, including funding uncertainties, for not giving the other 248 employees permanent appointments.

On January 2, 1985, OPM gave federal agencies new authority to make and extend temporary limited appointments in the competitive service. Under this authority agencies can make temporary appointments which can be extended, without prior OPM approval, in increments of 1 year each up to a total of 4 years--agencies may request authority from OPM to make further extensions. According to OPM's instructions, this new authority was made to encourage agency use of temporary employees and to provide increased flexibility to deal with peak workloads. Because the authority is new, its impact on agency operations cannot be assessed at this time.

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As requested by your office, we did not obtain OPM's or Forest Service's comments on this report. Also, as arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days from the date of the report. At that time, we will send copies to interested parties, including the Chairwoman, Subcommittee on Civil Service, House Committee on Post Office and Civil Service, and make copies available to others upon request.

Sincerely yours,

*W. J. Anderson*

William J. Anderson  
Director





BENEFIT PRACTICES FOR PERMANENT  
AND TEMPORARY FEDERAL EMPLOYEES

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to

- identify the benefits available to both permanent and temporary federal employees;
- identify the additional cost to the government if temporary employees received the same benefits as permanent employees; and
- determine whether temporary employees are working recurring workperiods at the Department of Agriculture's Forest Service's Northern Region, headquartered in Missoula, Montana.

We conducted our review at OPM headquarters and Forest Service's personnel office in Washington, D.C., and Rosslyn, Virginia, respectively. The review was performed from February 1984 to April 1985. We reviewed legislation, policy, and procedures relating to federal employees' benefits and the use of temporary employees; reviewed and analyzed reports, records, and other data pertinent to the subject; and held discussions with agency officials responsible for operations and programs.

We obtained information about the type of benefits provided to federal employees. We reviewed a 1980 OPM staff paper on extending civil service retirement, life, and health insurance benefits to temporary employees and discussed the paper with OPM officials.

Benefit cost factors, as a percent of salary costs, were obtained to provide a general indication of the extent agencies' budgets may have to be increased if additional benefits were provided to temporary employees.

We analyzed information on the employment history of temporary employees who were working in the Forest Service's Northern Region as of July 1983 to determine the number of times each employee had been employed on a temporary basis, the average length of time worked, and the average length of time between workperiods.

According to Forest Service's records, there were 2,245 temporary employees on the Forest Service's Northern Region's July 1983 payroll--the peak employment month for temporaries in fiscal year 1983. The geographical area covered by the Northern

Region includes the States of Montana, North Dakota, northern Idaho, and northwestern South Dakota. Because the Forest Service's personnel files are located at various locations throughout the region, we had Forest Service personnel compile the employment history data from the employees' personnel files, including the employees' names, appointments, grades, job series, and the length of time worked under each appointment. The Forest Service provided us with usable information for 1,879 temporary employees. Because we considered that the data for 1,879 employees would provide a general indication of the use of temporaries in the Northern Region, we did not request data for the other employees or reconcile the data received to Forest Service records. To satisfy our objectives, it was not necessary for us to verify the employment history information.

The results of our review of the Northern Region's temporary employees are not projectable to other Forest Service regions or offices. According to a Forest Service headquarters office personnel staff member, the Northern Region is typical of other Forest Service regions with respect to personnel administration and the type of jobs employees perform.

#### BACKGROUND

The federal government's programs and operations are carried on primarily by its permanent work force. However, in many circumstances temporary employees may be used to meet administrative needs, such as fluctuating workloads.

Generally, permanent appointments are for positions that have been established without a time limit or for a period of more than a year. Permanent appointments are called "career" or "career-conditional" appointments. Temporary appointments are for positions that are established for a limited time period, usually less than a year.

As of January 31, 1985, the executive branch, including the Postal Service, employed about 2.9 million civilians (see app. II). Permanent employees accounted for about 2.6 million (91 percent) and temporary employees accounted for about 266,600 (9 percent) of the total employees. The number of temporary employees includes certain employees whose appointments have no specific ending date but are not intended to be permanent.

Some agencies employ a number of seasonal employees. These employees are used to enable agencies to develop an experienced cadre of employees to perform work that recurs from year to year during an identifiable period each year. For example, seasonal employees work in parks and forests where there are seasonal fluctuations in the workload. Seasonal work can be performed by either permanent or temporary employees. According to information available at OPM, in August 1984 executive branch agencies, excluding the Postal Service and certain other executive agencies, employed about 44,000 seasonal employees. OPM did not have available information to identify how many of these seasonals had permanent versus temporary appointments.

#### ELIGIBILITY FOR BENEFITS

Generally, permanent employees receive greater benefit coverage than temporary employees. The following table shows the types of benefits generally available to permanent and temporary employees.

#### EMPLOYEE ELIGIBILITY FOR BENEFITS BY TYPE OF APPOINTMENT

	<u>Appointment</u>	
	<u>Permanent</u>	<u>Temporary</u>
Civil service retirement	Yes	No
Life insurance	Yes	No
Health insurance	Yes	No
Social security		
Employed before 1-1-84	No	Yes
Employed after 12-31-83	Yes	Yes
Medicare	Yes	Yes
Annual leave	Yes	Yes
Sick leave	Yes	Yes
Paid holidays	Yes	Yes
Unemployment compensation	Yes	Yes
Severance pay	Yes	No
Workers compensation	Yes	Yes

The above table presents the general rules and not the exceptions (see app. III). In addition to the type of appointment, employees' tours of duty and expected length of service are also factors which determine their eligibility for benefits. Tour of duty refers to an employee's work schedule, such as full-time, part-time, and intermittent. Full-time employees normally work 40 hours a week. Generally, part-time employment is regularly recurring, prescheduled work of 16 to 32 hours a week. Intermittent employees work on an irregular basis with no prearranged duty schedule. Expected length of service refers to the calendar time the employee is expected to work.

Appendix III shows employees' eligibility for benefits based on their appointment and tour of duty, along with a description of each benefit.

COST OF EXTENDING BENEFITS  
FOR TEMPORARY EMPLOYEES

Benefits represent a significant part of the compensation provided to federal employees. According to the most recent information available at OPM, fiscal year 1983 costs to executive branch agencies for retirement, life and health insurance, social security, Medicare, severance pay, workers compensation, and the value of leave used were about \$18.5 billion.<sup>1</sup> Unemployment compensation benefits paid to all former federal employees in fiscal year 1983, as obtained from the Department of Labor, totaled about \$215 million.

Employing agencies make civil service retirement contributions, pay all severance pay costs, and pay about one-third and 60 percent, respectively, of their employees' federal life and health insurance premiums.

Agencies contribute 7 percent of salary costs for retirement and approximately 4.3 percent of salary costs for life and

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<sup>1</sup>These costs are for fiscal year 1983, except leave costs, which are for leave year 1982. Leave costs include the costs of annual, sick, administrative, and other leave used and holidays.

health insurance<sup>2</sup> for their employees who participate in these programs. Thus, if these benefits had been provided to temporary employees, agencies' budgets would have had to be increased by 11.3 percent of their temporary employees' salary amounts, for employees who participated in the programs. During fiscal year 1983, according to OPM, executive branch severance pay costs were about \$87 million, or about one-tenth of one percent of basic salary costs. However, we did not attempt to estimate the dollar cost of extending these benefits to temporary employees because it would require making various other estimates, such as the number of temporary employees who would opt to enroll in the life and health insurance programs and the number who would work a sufficient number of years to receive retirement benefits. Such estimates would be very uncertain.

OPM estimates that because actual costs exceed agency contributions, the actual cost to the government for employees covered by the current civil service retirement system is 27.9 percent of salary, or 20.9 percentage points more than the agencies' budgeted contributions. However, the actual cost to extend civil service retirement to temporary employees cannot be estimated until the Congress develops a new retirement system for permanent employees hired after December 31, 1983, who have social security coverage. These employees are now covered by both social security and the civil service retirement system; but Public Law 98-168, dated November 29, 1983, requires that a

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<sup>2</sup>Employees hired after December 31, 1983, currently contribute 1.3 percent of salary for civil service retirement. The U.S. Treasury contributes 5.7 percent, which is the difference between the 1.3 percent contributed by employees hired after December 31, 1983, and the 7 percent contributed by employees hired before that date. Agencies contribute 7 percent for all employees regardless of their date of hire.

The 4.3 percent for insurance is OPM's estimate for the governmentwide cost, excluding the Postal Service, for health and life insurance benefits for calendar year 1983. This estimate would be higher if the Postal Service were included since the Postal Service pays, as a result of collective bargaining agreements, a higher share of its employees' health insurance premiums and the entire cost of regular life insurance premiums. The Postal Service also pays greater retirement contributions than other agencies to cover retirement system liabilities unique to the Postal Service.

new retirement system to supplement social security benefits be designed and in place no later than January 1, 1986.

OPM STAFF PAPER ON EXTENDING  
BENEFIT COVERAGE TO  
TEMPORARY EMPLOYEES

In a 1979 report,<sup>3</sup> we recommended that OPM formulate and propose legislation to the Congress which would make all federal employees eligible for benefits, where administratively feasible, and prorate the benefits, or the government's share of the cost to finance them, on the basis of the amount of time the employees worked. We maintained that since benefits, like pay, are part of a job's compensation, such an approach would be rational and equitable. OPM agreed that the approach used to provide benefits caused inequities and inconsistencies and agreed to review the benefits policy for less than full-time workers (including temporaries).

In October 1980, OPM's Compensation Group completed a staff paper on civil service retirement and life and health insurance benefits for temporary employees. The paper discussed alternatives for extending civil service retirement to temporary employees, but it indicated that doing so would not be advantageous to the employees. The paper noted that employees who do not stay with the government long enough to retire under the civil service retirement system would not receive credit for their federal service when they eventually retired under social security.<sup>4</sup> The paper noted also that the cost of extending retirement system coverage to temporary employees could not be determined because it would be impossible to calculate the effect on the system's cost for employees who would never receive benefits from the system.

The paper discussed pro and con arguments for extending life and health insurance coverage to temporary employees. The pros included enhancing recruitment and retention of employees and the social desirability of extending benefits to generally lower paid employees who were less able to pay the expenses

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<sup>3</sup>Part-Time and Other Federal Employment: Compensation and Personnel Management Reforms Needed, (FPCD-78-19, June 5, 1979).

<sup>4</sup>Public Law 98-21 was passed on April 30, 1983; it requires that new permanent employees hired after December 31, 1983, be covered by social security.

associated with illness and death. The cons were increased premium and administrative costs for the government. The paper included an estimate that if 50,000 additional employees were enrolled, annual agency contributions would ultimately be increased by about \$500,000 for life insurance and \$18 million for health benefits.

The paper concluded that temporary employees with appointments of more than 90 days should be eligible for life and health insurance. However, a Compensation Group official said OPM did not take action on the paper primarily because of the additional costs to the government.

In April 1985, an OPM Compensation Group official advised us that another staff project by the Compensation Group concerning the feasibility of allowing temporary employees to enroll in the health insurance program was still in process. He said that, at a later date, the project may also include the life insurance program. According to information obtained from Compensation Group personnel, OPM has not studied the feasibility of giving temporary employees severance pay benefits.

#### BENEFITS FOR SEASONAL EMPLOYEES

In addition to the issue of the types of benefits provided to temporary versus permanent employees, another issue is benefits provided to seasonal employees hired on a recurring basis, year after year. Seasonal work can be performed by either permanent or temporary employees. If they receive permanent appointments they generally are eligible for the full range of benefits that other permanent employees are given, including civil service retirement, life and health insurance, and severance pay benefits. However, if seasonal workers receive recurring temporary appointments, they are generally not eligible for these benefits.

In our 1979 report, we noted that many temporary workers may be employed year after year under a succession of temporary appointments and thus not receive the same benefits as seasonal employees who receive permanent appointments. We concluded that it was inequitable to extend benefits to seasonal employees with permanent appointments and deny benefits to workers who are reemployed year after year under a succession of temporary appointments. We recommended that the OPM Director monitor agencies' personnel actions to help assure that benefits are provided to employees in an equitable, consistent, and cost-effective manner.

OPM agreed that it should provide agencies better guidance concerning benefit coverage. In May 1984, OPM issued instructions on agency use of other than full-time permanent employees, including seasonal employees. This marked the first general guidance OPM provided for agencies to follow in appointing seasonal workers who work recurring periods of less than 12 months each year. The instructions state that individuals who work recurring periods of 6 months or more each year generally should receive permanent seasonal appointments rather than temporary appointments and, therefore, would be eligible for the same benefit coverage as other permanent employees.

The OPM instructions give agencies flexibility in deciding whether to give such employees who work recurring periods of 6 months or more each year a permanent seasonal appointment. The OPM instructions state that agencies should consider several factors, including (1) the relative difficulty of obtaining skilled personnel on a recurring basis, (2) the cost to recruit and train new people, and (3) the cost to the government for benefits. The instructions state that because of consideration of equity, permanent rather than temporary employment should be used for those individuals who work 6 months or more each year. The 6-month period was established primarily to minimize the cost of providing benefits to these employees.

Since the instructions provide agencies flexibility in the type of appointment--temporary or permanent--given to seasonal workers, seasonal workers could be treated differently within and among federal agencies but, because of the cost implications, the decisions are left to individual agencies after considering each of the factors discussed above.

#### TEMPORARY EMPLOYEES AT FOREST SERVICE'S NORTHERN REGION

To obtain specific information about whether temporary employees are working recurring workperiods, we analyzed the work patterns of temporary employees used in the Forest Service's Northern Region. We performed our review at this location because of the interest of your office concerning temporary employees at this location. As discussed below, we found that most of the Northern Region's temporary employees were working recurring workperiods.

During fiscal year 1983, the latest complete fiscal year at the time of our review, the Forest Service employed an average of 43,405 employees per month. Temporary employees accounted



for 8,816, or about 20 percent of the jobs. The Northern Region employed an average of 4,809 employees per month of which 1,130, or about 23 percent, were temporary employees. Appendix IV shows detailed employment data for the Forest Service and its Northern Region.

The Forest Service uses temporary employees throughout the year. However, the highest concentration of temporary employment occurs during the summer months. Temporary employees serve in various positions, such as (1) forestry aides and technicians whose duties include collecting and recording tree heights and diameters, thinning young timber stands, maintaining public campgrounds, and serving on firefighting crews; (2) engineering aides and technicians who assist in the survey and design of forest roads and trails, etc.; (3) trades and crafts workers, such as carpenters, cooks, and welders; and (4) forest workers/laborers who perform such work as pruning trees, planting seedlings, and digging ditches. Temporary employees generally serve in a nonsupervisory capacity.

Forest Service headquarters personnel staff advised us that the decision on whether to give employees permanent or temporary appointments is left to regional officials. Thus, because various regional officials decide on the type of appointment, differences could result within and among the 10 Forest Service regions on the type of appointments given to seasonal workers.

The Forest Service, including the Northern Region, uses some permanent seasonal employees. In fiscal year 1983, the Northern Region employed a monthly average of 649 permanent seasonal employees. Forest Service headquarters personnel staff said that one reason all employees are not given permanent appointments is the increased benefits costs. In addition, they said it would require the Forest Service to follow formal and costly reduction in force procedures if there were a need to reduce the permanent staff. They also said that benefits do not have to be used as a recruitment incentive for these employees because applications for temporary jobs far exceed the number of new job vacancies. In fiscal year 1984, the 10 Forest Service regions received nine applications for each new temporary position. The Northern Region received 18 applications for each new temporary position.

We analyzed employment history data for 1,879 temporary employees who were on the Northern Region's July 1983 payroll. To determine if temporary employees were employed on a recurring

basis we analyzed the periods that each employee worked and the time not worked between workperiods, regardless of the number of appointments given to the employee. We considered a workperiod to be continuous employment if there was not a break in service of more than 3 days. We used 3 days because OPM uses a 3-day break in service time frame in determining whether employees continue to receive certain benefits when they move from a permanent to a temporary job. The work schedules of these employees varied. Some employees worked full-time schedules and others worked part-time or intermittent schedules. Some worked a combination of schedules.

We determined that 1,515, or 80.6 percent, of the Northern Region's temporary employees had worked 2 or more workperiods. However, as shown in appendix V, 967 (64 percent) of the 1,515 employees worked an average of less than 6 months each workperiod. For example, 184 employees worked 2 workperiods of, on the average, less than 6 months each, and the average time they did not work between workperiods was 10.8 months. The workperiods for the other 548 employees (36 percent) averaged 6 months to 12 months or more, and the average time between workperiods ranged from 2 to 28.4 months.

We found also that 183 of the 548 employees worked full-time work schedules during each workperiod; 213 worked intermittent schedules each workperiod; and 152 worked a mixture of full-time, part-time, and intermittent schedules. (Generally, neither permanent nor temporary employees who work intermittent schedules are covered by the retirement, life, or health insurance programs). While these averages may be influenced by extremes (see app. V, note 1), they do provide an overall perspective of work patterns of the employees reviewed.

We provided Forest Service headquarters personnel staff with a list of the 548 employees. They agreed to have the Northern Region review the 548 cases to see if subsequent appointments made in 1984 were appropriate. We received information for 547 cases on February 28, 1985--one employee's record could not be located. According to the information, 16 of the 547 employees either had received permanent appointments since July 1983, or were scheduled to receive permanent appointments, and 116 employees did not work in 1984. The remaining 415 employees were reemployed under temporary appointments. Of these employees, the information identified 167 who worked intermittent work schedules and the total time they actually worked was 2 to 4 weeks. The information also included various reasons, such as funding uncertainties, for not giving the other

248 employees permanent appointments. However, as previously mentioned, OPM instructions allow agencies total flexibility in deciding whether to give seasonal workers temporary or permanent appointments.

OTHER MATTERS

As agreed with your office, we also obtained information on (1) whether veterans are eligible for veterans' preference when applying for temporary jobs and (2) the number of Forest Service's Northern Region temporary employees and the years they worked as a temporary before being converted to permanent status. The law requires that eligible veterans be given preference when applying for all federal civilian jobs--both permanent and temporary. Also, while there is no formal Forest Service conversion policy, the Northern Region identified 143 temporary employees who received permanent appointments between January 1981 and March 1984. They worked an average of 4.8 seasons as temporaries.

EXECUTIVE BRANCH CIVILIAN EMPLOYMENT  
BY TYPE OF APPOINTMENT AND WORK SCHEDULE  
AS OF JANUARY 31, 1985<sup>1</sup>

<u>Department/Agency</u>	<u>Total</u>		<u>Permanent Appointments</u>			<u>Temporary and Indefinite Appointments</u>			
			<u>Full-time</u>	<u>Part-time</u>	<u>Intermittent</u>	<u>Total</u>	<u>Full-time</u>	<u>Part-time</u>	<u>Intermittent</u>
Agriculture	109,211	96,842	91,568	2,822	2,452	12,369	2,908	1,510	7,951
Army	386,454	313,216	328,336	3,900	980	53,238	44,911	6,719	1,608
Navy	345,377	304,158	301,603	2,310	245	41,219	36,156	4,815	248
Air Force	247,705	225,886	223,030	2,826	30	21,819	17,677	3,488	654
Health and Human Services	141,769	131,841	123,012	8,753	76	9,928	5,408	3,497	1,023
Interior	73,379	63,009	59,528	3,247	234	10,370	7,111	1,480	1,779
Justice	61,825	58,924	58,089	740	95	2,901	1,384	1,129	388
Transportation	62,596	60,629	60,024	556	49	1,967	1,102	758	107
Treasury	134,974	127,483	120,267	5,107	2,109	7,491	4,587	1,622	1,282
Postal Service	716,538	677,222	564,961	112,261	-	39,316	517	2,296	36,503
Veterans Administration	<u>243,077</u>	<u>215,080</u>	<u>196,627</u>	<u>17,422</u>	<u>1,031</u>	<u>27,997</u>	<u>9,555</u>	<u>10,912</u>	<u>7,530</u>
Subtotal	2,522,905	2,294,290	2,127,045	159,944	7,301	228,615	131,316	38,226	59,073
Other	<u>375,578</u>	<u>337,627</u>	<u>327,936</u>	<u>8,199</u>	<u>1,492</u>	<u>37,951</u>	<u>26,573</u>	<u>7,030</u>	<u>4,348</u>
Total	<u>2,898,483</u>	<u>2,631,917</u>	<u>2,454,981</u>	<u>168,143</u>	<u>8,793</u>	<u>266,566</u>	<u>157,889</u>	<u>45,256</u>	<u>63,421</u>

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<sup>1</sup>Office of Personnel Management's monthly report on Federal civilian workforce statistics.

EMPLOYEE ELIGIBILITY FOR BENEFITS BY TYPE  
OF APPOINTMENT AND TOUR OF DUTY

<u>Appointment/ tour of duty</u>	<u>Annual leave</u>	<u>Sick leave</u>	<u>Civil service retirement</u>	<u>Life insurance</u>	<u>Health insurance <sup>a</sup></u>	<u>Paid holidays</u>	<u>Social security coverage</u>		<u>Medicare coverage</u>	<u>Unemployment compensation <sup>d</sup></u>	<u>Severance pay</u>	<u>Workers compensation</u>
							<u>Appointed before 1/1/84 <sup>b</sup></u>	<u>Appointed after 12/31/83 <sup>c</sup></u>				
<b>Permanent Appointment</b>												
Full-time	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes <sup>e</sup>	Yes
Part-time	Yes <sup>f</sup>	Yes <sup>g</sup>	Yes	Yes	Yes	Yes <sup>h</sup>	No	Yes	Yes	Yes	Yes <sup>e</sup>	Yes
Intermittent	No	No	No <sup>i</sup>	No <sup>j</sup>	No <sup>k</sup>	No	Yes <sup>l</sup>	Yes	Yes	Yes	No	Yes
<b>Permanent appointment, seasonal or on-call</b>												
Full-time	Yes	Yes	Yes	Yes <sup>m</sup>	Yes <sup>m</sup>	Yes	No	Yes	Yes	Yes	Yes <sup>e</sup>	Yes
Part-time	Yes <sup>f</sup>	Yes <sup>g</sup>	Yes	Yes <sup>m</sup>	Yes <sup>m</sup>	Yes <sup>h</sup>	No	Yes	Yes	Yes	Yes <sup>e</sup>	Yes
Intermittent	No	No	No <sup>i</sup>	No <sup>j</sup>	No <sup>k</sup>	No	Yes <sup>l</sup>	Yes	Yes	Yes	No	Yes
<b>Temporary Appointment</b>												
Full-time	Yes <sup>n</sup>	Yes	No <sup>o</sup>	No <sup>o</sup>	No <sup>o</sup>	Yes	Yes <sup>l</sup>	Yes	Yes	Yes	No <sup>p</sup>	Yes
Part-time	Yes <sup>f n</sup>	Yes <sup>g</sup>	No <sup>o</sup>	No <sup>o</sup>	No <sup>o</sup>	Yes <sup>h</sup>	Yes <sup>l</sup>	Yes	Yes	Yes	No <sup>p</sup>	Yes
Intermittent	No	No	No <sup>o</sup>	No <sup>o</sup>	No <sup>o</sup>	No	Yes <sup>l</sup>	Yes	Yes	Yes	No <sup>p</sup>	Yes

- a Both agency and employee premium payments must be made for coverage to continue when an employee is in a nonpay status.
- b Full-time and part-time employees with permanent appointments, including seasonal or on-call appointments, who were appointed prior to January 1, 1984, are not subject to social security.
- c As a rule, employees hired after December 31, 1983, are automatically covered by social security unless specifically excluded by law.
- d Subject to state laws.
- e Full-time and part-time permanent employees are eligible for severance pay provided they are otherwise qualified, e.g., that they are not eligible for retirement benefits and they do not decline an equivalent position.
- f One hour of annual leave is earned for every 20, 13, or 10 hours in a pay status depending on the employee's length of service.
- g One hour of sick leave is earned for every 20 hours in a pay status regardless of length of service.
- h All part-time employees regardless of type of appointment are eligible for paid holidays but only for the hours they are scheduled to work on the holiday. They are not paid for days observed as holidays in lieu of actual holidays, but agencies have the authority to grant excused absence or leave for those holidays falling within the part-time employee's regularly scheduled workweek.
- i Employees with permanent intermittent appointments are not covered by civil service retirement, except when the intermittent employment follows, without a break in service in excess of 3 days, employment in a position covered by civil service retirement.
- j Employees with permanent intermittent appointments are not eligible for life insurance, except when the appointment follows, without a break in service in excess of 3 days, employment in a covered position and the employee is expected to return to a covered position.

- k Employees with permanent intermittent appointments are not eligible for health insurance except when the appointment follows, without a break in service in excess of 3 days, employment in a covered position.
- l Employees appointed before January 1, 1984, with permanent intermittent, permanent seasonal intermittent, on-call intermittent, or temporary appointments are subject to social security unless they are covered by civil service retirement (see footnotes i, o, g).
- m Permanent full-time and part-time seasonal or on-call employees are eligible for life and health insurance only if they are expected to work 6 months or more a year.
- n Employees with full-time or part-time temporary appointments earn annual leave if the appointment is for 90 days or more, or if the employee is continuously employed for 90 days.
- o Full-time and part-time employees with temporary appointments of more than 1 year are covered by retirement and are eligible for life insurance and health benefits. Full-time and part-time employees with temporary appointments of 1 year or less are not covered by retirement and are not eligible for life insurance and health benefits except when the temporary appointment follows, without a break in service of 3 days, employment in covered positions.
- p Employees with temporary appointments are not eligible for severance pay unless the temporary appointments follow an involuntary separation, not for cause, from a permanent appointment. The amount of severance pay to be paid after separation from the temporary appointment depends on whether there was a break in service of 3 days and on the employee's tour of duty. Time-limited appointments, after more than a 3-day break in service, of more than 1 year terminate entitlement to severance pay.
- q Intermittent employees with temporary appointments are not eligible for life insurance. They are not covered by retirement and are not eligible for health insurance except if the temporary appointment follows, without a break in service in excess of 3 days, employment in covered positions.

DESCRIPTION OF FEDERAL  
EMPLOYEES' BENEFITS

ANNUAL AND SICK LEAVE

Federal employees earn annual leave based on length of service. Employees with fewer than 3 years' service earn 13 days each year; employees with 3 to 15 years earn 20 days; and employees with 15 or more years earn 26 days. All employees, regardless of length of service, earn 13 sick leave days a year.

Annual and sick leave are earned only by employees with regularly prescribed tours of duty. Employees with an intermittent tour of duty--regardless of appointment type--do not earn annual or sick leave.

Part-time employees earn annual and sick leave on a pro-rata basis. One hour of annual leave is earned for every 20 hours worked by employees with fewer than 3 years' service; 13 hours worked for employees with 3 to 15 years' service; and 10 hours worked for employees with more than 15 years' service. One hour of sick leave is earned for every 20 hours worked, regardless of length of service.

CIVIL SERVICE RETIREMENT

The civil service retirement system pays benefits to former employees and their survivors who meet eligibility requirements based on age and length of service. Employees can retire at age 55 with 30 years of service; at age 60 with at least 20 years of service; or at age 62 with at least 5 years of service. Retiring employees may also provide annuities to their survivors by electing, at time of retirement, to accept a reduced annuity.

Employees have vested rights in the retirement program after completing 5 years of creditable service. Those who terminate their federal service after 5 years but before they are eligible for an immediate annuity may be eligible for a deferred annuity beginning at age 62. An immediate disability annuity is available to employees at any age who have completed 5 years of service. Survivors of federal employees who die after completing at least 18 months federal service are entitled to annuities.

Benefits are based on an employee's highest average annual salary for any 3 consecutive years. In general, employees hired before January 1, 1984, and their employing agencies each contribute 7 percent of salary to the retirement fund.



Employees hired after December 31, 1983, are covered by social security. They and their employing agencies contribute 1.3 and 7 percent of salary respectively to the civil service retirement fund in addition to social security contributions. The Treasury Department transfers 5.7 percent of salary into the retirement fund for employees hired after December 31, 1983. This amount is the difference between the 1.3 percent contributed by the employees and the 7 percent contributed by employees hired before January 1, 1984.

#### LIFE AND HEALTH INSURANCE

Federal employees may enroll in the Federal Employees' Group Life Insurance program. Basic life insurance is equal to the employee's annual basic pay (rounded to the next \$1,000) plus \$2,000. Employees under age 35 receive an extra benefit which doubles the amount of insurance. The extra benefit decreases 10 percent each year until, at age 45, there is no extra benefit. The minimum amount of coverage is \$10,000, and the maximum amount is \$78,000. The government pays one-third of the premium. The extra benefit for employees under age 45 is provided without additional costs. Employees may also purchase additional "optional" life insurance coverage, but there is no government contribution.

Life insurance coverage can continue after retirement. The cost to the employee of post-retirement basic life insurance depends on the level of protection the retiree wants to retain. The amount of optional insurance coverage is reduced when the retiree reaches age 65.

Federal employees may also enroll in various health insurance plans. The government pays an average of about 60 percent of the premiums of the six largest health benefit plans but no more than 75 percent of the premiums for any plan.

Employees receiving life and health insurance are allowed to continue their coverage for up to 365 days while they are on the agency rolls but in a nonduty/nonpay status. While in a nonduty/nonpay status there is no cost to the employee or the agency for life insurance. However, if employees in a nonduty/nonpay status want to continue their health insurance coverage, the employees and their employing agencies must continue to pay their respective shares of the health insurance premiums.

PAID HOLIDAYS

There are 9 legal holidays for federal employees (10 starting in 1986.) To be paid for a federal holiday, both permanent and temporary employees must have a prearranged tour of duty and be normally scheduled to work that day.

SOCIAL SECURITY

Social Security is an insurance program which provides retirement, survivors, and disability insurance benefits to retired and/or disabled employees, their dependents, and their survivors. Employees, employers, and self-employed individuals finance the program through payroll taxes. Eligibility for benefits varies based on the type of benefit, the age of the beneficiary, and the period of time the person has worked.

The Social Security Amendments of 1950, (Act of August 28, 1950) and later amendments, provided social security for some federal employees--generally those employees not covered by a federal retirement system. Before January 1, 1984, most federal employees covered by social security were employees with temporary appointments and employees with intermittent work schedules. The Social Security Amendments of 1983 (Public Law 98-21) extended social security coverage to all federal employees hired after December 31, 1983.

MEDICARE

Medicare is a program of health insurance which was established by the Social Security Amendments of 1965 (Public Law 89-97). It is a federal program which pays much of the health care cost of eligible persons age 65 or older and certain disabled persons. Medicare provides two forms of protection.

--Hospital insurance, which covers inpatient hospital services and posthospital care in skilled nursing facilities and in a patient's home. Benefits paid are principally financed by taxes collected from employees, employers, and self-employed persons.

--Supplementary medical insurance is a voluntary program which covers physicians' services, outpatient hospital care, and a number of other medical costs. Benefits are financed by premiums collected from enrollees and by appropriations from general revenues.

The hospital insurance program is employment related, the medical insurance program is not.

Prior to January 1, 1983, Medicare coverage was provided to only those federal employees covered by social security. Starting January 1, 1983, all federal employees not covered by social security began paying the Medicare payroll tax and thus were covered by Medicare.

#### UNEMPLOYMENT COMPENSATION

Since January 1, 1955, federal civilian employees have had unemployment insurance protection under Chapter 85, Title 5, of the U.S. Code.

To receive payments, a claimant must be unemployed from lack of work but be able and available for work. State unemployment compensation laws and policies vary with regard to eligibility requirements, amount of payments, and duration of payments.

#### WORKERS COMPENSATION

All federal employees are covered by workers compensation. The Federal Employees' Compensation Act, as amended (Chapter 81, Title 5, of the U.S. Code), authorized workers' compensation benefits for federal employees with job-related injuries or diseases. Before receiving workers compensation benefits, employees who suffer traumatic injuries would continue to receive their salary for up to 45 days while their claims for compensation benefits are being processed. Workers compensation benefits include payments for medical services required as a result of the injury or disease, assistance in obtaining employment and vocational rehabilitation, compensation for loss of wages, schedule awards (awards for specific periods of time) for permanent physical impairments to body members identified in the statutes, and payments to survivors of employees whose deaths were job related. Injured employees' compensation for loss of wages is computed at either 66-2/3 percent of the claimant's preinjury pay for total disability; or, in cases of partial disability, 66-2/3 percent of the difference between the claimant's pay and wage earning capacity. Compensation benefits increase to three-fourths if the injured employee has one or more dependents.

#### SEVERANCE PAY

Severance pay has traditionally been paid by employers to employees who are terminated through no fault of their own to recognize their service, and as a measure of compensation for

the loss of their jobs and disruption of their lives. It is also provided to help in the transition to a new career.

The Federal Employees' Salary Act of 1965 (Public Law 89-301) was the first legislation to provide severance pay to most federal civilian employees. Severance pay for federal civilian employees is based on salary, age, and years of service. There is a lifetime 52-week limit on the number of weeks an employee can ever be entitled to severance pay.

Federal employees are entitled to severance pay if they

--have been employed continuously for at least 12 months before separation, and

--are involuntarily separated through no fault of their own.

FOREST SERVICE  
AVERAGE NUMBER OF EMPLOYEES  
BY TYPE OF APPOINTMENT AND  
TOUR OF DUTY  
FISCAL YEAR 1983<sup>1</sup>

	<u>Monthly average number of employees</u>
<u>Permanent appointments</u>	
Full-time	30,759
Part-time	750
Intermittent	3,081
<u>Temporary and indefinite appointments</u>	
Full-time	6,683
Part-time	538
Intermittent	1,595
<b>Total average number of employees</b>	<b>43,405</b>

<sup>1</sup>This data was taken from statistical data the Forest Service reported to OPM. According to a Forest Service personnel staff member, permanent intermittents are permanent seasonal employees; and temporary intermittents include tree nursery workers, tree planters, etc., performing work with unpredictable schedules for short durations.

FOREST SERVICE, NORTHERN REGION,  
AVERAGE NUMBER OF EMPLOYEES  
BY TYPE OF APPOINTMENT AND  
TOUR OF DUTY  
FISCAL YEAR 1983<sup>1</sup>

	<u>Monthly average number of employees</u>
<u>Permanent appointments</u>	
Full-time	2,972
Part-time	58
Intermittent	649
<u>Temporary and indefinite appointments</u>	
Full-time	806
Part-time	37
Intermittent	287
Total average number of employees	4,809

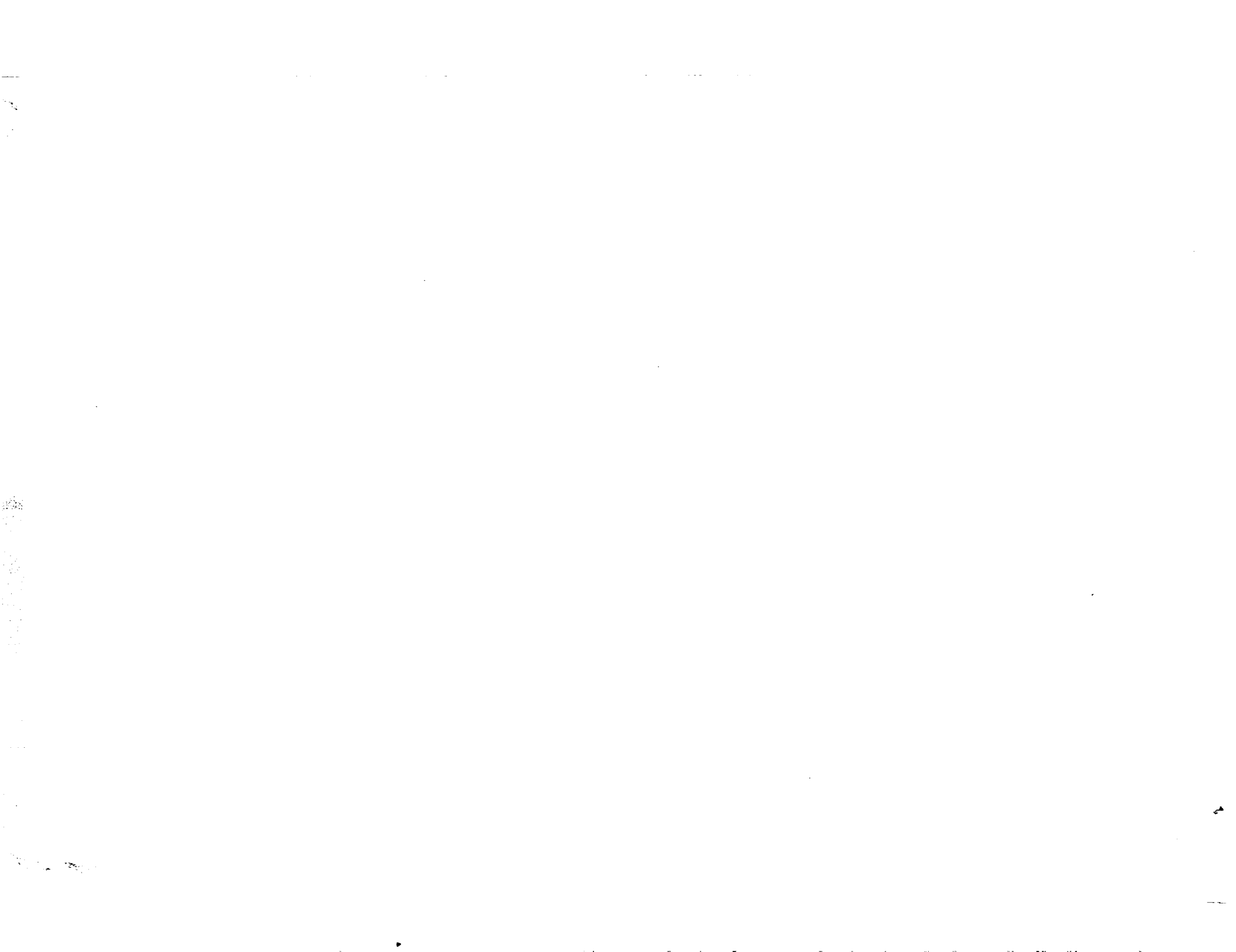
<sup>1</sup>See footnote on page 21.

SCHEDULE SHOWING THE FOREST SERVICE'S NORTHERN REGION TEMPORARY EMPLOYEES WHO WORKED MORE THAN ONE WORK-PERIOD AND AVERAGE TIME BETWEEN WORKPERIODS, BY NUMBER OF WORKPERIODS, AND AVERAGE LENGTH OF WORKPERIODS <sup>1</sup>

Average length of workperiods (months)	Number of workperiods											Total number of employees	Percentage of employees	
	2	3	4	5	6	7	8	9	10	11	12			
Less than 6														
Number of people	186	200	157	146	100	68	47	35	17	9	4		967	64.0
Average time between workperiods (months)	10.8	10.9	9.6	8.6	8.0	8.1	7.7	6.9	5.6	5.2	4.2			
6 to less than 7														
Number of people	15	31	29	30	33	27	26	12	7	2	2		214	14.1
Average time between workperiods (months)	9.8	6.8	6.2	6.3	5.8	6.0	5.5	5.4	4.3	2.8	2.6			
7 to less than 8														
Number of people	6	11	39	20	15	7	8	17	10	2	-		135	9.0
Average time between workperiods (months)	6.0	6.8	3.2	4.9	5.3	5.4	6.8	4.4	3.5	2.4	-			
8 to less than 9														
Number of people	8	3	11	19	12	3	7	3	1	-	-		67	4.4
Average time between workperiods (months)	5.2	7.6	8.8	2.7	3.2	4.9	3.2	2.8	2.7	-	-			
9 to less than 10														
Number of people	31	16	11	13	14	3	1	1	-	-	-		90	6.0
Average time between workperiods (months)	4.3	2.0	2.1	3.0	2.5	3.2	3.0	2.4	-	-	-			
10 to less than 11														
Number of people	3	4	8	7	3	-	-	-	-	-	-		25	1.7
Average time between workperiods (months)	4.1	4.6	2.6	2.0	2.0	-	-	-	-	-	-			
11 to less than 12														
Number of people	-	1	-	-	1	-	-	-	-	-	-		2	0.1
Average time between workperiods (months)	-	28.4	-	-	5.5	-	-	-	-	-	-			
Greater than 12														
Number of people	7	3	2	1	1	-	-	1	-	-	-		15	1.0
Average time between workperiods (months)	15.5	4.9	3.4	3.0	3.5	-	-	15.0	-	-	-			
Total number of people	<u>254</u>	<u>269</u>	<u>257</u>	<u>236</u>	<u>179</u>	<u>108</u>	<u>89</u>	<u>69</u>	<u>35</u>	<u>13</u>	<u>6</u>		<u>1515</u>	<u>100.0</u> <sup>2</sup>
Percent of people	16.8	17.8	17.0	15.6	11.8	7.1	5.9	4.6	2.3	0.9	0.4			100.0

<sup>1</sup>The data concerning the average length of time worked and not worked could be influenced by extremes. For example, the above data shows that 4 employees worked 12 workperiods of an average of less than 6 months each. A detailed analysis of the length of each workperiod for one of these employees showed that the average length of the 12 workperiods was about 4.5 months. Included in the average were 7 workperiods of 1 to 4 months each during 1975-1977, and 5 workperiods of 5 to 9 months each during 1978-1983. If the 7 early workperiods were excluded, the average length of the remaining 5 workperiods would be about 7.0 months. Similarly, as shown above, one employee worked 9 workperiods of an average of 12 months or more. A detailed analysis of the length of each workperiod showed that 6 workperiods were less than 6 months whereas the length of the 3 remaining workperiods was about 1, 4, and 7 years respectively. Excluding the latter three workperiods, average length of the remaining 6 workperiods would be about 2.1 months.

<sup>2</sup>Does not add due to rounding.







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