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United States General Accounting Office

**GAO**

Report to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives

February 1986

# REPORT ON OPM

## GAO's Annual Report on Activities of OPM, Fiscal Year 1985



129073

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United States  
General Accounting Office  
Washington, D.C. 20548

Office of the Comptroller General  
B-204941

February 13, 1986

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

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. 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 requirement, 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 Title I of the act. To fulfill the requirement for fiscal year 1985, appended to this letter are lists and brief descriptions of (1) the reports we issued in fiscal year 1985 on activities of the Office of Personnel Management and (2) work in progress as of September 30, 1985, on civilian personnel matters.

We are sending copies of this report to the Directors of the Office of Management and Budget and the Office of Personnel Management; the Chairman, Merit Systems Protection Board; the Special Counsel, Office of the Special Counsel; the Acting Chairman, Federal Labor Relations

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Authority; the Chairman, Federal Service Impasses Panel; and the Director, Federal Mediation and Conciliation Service.

*Charles A. Bowser*

Comptroller General  
of the United States



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# List of Fiscal Year 1985 GAO Reports On Activities of OPM

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**Appointments to Professional and Administrative Career Positions (GAO/GGD-85-18, Dec. 10, 1984)**

This report, requested by the Chairwoman, Subcommittee on Civil Service, House Committee on Post Office and Civil Service, provides information about appointments made to entry level professional and administrative career (PAC) positions before and after the abolishment of the Professional and Administrative Career Examination (PACE). The PACE, a written examination, was used to examine applicants for 120 different occupations. The PACE was abolished in August 1982 as a result of a consent decree negotiated in the case of Luevano v. Devine. The objective of the consent decree was to eliminate adverse impact in the hiring of blacks and hispanics to positions filled through PACE. The Office of Personnel Management (OPM) had not developed examination alternatives for those PAC positions previously covered by PACE.

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**Options for Conducting a Pay Equity Study of Federal Pay and Classification Systems (GAO/GGD-85-37, Mar. 1, 1985)**

As requested by selected Chairpersons and Members of Congress, this report discusses ways to determine why female federal employees earn less than male federal employees. Two general approaches are discussed—economic analysis and job content. Economic analysis attempts to measure and explain existing wage differentials between men and women using characteristics of individuals, occupations, and the workplace. Such an analysis could indicate the extent to which factors such as education, work experience, and occupation account for wage differences by sex in the federal government. The job content approach focuses on the characteristics of jobs in seeking to identify wage disparities. A job content study could provide a measure of the value of various federal jobs to the government and a corresponding comparison of the present grades or salaries for those jobs.

GAO believes that each approach has merit. In GAO's view, the most comprehensive and effective means through which to conduct a pay equity study at the federal level would be to include both approaches.

The report points out that a steering committee may be needed to plan and provide further directions for such a study.

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**Information on the Administration's Program to Reduce Grade 11-15 Positions (GAO/GGD-85-48, Mar. 28, 1985)**

At the request of the Chairman, House Committee on Post Office and Civil Service, GAO provided information on justification for OPM's and the Office of Management and Budget's program to reduce the number of grade 11-15 positions in the federal General Schedule and General Merit pay systems. This program was established to reduce approximately 40,000 of these positions over a 4-year period beginning in fiscal year

1985. According to OPM, the program objectives were to save approximately \$1.7 billion during the 4-year period and improve position management in the federal government.

GAO agreed that position management should be improved, whenever possible, but was not convinced that the studies cited provided a sound basis for initiating a governmentwide program to reduce 40,000 grade 11-15 positions.

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**Compensation and Staffing  
Levels of the FAA Police  
Force at Washington  
National and Washington  
Dulles International  
Airports (GAO/GGD-85-24,  
May 17, 1985)**

GAO was requested by four House Committee and Subcommittee Chairpersons to evaluate compensation and staffing levels of the Federal Aviation Administration (FAA) police force at National and Dulles airports and to determine if lower pay for FAA police was contributing to the airports' recruitment and retention problems. GAO found that

- FAA police officers were paid less than most other federal and nonfederal police officers in the Washington metropolitan area, which was contributing to FAA's recruitment and retention problems, and
- the airports' authorized staffing levels appeared reasonable compared to 10 other similar airports; however, on-board staffing was 25 percent less than authorized.

GAO reported that the police staffing problems at National and Dulles airports need to be resolved as part of an overall assessment of compensation issues covering all federal police forces. The report made a recommendation that the OPM Director report to the Congress on what administrative or legislative actions were needed to resolve these problems.

The Department of Transportation agreed with GAO's conclusions and urged that action on GAO's recommendation be expedited. OPM did not specifically address GAO's recommendation. It stated its opinion that the higher salaries paid to police forces whose duties and responsibilities are comparable to FAA police reflect an overpayment of other groups rather than an underpayment of the FAA police.

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**Benefit Practices for  
Permanent and Temporary  
Federal Employees (GAO/  
GGD-85-54, June 10, 1985)**

GAO was requested by a Member of Congress to provide information on benefit practices for permanent and temporary federal employees. 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.

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

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**Alternative Work Schedules  
for Federal Employees  
(GAO/GGD-85-63, July 19,  
1985)**

Participants in the federal government's alternative work schedule program are not restricted to working a standard 5-day, 40-hour workweek. A flexible work schedule allows an employee to vary (within a 40-hour workweek and constraints set by the agency) the time he or she reports for duty and departs from work. A compressed work schedule is one which compresses the 40-hour workweek into less than 5 days or, alternatively, the 80-hour biweekly pay period into less than 10 working days. A third type of schedule, maxiflex, incorporates features of both flexible and compressed schedules.

This report to the Chair, Task Force on Economic Security, House Select Committee on Children, Youth and Families provides information on a random sample of federal employee and agency management views of alternative work schedules in the federal government. The information showed that, generally, both groups believed alternative work schedules have had positive results.

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**Reduction in Force Can  
Sometimes Be More Costly  
to Agencies Than Attrition  
and Furlough (GAO/PEMD-  
85-6, July 24, 1985)**

In this report to the Director, Office of Management and Budget, GAO examined eight 1982 reductions in force (RIFs) in eight federal agencies. Overall, GAO found that agencies often resort to RIF as a means of reducing costs, although RIFs can cost more than they save. When RIF costs exceed savings, attrition is the more cost-effective strategy for reducing the size of the work force. Further, when RIF budgetary savings are small, furlough coupled with attrition may be an effective alternative for avoiding budgetary deficits.

GAO reported that more thoroughly assessing the savings and costs prior to a RIF, in comparison to savings and costs for attrition and furlough,



would provide a stronger basis for choosing alternatives when staffing or budgetary reductions are required.

All the agencies reviewed agreed that attrition may be more cost-effective than a RIF in some cases, but several emphasized that there are some situations in which a RIF is the only reasonable alternative. OPM suggested that a RIF may be the only practical solution for reducing work loads and eliminating job functions. GAO agreed that RIFs are essential in some circumstances but believed that attrition may be feasible and more cost-effective in others and concluded that a cost-effectiveness analysis of alternatives is necessary in almost all situations.

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**Fiscal Management of the  
Combined Federal  
Campaign (GAO/GGD-85-  
69, July 29, 1985)**

The Combined Federal Campaign (CFC), the government's annual charity drive, raises millions of dollars in employee contributions. OPM has overall responsibility for managing the charity drive. In 1984, over 500 separate local campaigns served different geographic areas where federal personnel live and work.

At the request of the Chairman, House Committee on Government Operations, GAO reviewed the fiscal management of campaign contributions in 20 locations throughout the country that accounted for 38 percent of all CFC contributions received in 1984 and found that

- at least 97.6 percent of all contributions at 16 of the campaigns were recorded and distributed in accordance with OPM regulations (4 campaigns were not included in this analysis);
- in the absence of an OPM regulation requiring them to do so, 7 campaigns did not contact donors for clarifying instructions on improperly completed pledge cards, which resulted in thousands of donations being distributed to the wrong charities; and
- 3 campaigns made no effort to reduce their net fund-raising costs by depositing idle campaign funds in interest-bearing bank accounts.

The report recommended actions that OPM should take to strengthen campaign follow-up procedures regarding improperly completed pledge cards and to earn interest on idle campaign funds. OPM agreed with the recommendations and issued a memorandum to local federal coordinating committees outlining the actions to be taken to comply with the recommendations.

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**Comparison of Federal and Private Sector Pay and Benefits (GAO/GGD-85-72, Sep. 4, 1985)**

In response to the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, this report provides comparative information on pay, retirement benefits, health and life insurance, annual and sick leave, and holidays in the federal and private sectors.

Compensation programs in the two sectors consist of many elements that must be considered overall if meaningful conclusions on the comparability of compensation levels are to be made. Information GAO analyzed showed that some elements of the federal compensation program are superior but, overall, federal pay and benefits lag behind the private sector.

GAO proposed that, in considering future changes and adjustments to elements of the federal compensation program, Congress may wish to make such decisions from the perspective of their effect on overall compensation levels.

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**Information on the Downgrading of Bureau of Prisons' Wage Supervisor Positions (GAO/GGD-85-87, Sep. 30, 1985)**

This report, requested by the Chairman, House Committee on Post Office and Civil Service, provides information on the Federal Bureau of Prisons' reclassification of its wage supervisor positions. The information shows that the appeals process concerning the reclassification of positions was being conducted in accordance with established policy and procedures and that OPM has gone beyond what its regulations require to help ensure that its regional offices are adjudicating the appealed cases on a consistent basis.

# Work in Progress As of September 30, 1985, Relating to Civilian Personnel Matters

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## Alternate SES Structures

To analyze proposals to alter the structure of the Senior Executive Service (SES). The study is examining three alternatives: (1) remove political appointees from the SES, (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. This assignment was requested by the Chairwoman, Subcommittee on Civil Service, House Committee on Post Office and Civil Service.

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## SES Candidate Development Program

To develop information on the SES Candidate Development Program (CDP) with respect to the following issues: (1) number of candidates selected to CDP, certified for SES, and appointed to SES; (2) agencies' selection procedures; (3) reasons why certified candidates have not entered SES; and (4) comparison of CDP with private sector executive development activities. An overall objective is to determine whether agencies think CDP should be abolished or improved. This study will encompass all federal executive agencies. This assignment was requested by the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs.

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## Federal Permanent Part-time Work Program

To develop information concerning the use of part-time permanent employees in the federal government. Audit work will involve discussing the part-time employment program with selected agency officials and accumulating statistical data concerning the trend in the use of part-time employees. This assignment was requested by the Chair, Task Force on Economic Security, House Select Committee on Children, Youth and Families.

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## OPM's Personnel Management Evaluation Program

To review the new methodology now used by the Office of Personnel Management (OPM) to conduct federal agency personnel management evaluations. The review will assess the effectiveness of the new evaluation approach in meeting OPM's regulatory responsibilities. This assignment was requested by the Chairman, House Committee on Post Office and Civil Service.

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## Federal Employees Group Life Insurance Program

To evaluate the Federal Employees Group Life Insurance (FEGLI) program by (1) determining whether premium reductions could be made, (2) comparing the program to other life insurance programs, (3) analyzing FEGLI participation, and (4) identifying any needed reforms to the program. The study will examine how FEGLI premiums are set, compare

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FEGLI benefits to private sector employee benefits, and illustrate the cost of other types of life insurance federal employees could purchase. This assignment was requested by 29 Members of Congress.

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**Health Benefits for  
Temporary Employees**

To determine whether there is a need to provide health insurance benefits to temporary federal employees. The review will include obtaining information on private sector practices and the views of agency officials on the need for this benefit. This assignment was requested by the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs.

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**Providing Dependent Care  
to Federal Employees**

To examine various options under which the government might provide dependent care assistance to federal employees. The review will (1) summarize reported private sector employers' cost and benefits of providing dependent care, (2) compare and contrast the advantages and disadvantages of dependent care options, and (3) describe the federal government's current involvement with providing dependent care to its employees. This assignment was requested by the Chairman, House Committee on Post Office and Civil Service and the Chairman, Senate Committee on Governmental Affairs.

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**OPM's Revolving Fund**

To assess OPM's management of the revolving fund. The review will focus on the Office of Training and Development's efforts to reduce its 1982 retained earnings surplus. The review will also cover the budget preparation process and other fund management activities. This assignment is being performed in compliance with Public Law 91-189 which requires the Comptroller General to report to the House Post Office and Civil Service and Senate Governmental Affairs Committees on activities financed by the revolving fund.

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**Program to Reduce Grade  
11-15 Positions**

To assess the progress of the administration's program for reducing what it determined to be an excessive number of grade 11-15 positions. The review will address how selected agencies are implementing the program. This assignment was requested by the Chairman, House Committee on Post Office and Civil Service.

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Performance Appraisal  
Distribution Patterns

To obtain and present recent performance appraisal information from selected federal agencies. The information, which covers General Schedule employees in grades 1 through 15 and merit pay employees in grades 13 through 15, is categorized by race/national origin and gender. This information will be obtained for employees in three Department of Commerce agencies and the National Aeronautics and Space Administration. This assignment was requested by four Members of Congress.

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Performance Appraisals for  
Wage System Employees

To determine the efficiency and effectiveness of performance appraisal processes covering Federal Wage System (blue collar) employees. The work will examine in selected agencies (1) how well appraisal processes function for blue collar employees, (2) what strengths and weaknesses are evident in the processes, and (3) whether improvements could be made to these processes and have potential to be applied to other federal employee appraisal systems. This assignment is being performed pursuant to the Civil Service Reform Act of 1978.

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Implementation of  
Legislative Changes to  
Merit Pay System

To examine how selected agencies are implementing and administering the recent legislative changes to the government's merit pay system—now known as the Performance Management and Recognition System (PMRS). The study will assess whether (1) benefits have been realized as a result of these changes, (2) problems are occurring under PMRS, (3) improvements could be made to alleviate any adverse effects of the legislative changes, and (4) PMRS is fulfilling its goals. This assignment was requested by the Chairman, House Committee on Post Office and Civil Service.

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Temporary Appointment  
Authority

To develop information on agencies' implementation of new temporary appointment authority and to assess OPM's management controls for monitoring agencies' use of temporary employees. The work will (1) examine OPM's and agencies' policy guidance and plans for implementing and monitoring the new authority; (2) review statistical data obtained from OPM's Central Personnel Data File to assess use of temporaries by agency, grade level, and occupation; and (3) determine the merits and drawbacks of the hiring policy through discussions with OPM and selected agency and union officials. This assignment was requested by the Chairman, House Committee on Post Office and Civil Service.

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**Civil Service Retirement  
System's Financial  
Statements**

To render an opinion on the September 30, 1984, financial statements by evaluating the system of internal controls using the control and risk evaluation (CARE) auditing methodology. Internal controls will be selectively tested and account balances will be verified to determine if the financial statements are fairly presented in accordance with generally accepted accounting principles on a consistent basis with that of the preceding year. The examination is made pursuant to 31 U.S.C. 9503 which provides for the Comptroller General to audit federal government pension plans.

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**Civil Service Retirement  
System Claims Processing**

To determine (1) if the processing of claims and related correspondence in the civil service retirement system could be streamlined and (2) the extent to which the retirement fund was losing money because OPM delays processing applications from people who owe money to the fund. The assignment was requested by a Member of Congress and the Ranking Minority Member, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs.

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**Federal Employees Health  
Benefits Program (FEHBP)  
Reserves, Open Season  
Practices and Associate  
Membership Dues**

To (1) develop information on the trends in FEHBP reserve levels and options for disposing of excess reserves, (2) evaluate options for and implications of annual open seasons, and (3) evaluate the appropriateness of charging associate membership dues. This assignment was requested by the Chairman, House Committee on Post Office and Civil Service.

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**Comparing Federal Health  
Benefits to the Private  
Sector**

To develop benefit information on the FEHBP and compare this with information on health benefits generally offered by private employers. This assignment was requested by the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs.

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**Civil Service Retirement  
Benefits**

To determine whether the retirement benefits received by federal employees, who may work various combinations of full-time and part-time schedules, are in proportion to the total time worked. The review will examine whether a change should be made to the current law. This assignment was requested by a Member of Congress.

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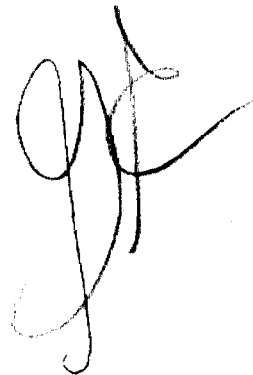
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