

GAO

Report to the Chairman, Committee on
Post Office and Civil Service, House of
Representatives

February 1989

FEDERAL
WORKFORCE

Temporary
Appointments and
Extensions in Selected
Federal Agencies



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February 23, 1989

The Honorable William D. Ford
Chairman, Committee on Post Office
and Civil Service
House of Representatives

Dear Mr. Chairman:

This report responds to your request that we review the implementation of the authority delegated to agencies by the Office of Personnel Management (OPM) in January 1985 permitting agencies to expand their hiring and extension of temporary employees without prior OPM approval. As agreed, we are doing our work in phases. In the first phase, we obtained agency and union perceptions of the expanded authority, developed information on the extent to which agencies were employing temporary workers, and identified OPM and agency plans for monitoring use of the authority. We reported the results of that work to you in July 1986 (Federal Workforce: New Authority to Make and Extend Temporary Appointments, GAO/GGD-86-111BR).

This report, on the second phase of our work, provides the results of our evaluation of 28 temporary appointments made in four judgmentally selected agencies—the Smithsonian Institution; the Indian Head, Maryland, Naval Ordnance Station in the Department of the Navy; and the Bureau of Labor Statistics and the Employment Standards Administration in the Department of Labor. It examines the appropriateness of the purposes for which the appointments and extensions were made and their compliance with administrative requirements. It also describes the agencies' and OPM's approaches to monitoring the authority and contains quantitative information on temporary appointments in the executive branch. Additionally, the report discusses OPM's proposed revised guidance on implementing the authority.

A third phase of our work on the temporary appointment authority is being covered under an ongoing nationwide review of certain delegated authorities. We are determining, in this broader study, how these authorities are monitored for compliance with federal laws, rules, and regulations, including merit system principles.

Results in Brief

Nineteen of the 28 appointments we reviewed appeared to have been appropriately made to fill a temporary need. Four appointments appeared to have been inappropriately made to fill a permanent need.

The records surrounding the remaining five temporary appointments neither clearly nor completely explained the particular circumstances, and we could not confidently determine whether the appointments were appropriate. These five cases involved circumstances in which funding for permanent positions may or may not have been certain at the time the temporary appointment was made. The delegated authority permits temporary appointments when funding is uncertain but, because of the uncertainty of the appointing circumstances and because the guidelines are broadly written, discerning whether an appointment is proper or improper is difficult.

Although administrative deficiencies differed among the agencies, at least 1 or more administrative deficiencies occurred in all 28 cases. Some were more critical than others in that practices found at the Naval Station and the two Labor agencies may indicate systemic problems that are contrary to the merit system principle concerning fairness in recruitment and selection. Others left no clear record of events and, as such, could deter effective monitoring of the authority's use.

Background

The January 1985 OPM delegated authority allowed agencies to make competitive temporary appointments of 1 year or less from their own registers at General Schedule grades GS-12 and below and to extend these appointments without OPM approval in increments of up to a year, for a total not to exceed 4 years. Agencies must continue to make all temporary appointments above GS-12 from registers maintained by OPM, and prior OPM approval is required for any temporary appointment extensions beyond a total of 4 years. Before 1985, the agencies' delegated temporary appointment authority was limited to positions at grades GS-7 and below, and OPM approval was required for extensions of more than 1 year. Additionally, the 1985 authority granted agencies broad discretion to use temporary appointments in any situations determined appropriate by the agencies.

As explained by OPM, the purpose of the authority is to help agencies avoid the needless use of a permanent appointment for work that is only temporary in nature. OPM described some examples that would indicate an appropriate need for a temporary employee. They are: uncertainty concerning future funding and workload levels for a program, impending reorganizations, and short-term projects that will not require permanent staffing. Although agencies are provided broad authority allowing them to use the temporary appointment authority in situations deemed

appropriate, the agencies may not use it to avoid other Federal Personnel Manual (FPM) requirements, such as competitive selection procedures, or to accomplish an action otherwise prohibited, such as circumventing employee ceiling restrictions. (See app. I for greater details of the requirements for making temporary appointments.)

Approach

Our report is based on the available documentation of personnel actions on 28 temporary appointments made at four agencies and interviews with responsible personnel and program officials. Because the documentation often did not describe the underlying need for or purpose of the appointments made, we had to rely on the statements of program officials to describe, long after the fact, the reason for using the temporary appointment authority. Appendix II contains detailed information on our objectives, scope, and methodology and describes the work done between January 1987 and January 1988 at OPM; the Smithsonian Institution; the Indian Head, Maryland, Naval Ordnance Station in the Department of the Navy; and the Bureau of Labor Statistics and the Employment Standards Administration in the Department of Labor.

Appropriateness of Appointments to Meet a Temporary Need

As shown in tables 1 through 3 of appendix III, our case examination showed 19 appointments that appeared to have been appropriately made to fill a temporary need. However, in four cases the appointments appeared inappropriately made to fill a permanent need, and in five cases the record was not clear enough to tell whether the temporary appointments were proper.

Four cases involved appointments for inappropriate purposes—one at the Smithsonian and three at the Naval Station. According to a Smithsonian program official's explanation of the appointment process, in one case the authority was used as a probationary period before the employee was appointed to a permanent position. Such use of the appointment authority is expressly prohibited by FPM Chapter 316. At the Naval Ordnance Station, an employee was appointed as a temporary laborer and consistently extended in the temporary position for a total of 4 years. Considering only the Station's initial temporary need for the employee and his length of service, the appointment appears appropriate. However, discussion with agency officials revealed that the Station's underlying purpose for the continued extensions of the appointment was improper—the employee was desirable for permanent employment, but he could not rank high enough on an OPM register to obtain a permanent position.

In two other Naval Station cases, the impropriety appeared more systemic in nature. The Naval Station used the authority to hire temporary guards, even though it had vacant permanent positions, to fill the continuing need for guard services. According to the security officer, this hiring method was routinely followed because it circumvented the longer time period required to obtain permanent applicants from OPM registers, and it helped the Station to maintain enough people to meet minimum security requirements. Had the Naval Station used the temporary authority to fill a permanent need on an infrequent or occasional basis to meet minimal security requirements, use of the authority may have been proper. However, because the Station routinely used the temporary appointment authority to fulfill the permanent need for guard services, continuous use of the hiring authority in this manner was inappropriate.

The history of the appointments on the remaining five cases was unclear, and we could not confidently determine whether a prohibited action occurred that would have rendered the appointment inappropriate. In all five cases, three at the Labor Department's Employment Standards Administration and two at the Smithsonian Institution, temporary employees were apparently used to meet a need created when a permanent position either could not be approved or could not be filled (when vacated) due to a hiring freeze or budgetary reductions. Because the record surrounding each appointment neither clearly nor completely described the appointments' particular circumstances, we cannot tell whether the two agencies may have improperly used the authority to circumvent employment ceiling restrictions.

Administrative Deficiencies Can Affect Merit System Principles

Administrative/procedural requirements for temporary appointments were frequently not met by all four agencies. Some of the administrative deficiencies were more critical than others because they tended to affect the merit system principle of fairness in recruitment and selection of employees. As shown below, deficiencies affecting the merit system principle can pertain to an individual case, such as that found at the Smithsonian, or may indicate systemic implications, such as those described at the Naval Station and the two Labor agencies.

- At the Smithsonian, a vacancy announcement improperly limited application for a temporary appointment to its own employees. Therefore, it did not meet the statutory requirement to properly advertise vacancies within the area of recruitment, in this case metropolitan Washington,

D.C. This apparent oversight was discussed with an agency official, who acknowledged that the advertisement was done incorrectly.

- In eight cases, the Naval Ordnance Station did not follow required competitive appointment procedures when employees were reappointed following a 1- or 2-day termination of service at the end of a fiscal year. This practice was used at the Station to comply with a Naval Sea Systems Command directive to all naval weapons stations to reduce year-end employment levels.
- The two Labor agencies did not have required written procedures to be used when filling positions from agency registers rather than OPM's. Additionally, by routinely advertising their vacant positions at only some of the OPM-specified metropolitan state employment offices within the recruitment area, the two agencies were not in full compliance with the statutory and OPM requirement to advertise vacancies within the area of recruitment. An official at one Labor agency cited lack of knowledge of the requirement. An official at the other Labor agency believed that given his agency's limited use of the authority, the time required to notify all of the employment offices would not be justified.

In the above situations, failure to properly apply competitive appointment procedures as well as failure to advertise positions at state job service offices in the recruitment area could result in violation of the merit system principle that requires recruitment "from appropriate sources and an endeavor to achieve a workforce from all segments of society" and the selection of applicants after fair and open competition.

Administrative Deficiencies Can Deter Effective Monitoring

Administrative deficiencies can often impede agencies' or OPM's ability to effectively monitor use of the temporary hiring authority. For example, as shown in table 1, we found that 18 cases contained no documentation of reasons for making temporary appointments, and in 14 cases the wrong codes were used to identify the nature of the personnel actions. Administrative deficiencies such as these result in an incomplete or inaccurate record of activity needed for subsequent OPM or agency personnel management evaluations.

Table 1: Administrative Deficiencies Found in 28 Sampled Cases

Deficiency	Number of cases	As percentage of all cases
No date on the personnel action form (Standard Form (SF)-50) showing when the temporary employment conditions were explained to the employee	19	68
No justification for appointment or extension documented on the SF-50	18	64
Wrong nature of action code shown on the SF-50	14	50
Application accepted after the closing date of the job announcement	1	4
No documentation showing agency pre-hiring evaluation of candidate	2	7
Receipt date by the employing agency not shown on the application	12	43
Job announcement lacked sufficient information ^a	23	82

^aExamples include lack of information on how to obtain forms or an agency contact.

Lack of sufficient documentation is further compounded when a reason is provided on the personnel form SF-50 as required, but the stated reason does not clearly say why the appointment was temporary rather than permanent. Of the four agencies, only the Naval Station's SF-50 forms had comments concerning their temporary appointments. However, most of the comments were general in that they contained remarks pertaining to work descriptions and staff allocations, but not the reason why a temporary appointment was needed. Additionally, incorrect action codes distort the information maintained and used by OPM to monitor agencies' use of the hiring authority. Erroneous use of the codes by three agencies reviewed caused an under-representation of each agency's number of temporary appointment extensions. Some agency officials indicated misinterpretation of FPM guidance or lack of knowledge that related guidance existed as reasons for not following required procedures regarding personnel action codes and reasons for appointments.

Further Clarification of OPM Guidance May Be Needed

The authority's broad provisions contribute to misapplication and misinterpretation of the hiring policy. OPM has recognized the need for clarifying guidance. In August 1988, it sent to agency personnel directors for comment proposed revisions to FPM Chapter 316 that are designed to provide clearer guidance on temporary employment. The proposed guidance now provides two examples of inappropriate use of temporaries in addition to examples of appropriate use, better describes documentation

requirements for appointments and extensions, provides a clearer definition of the 4-year service limitation, and consolidates that guidance in one primary document.

However, OPM's proposed guidance does not eliminate difficulty in discerning proper or improper use of the hiring authority when temporary appointments are made on the basis of funding uncertainties. This is because the proposed guidance remains so broad that, in our view, the appropriateness of the appointment action based on funding problems cannot be reasonably determined.

Further, OPM's proposed guidance does not address the degree of agency and OPM monitoring that should be done for temporary appointments. As discussed in the following section, this monitoring has been limited.

Agency and OPM Monitoring of the Appointment Authority

Monitoring of the temporary appointment authority to examine the appropriateness of the purposes for which the appointments and extensions were made and their compliance with legal, regulatory, and administrative requirements has varied among the four agencies. The Navy Department showed that it had reviewed temporary appointments as part of its internal personnel management evaluation (PME) program since 1981. It reported doing 95 PMEs during 1985 and 1986. We did not review the scope of these PMEs and, therefore, do not know to what extent they all cover use of temporary employees. However, from summary data on the reviews, we noted that Navy found in three on-site reviews instances where temporary employees were inappropriately used in permanent positions. In nine such reviews, Navy found that improper procedures were followed in making or extending temporary appointments.

According to additional information provided in its comments on this report, the Labor Department monitors the appointment authority through its regulatory reviews. These reviews cover examinations of personnel records and files to determine whether requirements and procedures are followed when Labor effects personnel actions. The Smithsonian Institution had not reviewed its use of the appointment authority. A Smithsonian official cited the newness of the expanded authority as the reason for not including the authority in its PME reviews.

Until December 1988, OPM had no regular monitoring procedures or planned schedule of reviews specifically targeted for examining the

appropriateness of the purposes for which the temporary appointment authority was used or its compliance with legal, regulatory, and administrative requirements. Instead, according to officials, OPM reviewed the authority's use by monitoring quantitative data on temporary hires, by doing a special study of agency use at 22 installations in the Atlanta Region, and through such established mechanisms as annual audits of delegated examining authorities and PMES.

The special study done by OPM's Atlanta Region reported on four objectives, including the extent to which actions taken under the authority were in compliance with legal, regulatory, and administrative requirements.¹ The special study concluded that the expanded temporary appointment authority

- is contributing significantly to the achievement of agency mission, although managers want more authority and flexibility;
- has aided in the recruitment of temporary employees, but retention remains a problem;
- has helped to reduce unnecessary recruitment activities and costs resulting in overall resource savings for agencies; and
- is not being used to subvert merit principles.

The study further concluded that agencies reviewed complied with established laws, rules, and regulations governing temporary appointments; however, certain unmet documentation requirements were identified similar to those we also identified. For example, the special study and our review both identified noncompliance with OPM instructions for documenting on the SF-50 reasons for temporary appointments, employee notifications of conditions of temporary employment, and coding of extensions beyond the first term.

We did not examine the documentation supporting the special study's findings. We did note, however, that the report also identified three serious problems, including one where an installation was not meeting the statutory and OPM requirements to properly advertise vacancies within the recruitment area, which we believe could violate the merit system principle concerning fairness in recruitment and selection. In addition, we noted that an appendix to the report shows the reason cited most often by managers at the installations reviewed for using the temporary

¹The compliance review at the 22 installations included an on-site records review of 57 job announcements and certificates, 73 official personnel folders of selectees, 60 extension actions, and 2 files involving "objections of preference eligibles."

appointment authority and the largest benefit cited was to supplement the permanent workforce due to ceiling limitations or ceiling cuts. As discussed on pages 4 and 7, we believe this appears to be a questionable use of the appointment authority.

Regarding OPM's monitoring through annual audits of delegated examining authorities and PMES, these two programs may have covered the temporary hiring authority, but neither specifically targeted the authority for review. While some problems pertaining to the authority may surface during a PME,² personnel managers interviewed for our November 1987 report on the PME program³ indicated that OPM's PMES may not be effective. Of nine personnel managers from different agencies queried for that report, seven believed (1) OPM's PME approach was insufficient to make meaningful assessments of program conditions, and (2) OPM's ability to ensure agency compliance with laws and regulations had decreased.

On December 5, 1988, OPM published plans to examine the use of temporary appointments as one area of personnel actions that it will review at selected installations during fiscal year 1989. This effort is part of OPM's fiscal year 1989 governmentwide PME reviews that cover eight issues, including agency compliance with legal, regulatory, and OPM requirements in using certain personnel authorities. OPM officials said they revised their PME approach to broaden and add more structure to it as a result of concerns expressed internally as well as by various external groups, including Congress and GAO.

Quantitative Information on Temporary Appointments

To assess temporary employment activity before and after the January 1985 authority, we requested OPM to periodically provide us various data on the number and nature of temporary appointments made in executive branch agencies.

As shown in appendix IV, the percentage of temporary employees increased in 1985 after the authority became effective but declined in 1986. However, on the basis of 1987 data, temporary employment levels were again on the rise.

²During the period 1984 through 1988, the basic component of OPM's PME program was a 1- or 2-day visit to an agency installation, generally by one OPM evaluator. These visits were made on a 5-year cycle.

³Federal Workforce: OPM's Approach for Conducting Personnel Management Evaluations (GAO/ GGD-88-11, Nov. 4, 1987).

Appendix V shows that for white-collar temporary employment in 1985, the hiring rate for grades 8 through 12 increased to 7.5 percent. This was a 2.2 percent increase over the 1984 5.3 percent rate. In calendar years 1986 and 1987, temporary hiring at these grade levels continued to increase, but by a smaller rate. The appendix also shows that the rate of white-collar temporary appointments from agency registers (permitted by the delegated hiring authority at GS-12 and below) increased consistently from 1983 through 1986. However, compared to the previous 4 years, the 1987 hiring rate from agency registers showed a decline.

As shown in appendix VI, similar to white-collar appointments, the rate of blue-collar hires from agency registers showed a small, but consistent, increase from 1983 through 1986 followed by a decline for 1987.

Conclusions

From our review of the 28 temporary appointments, we found instances where the delegated hiring authority was inappropriately used and where administrative errors may have adversely affected implementation of the merit system principle of fair and open competition. Also, we found that oversight of the delegated authority was limited. We realize that the small number of cases reviewed makes it impossible to make broad, governmentwide recommendations to correct what we found or to make generalizations about the four agencies we reviewed. But that information, along with two other reports we have issued, does suggest that OPM's guidelines would be improved if more specific guidance was provided and if oversight of the use of the delegated authority was emphasized. OPM's December 1988 revised monitoring approach should put it in a better position to determine how well agencies are implementing their temporary appointment authority.

Agency Views and Our Evaluation

We discussed our findings with responsible officials of the Smithsonian Institution; the Indian Head, Maryland, Naval Ordnance Station in the Department of the Navy; the Bureau of Labor Statistics and the Employment Standards Administration in the Department of Labor; and OPM. Officials at the Smithsonian Institution, the two Labor agencies, and the Naval Ordnance Station indicated that overall, the report's contents were factual and they generally agreed with the information provided. On the basis of comments and additional documentation provided by a Labor Department official, we modified the report to show that Labor does some oversight of the temporary hiring authority.

OPM officials expressed concern that our conclusions were affected by the limited number of agencies and cases in our review and the newness of the hiring authority during our review. They said the Atlanta Regional Office study of the use of the temporary appointment authority did not identify serious, widespread problems, and they were not aware of serious, widespread problems elsewhere.

Further, OPM officials said they were still analyzing agency comments on proposed revisions to its guidance on the use of the temporary authority and had not yet decided what changes will be made. However, they believe that their broader and more structured examinations will provide a good assessment of agencies' use of the temporary appointment authority.

As previously mentioned, our review was too limited to make broad conclusions or generalizations on agencies' use of the delegated temporary hiring authority. However, our review did identify ambiguities in OPM's guidance and limitations in its monitoring that may have increased the potential for inappropriate use of the temporary hiring authority to occur and to go undetected. We expect to be in a better position to more fully address this issue after we complete the third phase of our work, which is now underway, and as the results of OPM's revised monitoring efforts become available.

As arranged with the Committee, unless you publicly announce its contents earlier, we plan no further distribution of this report until 5 days from its issue date. At that time, we will provide copies of this report to OPM, to the agencies where we did our work, and to others upon request. The major contributors to this report are listed in appendix VII.

Sincerely yours,



Bernard L. Ungar
Associate Director

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<p>Appendix VII Major Contributors to This Report</p>	<p>General Government Division, Washington, D.C. 28 Office of the General Counsel, Washington, D.C. 28</p>
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Abbreviations

FPM	Federal Personnel Manual
GS	General Schedule
NOAC	Nature of action code
OPM	Office of Personnel Management
PME	Personnel Management Evaluation
SF	Standard Form

Requirements for Making Temporary Appointments

OPM is responsible for establishing policies and guidelines on hiring federal employees.

With few exceptions, competitive service appointments, whether temporary or permanent, are to be made from registers of qualified applicants who have been evaluated by OPM and ranked on the basis of their ratings. Agencies may make appointments outside OPM registers only when insufficient eligibles are available from the OPM registers or OPM has delegated specific authority to the agencies to make appointments from agency-established registers.

In January 1985, OPM delegated to agencies authority to make temporary appointments for 1 year or less from agency registers at grades GS-12 and below and to make extensions to these appointments in increments for up to 1 year for a total of up to 4 years. The authority permitted agencies to use temporary employees in situations they deemed appropriate. OPM suggested such situations could include, but were not limited to, the following:

- Agencies can fill any vacancies that occur in commercial activities being studied for possible contracting to the private sector under the Office of Management and Budget Circular A-76.
- Agencies can staff continuing positions when future funding and workload levels are uncertain or when it is anticipated that funding levels will be reduced or the activity will be reorganized.
- Agencies can fill permanent positions temporarily in order to save them for career or career-conditional employees expected to be displaced from other activities or organizations.

When making temporary appointments from their own registers, agencies must comply with the following FPM requirements:

- Appropriate state job service and OPM offices are notified of the job openings (this requirement is predicated upon a statutory provision found in 5 U.S.C. 3327 and 5 C.F.R. 330.102).
- The appointee meets the qualification standard for the position.
- The appointee comes within reach for selection through the agency's applicant supply file (a system by which the agencies accept, rate, and refer applications on a systematic basis and in accordance with OPM requirements).

While an agency is generally allowed to define the specifics of its applicant supply file system, OPM requires that an agency have an up-to-date

copy of the detailed procedures governing its system's operation. Also, OPM specifies the content of the job vacancy notice and the state job service and OPM offices that are to be notified.

To further ensure that appointments are properly made, OPM requires agencies to maintain records in each appointee's official personnel folder to show

- the qualification standards used,
- adequate evidence that the employee had the training and experience to meet the qualification standards at the time of appointment, and
- facts that establish the correctness of the appointment in all other respects.

The latter requirement covers several procedures, such as date-stamping applications to show when they are received and placing sufficient documentation in personnel files to show that the agency properly evaluated applicants.

In FPM Supplement 296-33, OPM requires agencies to document the conditions and reasons for temporary appointments when they use personnel nature of action codes 115 (initial appointments) and 515 (extensions/conversions). To ensure that appointees understand the conditions of temporary employment, OPM requires agencies to note on the SF-50 Notification of Personnel Action form the date that employment conditions were explained and the reason for the temporary appointment. Further, to ensure that the extensions of appointments are properly noted, OPM has instructed agencies to use personnel nature of action code 760 when they extend an appointment up to a year (requiring no explanation) and code 515 when they extend the appointment beyond a year.

Objectives, Scope, and Methodology

At the request of the Chairman, House Committee on Post Office and Civil Service, we reviewed implementation of the temporary hiring authority delegated to agencies by OPM in January 1985. We selected agencies for our case analysis from the nine organizations included in our July 1986 report (Federal Workforce: New Authority to Make and Extend Temporary Appointments, GAO/GGD-86-111BR). Our objectives were to determine whether the four judgmentally selected agencies adhered to OPM requirements for hiring temporary employees and to identify the status of OPM and the four agencies' efforts to oversee temporary appointments. We also updated quantitative information that we provided in our July 1986 report on temporary appointments of the federal workforce in executive agencies.

We worked at OPM and four agencies that reflect a cross-section of agencies within the Washington, D.C., metropolitan area that hire temporary employees: the Smithsonian Institution; the Indian Head, Maryland, Naval Ordnance Station in the Department of the Navy; and the Bureau of Labor Statistics and the Employment Standards Administration in the Department of Labor.¹ On the basis of the overall agency ratio of temporary appointments to total appointments, the selected agencies represented high (Smithsonian), medium (Navy), and low (Labor) users of temporary employees in the executive branch. We did our field work between January 1987 and January 1988. During our on-site visits, we reviewed all of the temporary appointments that the two Labor Department headquarters agencies had in their files (4 each), 10 of the 40 at the Naval Ordnance Station, and 10 of the 41 at the Smithsonian Institution.² This case review was not a scientific study, and its results cannot be generalized across the four agencies. Our work included determining policies and procedures required by OPM and the agencies for temporary appointments, interviewing agency personnel responsible for the appointments, and examining agency files to determine if the appointments and extensions were made for appropriate purposes and whether required procedures were followed to fill temporary needs.

Our primary goal in selecting cases of temporary hires for review was to examine 10 cases at each agency that were above the grade 7 level (i.e., those that were covered under the expanded grade provisions of the

¹In April 1988, we also reported on Federal Workforce: Use of Temporary Employees at Three Puget Sound Naval Installations (GAO/GGD-88-76).

²Looking at the organizations overall, during calendar year 1987 the Labor Department had 1,139 temporary appointments; the Department of the Navy had 20,667; and the Smithsonian Institution had 553.

January 1985 authority). Where this was not possible due to an insufficient number of cases, we judgmentally selected cases to reflect a diversity of grades and occupations. Given these criteria, we selected 28 cases subject to the temporary appointment authority. They included 21 white-collar positions, of which 8 were above GS-7, and 13 at grades GS-7 or below; and 7 blue-collar positions, ranging from wage grades 3 through 10.

To assist us in monitoring agency use of the temporary appointment authority, we periodically obtained data from OPM's Central Personnel Data File. Although we verified totals by source of appointments to total appointments made, we did not attempt to verify the accuracy of the information obtained from the data file. To assess use of the authority before and after its expanded provisions in January 1985, we obtained information for calendar years 1983 up through 1987, the latest data available. We did our review in accordance with generally accepted government auditing standards.

GAO Case Analysis of Purposes for Temporary Appointments and Extensions Cited by the Four Agencies

Table III.1: Temporary Appointments and Extensions at the Smithsonian Institution

Position title (Grade)	Contracting out ^a	Funding/workload uncertainties ^b	Saving permanent positions ^c	Other situations ^d	GAO assessment	Basis for GAO assessment
Library Technician (GS-5)				X	Appropriate	A permanent need was satisfied with a temporary employee pending the permanent employee's return to duty. No reason was cited on the SF-50. A memo in the file showed that a temporary was needed to fill in while a part-time employee completed educational requirements.
Education Specialist (GS-11)				X	Appropriate	A permanent need was satisfied with a temporary employee pending the permanent employee's return to duty. At the time of the appointment extension, a memo in the file showed that the temporary employee was being extended to allow the permanent employee to complete educational requirements. However, improper nature of action code (NOAC) 760 was cited, which does not require a reason on the SF-50.
Biological Technician (GS-9)				X	Appropriate	Short-term work that did not require permanent staffing. No reason cited on the SF-50. Per discussion with agency officials, the employee did project-type work financed by a special Environmental Research Fund Program.
Education Specialist (GS-7)				X	Appropriate	Short-term work that did not require permanent staffing. No reason cited on the SF-50. Per discussion with agency officials, employee worked on a project that was of a short-term experimental nature.
Education Specialist (GS-7)				X	Appropriate	Same as above.
Museum Technician (GS-7)				X	Appropriate	Short-term work that did not require permanent staffing. No reason cited on the SF-50. Per discussion with agency officials, the work done was for a time-limited project.
Computer Programmer (GS-7)				X	Appropriate	Due to recruitment difficulties, the agency hired a temporary employee to fill a continuing need but took action within a reasonable period of time to make the appointment permanent. No reason cited on the SF-50. According to a memo in the file and discussion with agency officials, the position was difficult to fill, and action was initiated within 3 months to make the appointment permanent.

(continued)

**Appendix III
GAO Case Analysis of Purposes for
Temporary Appointments and Extensions
Cited by the Four Agencies**

Position title (Grade)	Contracting out^a	Funding/ workload uncertainties^b	Saving permanent positions^c	Other situations^d	GAO assessment	Basis for GAO assessment
Supervisory Visual Information Specialist (GS-12)				X	Inappropriate	Authority was used as a probationary period contrary to FPM Chapter 316. No reason cited on the SF-50. Per discussion with a program official, a temporary was hired to fill this permanent position due to difficulty in finding a suitable candidate from an OPM register. According to the official, this hiring option allowed management to determine if the employee was a good match to the job. Improper use of NOAC code 760 when extending the appointment negated the need to cite a reason on the SF-50.
Occupational Health Nurse (GS-9)				X	Unable to determine	Appropriateness of use based upon budgetary situations (which can be broadly interpreted) is difficult to determine. According to agency officials, because of the need to have the work done, these two positions were filled with temporary employees while program officials sought approval for permanent positions through the annual budget process. Reasons for temporary appointments were not required at the time of these two initial appointments. However, improper use of NOAC code 760 when the two appointments were extended negated the requirement to state a reason on the SF-50.
Media Technician (GS-5)					Unable to determine	

^aFilling any vacancies that occur in commercial activities being studied under Office of Management and Budget Circular A-76.

^bStaffing continuing positions when future funding and workload levels are uncertain or when it is anticipated that funding levels will be reduced or that the activity will be reorganized.

^cFilling permanent positions temporarily in order to save them for eventual incumbency by career or career-conditional employees expected to be displaced from other activities or organizations.

^dUsing the authority in situations deemed appropriate by the agency.

**Appendix III
GAO Case Analysis of Purposes for
Temporary Appointments and Extensions
Cited by the Four Agencies**

Table III.2: Temporary Appointments and Extensions at the Department of the Navy, Naval Ordnance Station, Indian Head, Maryland

Position title (Grade)	Contracting out^a	Funding/workload uncertainties^b	Saving permanent positions^c	Other situations^d	GAO assessment	Basis for GAO assessment
Staffing Clerk (GS-4)				X	Appropriate	Filed a continuing position with a temporary until it could be filled on a permanent basis. According to a personnel official and the SF-50, the employee was hired to provide clerical assistance pending recruitment of a permanent employee.
Explosives Worker (WG-5)				X	Appropriate	To handle work that had not been determined to require permanent staffing. According to the program director and the SF-50, the employee was hired to handle a workload increase.
Electronics Mechanic Helper (WG-5)	X				Appropriate	The work was being contracted out to the private sector. According to agency officials, a plan had been devised to have the work contracted; the temporary employee did the work that was being phased out to private contracting. The SF-50 described the work to be done but did not indicate why the work was temporary versus permanent.
Machinist (WG-10)					Appropriate	Work was under consideration to be contracted out to the private sector. According to the program director, the employee was appointed to do temporary work, and later extended to do permanent work that was under study for contracting out. The SF-50 cited the need to adjust staff due to changes in manyear allocations and workload.
	X					
Electrician (WG-10)	X				Appropriate	Same as above.
Pipefitter (WG-10)	X				Appropriate	Same as above.
Electrical Worker (WG-8)	X				Appropriate	Same as above.
Laborer (WG-3)				X	Inappropriate	Employee was continuously extended in a temporary appointment while doing work of a permanent nature. According to agency officials, the employee was maintained in a temporary appointment while filling a permanent need because he was a good worker but could not be reached on an OPM register. The SF-50 cited the need to adjust staff due to manyear allocations and workload, but it did not indicate why the position was temporary versus permanent.

(continued)

**Appendix III
GAO Case Analysis of Purposes for
Temporary Appointments and Extensions
Cited by the Four Agencies**

Position title (Grade)	Contracting out^a	Funding/ workload uncertainties^b	Saving permanent positions^c	Other situations^d	GAO assessment	Basis for GAO assessment
Guard (GS-4)				X	Inappropriate	Because this hiring method was routinely used to fill a continuing need for guard service, it represents an improper use of the authority. According to the program officer, the permanent need was filled by a temporary to circumvent the lengthy OPM hiring process and still meet security requirements. Greater emphasis on security was cited as the reason for the appointment on the SF-50.
Guard (GS-4)				X	Inappropriate	Same as above.

**Appendix III
GAO Case Analysis of Purposes for
Temporary Appointments and Extensions
Cited by the Four Agencies**

^aFilling any vacancies that occur in commercial activities being studied under Office of Management and Budget Circular A-76.

^bStaffing continuing positions when future funding and workload levels are uncertain or when it is anticipated that funding levels will be reduced or that the activity will be reorganized.

^cFilling permanent positions temporarily in order to save them for eventual incumbency by career or career-conditional employees expected to be displaced from other activities or organizations.

^dUsing the authority in situations deemed appropriate by the agency.

Table III.3: Temporary Appointments and Extensions at the Two Department of Labor Agencies

Position title (Grade)	Contracting out^a	Funding/ workload uncertainties^b	Saving permanent positions^c	Other situations^d	GAO assessment	Basis for GAO assessment
Employment Standards Administration						
Staff Assistant (GS-12)				X	Appropriate	Work was short-term in nature. No justification shown on the SF-50. According to agency officials, employee did developmental work on a preliminary project whose work would be later maintained by permanent staff.
State Standards Advisor (GS-12)				X	Unable to determine	No reason was stated on the SF-50. According to agency officials, the temporary appointment was made due to the hiring freeze and budget reductions. Given the latitude of the expanded authority and considering that agencies are constantly faced with funding uncertainties, the need for a temporary in such budget-related situations can be easily cited; however, the validity of the need is difficult to determine.
Salary and Wage Specialist (GS-7)				X	Unable to determine	Same as above.
Salary and Wage Specialist (GS-5)				X	Unable to determine	Same as above.
Bureau of Labor Statistics						
Economist (GS-9)				X	Appropriate	Work was of short duration and did not require permanent staffing. No reason stated on the SF-50. According to personnel officials, employee was hired to work as a temporary on an experimental computer price index whose developmental outcome was uncertain.

(continued)

**Appendix III
GAO Case Analysis of Purposes for
Temporary Appointments and Extensions
Cited by the Four Agencies**

Position title (Grade)	Contracting out^a	Funding/ workload uncertainties^b	Saving permanent positions^c	Other situations^d	GAO assessment	Basis for GAO assessment
Economist (GS-9)				X	Appropriate	Work was short-term and did not require permanent staffing. No reason stated on the SF-50. Employee was appointed to complete work on the revision of a data collection manual according to a personnel official.
Clerk-Typist (GS-4)				X	Appropriate	Work was short-term and did not require permanent staffing. No reason stated on the SF-50. A personnel official said that the employee worked on the revision of the consumer price index doing support work on a short-term project.
Statistical Clerk (GS-4)				X	Appropriate	Work was of short duration and did not require permanent staffing. No reason cited on the SF-50. According to a personnel official, the employee did work of a short-term need on a special data collection project.

^aFilling any vacancies that occur in commercial activities being studied under Office of Management and Budget Circular A-76.

^bStaffing continuing positions when future funding and workload levels are uncertain or when it is anticipated that funding levels will be reduced or that the activity will be reorganized.

^cFilling permanent positions temporarily in order to save them for eventual incumbency by career or career-conditional employees expected to be displaced from other activities or organizations.

^dUsing the authority in situations deemed appropriate by the agency.

Temporary Employment Hiring Rate in the Competitive Service for Executive Agencies

	January - December				
	1983	1984	1985	1986	1987
White-collar					
Number of temporary appointments	69,086	68,883	84,948	68,892	95,326
Average total employees in competitive service	1,328,517	1,335,935	1,367,092	1,372,077	1,393,903
Number of temporary appointments as a percentage of average total employees	5.2%	5.2%	6.2%	5.0%	6.8%
Blue-collar					
Number of temporary appointments	34,556	37,457	40,128	29,631	46,994
Average total employees in competitive service	362,763	352,621	351,813	342,623	340,357
Number of temporary appointments as a percentage of average total employees	9.5%	10.6%	11.4%	8.6%	13.8%

Temporary Appointments by Grade, Appointment Source, and Occupational Group as a Percentage of Total White-Collar Temporary Appointments^a

	January - December				
	1983	1984	1985	1986	1987
Grade^b					
1-7	92.4	92.6	90.6	89.6	89.0
8-12	5.5	5.3	7.5	8.4	9.3
Appointment source					
OPM register	12.0	11.9	10.2	7.4	7.3
Appointments	10.7	10.7	9.1	6.5	6.2
Extensions/ conversions ^c	1.3	1.2	1.1	1.0	1.1
Agency register	84.0	85.6	87.9	89.7	82.0
Appointments	68.4	70.1	71.7	69.8	60.8
Extensions/ conversions ^c	15.6	15.6	16.2	19.9	21.2
Not identified	4.1	2.4	1.9	2.9	10.7
Occupational group					
Professional	6.3	5.4	6.1	7.4	8.0
Administrative	5.4	5.4	6.7	7.2	7.6
Technical	17.7	16.2	17.7	19.6	21.3
Clerical	68.4	69.7	66.0	62.7	60.3
Other	2.1	3.4	3.5	3.0	2.7

Note: Percentages may not add to 100 due to rounding.

^aThe number of white-collar temporary appointments in the competitive service was as follows: 1983-69,086; 1984-68,883; 1985-84,948; 1986-68,892; and 1987-95,326. Figures do not include appointments that were not specified as white- or blue-collar.

^bGrade percentages will not total 100 because other white-collar grades not covered under the expanded authority were excluded.

^cAn extension is a continuance in the same position; a conversion is a change in appointment.

Temporary Appointments by Grade and Appointment Source as a Percentage of Total Blue-Collar Temporary Appointments^a

	January - December				
	1983	1984	1985	1986	1987
Grade					
Wage grade ^b	96.1	96.9	96.5	96.2	97.4
1-7	70.6	71.7	72.1	73.5	72.8
8-12	25.4	25.2	24.4	22.7	24.6
13-15	0.1	0.0	0.0	0.0	0.0
Wage leader	0.4	0.4	0.5	0.6	0.6
1-7	0.4	0.3	0.4	0.5	0.4
8-12	0.1	0.2	0.1	0.1	0.1
13-15	0	0	0	0	0
Wage supervisor	0.3	0.4	0.5	0.7	0.5
1-7	0.2	0.3	0.4	0.5	0.3
8-12	0.1	0.1	0.1	0.2	0.2
13-19	0.0	0.0	0.0	0.0	0.0
Other blue collar	3.1	2.3	2.4	2.5	1.6
Appointment source					
OPM register	5.7	6.3	6.2	4.6	5.0
Appointments	4.9	5.3	5.6	4.1	3.9
Extensions/ conversions ^c	0.8	1.0	0.6	0.5	1.1
Agency register	91.7	92.7	92.8	94.2	82.1
Appointments	79.5	81.8	80.1	81.0	62.4
Extensions/ conversions ^c	12.2	10.8	12.7	13.2	19.7
Not identified	2.6	1.0	0.9	1.2	12.9

Note: Percentages may not add to 100 due to rounding.

^aThe number of blue-collar temporary appointments in the competitive service was as follows: 1983-34,556; 1984-37,457; 1985-40,128; 1986-29,631; and for 1987-46,994. Figures do not include appointments that were not specified as white- or blue-collar.

^bPercentage includes a small number of appointments that were not specified by grade level.

^cAn extension is a continuance in the same position; a conversion is a change in appointment.

Major Contributors to This Report

General Government Division, Washington, D.C.

Bernard L. Ungar, Associate Director, (202) 275-5074
Robert E. Shelton, Deputy Associate Director
Steven J. Wozny, Group Director
Alan J. Hoffman, Assignment Manager
Marion L. Pitts, Evaluator-in-Charge
Jay Rypma, Evaluator
Eva Rezmovic, Technical Advisor
Loretta A. Evans, Secretary/Typist

Office of General Counsel, Washington, D.C.

Charles F. Roney, Attorney-Advisor

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