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United States General Accounting Office
Washington, DC 20548

September 24, 2001

The Honorable Dave Weldon
Chairman, Subcommittee on Civil Service
and Agency Organization
Committee on Government Reform
House of Representatives

The Honorable Mark Souder
Chairman, Subcommittee on Criminal Justice,
Drug Policy, and Human Resources
Committee on Government Reform
House of Representatives

Subject: Federal Employees: Hiring Patterns at Federal Agencies Just Prior to a
Change in Administration

This letter responds to a request by the former Chairmen that we survey the hiring trends of the 24 agencies covered by the Chief Financial Officers (CFO) Act. (Enc. I lists the CFO agencies.) They asked us to identify (1) the extent of hiring during the last 6 months of calendar year 2000 compared to similar periods in 1999 and 1998 and (2) agency explanations for increases of 10 percent or more in hiring for the last 6 months of calendar year 2000. They also asked us to identify the policies and processes that the Office of Personnel Management (OPM) uses, during a presidential transition, for suspending or convening its Senior Executive Service (SES) Qualifications Review Boards, which certify SES candidates' qualifications before they can be hired. To respond to their request, we are presenting agency-reported information, which we did not verify.

Enclosures II and III provide information on the hiring trends for career and SES hires and career GS-12 through GS-15 hires for the last 6 months of 1998, 1999, and 2000. Generally, the information does not show any discernable hiring patterns. For example, over half of the 24 agencies reported career hiring increases of 10 percent or more during the July through December 2000 period over the 1999 period. A similar number of agencies, although not necessarily the same agencies, reported increases of 10 percent or more for 1999, when compared to 1998. While the percentage changes exceeded 10 percent for the majority of the agencies, the actual number of hires were small for many of these agencies. As shown in enclosure IV, the total number of career and SES employees on board in each of the 24 CFO agencies remained relatively stable over the 3-year period.

Officials of the agencies with hiring increases of 10 percent or more in 2000 cited several reasons for the hiring increases. The reasons most often cited were (1) the replacement of exiting employees and (2) increased funding the agency received for new positions and programs. Other reasons they cited included lifting of hiring freezes and changing workforce requirements.

Enclosure V provides information on OPM's policies and processes for suspending or convening its SES Qualifications Review Boards.

We conducted our review from December 2000 through August 2001 in accordance with generally accepted government auditing standards. Agencies provided us with information on the number of career hires (GS-1 through GS-15 appointments and conversions), by grade level, from July 1 through December 31 for 1998, 1999, and 2000. For the same periods, agencies also provided similar information on career SES hires. We also asked the agencies to provide us with explanations for increases of 10 percent or more in the number hired during the 2000 period as compared to 1999 and 1998. All of the agencies provided information in response to our request. OPM officials provided us with information on the policies and processes for the SES Qualifications Review Boards. We also obtained information from officials at agencies where OPM had suspended the review boards during the July through December 2000 period. We did not obtain agency comments because of the factual nature of the data reported to us by the agencies.

We plan no further distribution of this letter until 5 days after its date. At that time, we will send copies of this letter to the heads of the 24 agencies covered by the CFO Act, as listed in enclosure I, and interested congressional committees. This letter will also be available on GAO's home page at <http://www/gao/gov>.

Please contact Richard W. Caradine or me at (202) 512-6806 if you have any questions.



Victor S. Rezendes
Managing Director, Strategic Issues

Enclosures

CFO Act Agencies

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services (HHS)
Department of Housing and Urban Development (HUD)
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
Environmental Protection Agency (EPA)
Federal Emergency Management Agency (FEMA)
General Services Administration (GSA)
National Aeronautics and Space Administration (NASA)
National Science Foundation (NSF)
Nuclear Regulatory Commission (NRC)
Office of Personnel Management (OPM)
Small Business Administration (SBA)
Social Security Administration (SSA)
U.S. Agency for International Development (AID)

**Number of Career and SES Employees Hired and
Percentage of Change at 24 CFO Agencies in
July Through December Periods**

	Career ^a			SES ^b			Career ^a		SES ^b	
	Hired in 1998 period	Hired in 1999 period	Hired in 2000 period	Hired in 1998 period	Hired in 1999 period	Hired in 2000 period	Percentage change 1998 to 1999	Percentage change 1999 to 2000	Percentage change 1998 to 1999	Percentage change 1999 to 2000
Agriculture	1,608	2,295	2,310	15	9	20	43%	1%	-40%	122%
AID	27	55	69	11	10	4	104%	25%	-9%	-60%
Commerce	1,345	1,304	1,215	24	16	29	-3%	-7%	-33%	81%
Defense	13,202	13,080	15,336	24	16	36	-1%	17%	-33%	125%
Education	129	152	256	6	8	16	18%	68%	33%	100%
Energy	171	212	393	10	29	60	24%	85%	190%	107%
EPA	618	102	520	5	30	11	-83%	410%	500%	-63%
FEMA	55	88	107	1	5	4	60%	22%	400%	-20%
GSA	244	247	450	0	3	12	1%	82%	^c	300%
HHS	2,428	2,590	3,148	43	41	33	7%	22%	-5%	-20%
HUD	142	198	524	5	4	13	39%	165%	-20%	225%
Interior	1,412	1,554	1,659	11	15	29	10%	7%	36%	93%
Justice	4,244	3,355	4,281	35	23	32	-21%	28%	-34%	39%
Labor	345	391	622	8	2	13	13%	59%	-75%	550%
NASA	190	430	639	6	8	2	126%	49%	33%	-75%
NRC	43	54	83	2	3	6	26%	54%	50%	100%
NSF	30	37	40	4	4	4	23%	8%	0%	0%
OPM	65	126	136	3	2	1	94%	8%	-33%	-50%
SBA	216	43	100	1	3	8	-80%	133%	200%	167%
SSA	890	2,111	1,972	10	9	9	137%	-7%	-10%	0%
State	574	895	794	53	66	44	56%	-11%	25%	-33%
Transportation	1,743	1,104	1,669	3	13	26	-37%	51%	333%	100%
Treasury	3,547	3,755	3,982	37	37	60	6%	6%	0%	62%
Veterans Affairs	3,998	3,657	6,095	10	9	15	-9%	67%	-10%	67%
Totals	37,266	37,835	46,400	327	365	487	2%	23%	12%	33%

^aIncludes employees hired into career and career-conditional positions and nonpermanent employees converted to career and career-conditional positions at the GS-1 through GS-15 level. Also includes non-GS employees with equivalent GS grade/pay levels, but not wage grades.

^bIncludes career SES and non-SES employees with equivalent SES grade/pay levels.

^cPercentage of change cannot be mathematically calculated because the 1998 number is zero.

Source: Agency data.

**Number of GS-12 Through GS-15 Career Employees Hired and
Percentage of Change at 24 CFO Agencies in
July Through December Periods**

	Hired ^a in 1998 period	Hired ^a in 1999 period	Hired ^a in 2000 period	Percentage change 1998 to 1999	Percentage change 1999 to 2000
Agriculture	244	349	357	43%	2%
AID	23	51	60	122%	18%
Commerce	321	328	304	2%	-7%
Defense	2,239	2,329	3,079	4%	32%
Education	51	88	123	73%	40%
Energy	76	108	215	42%	99%
EPA	212	34	213	-84%	526%
FEMA	23	56	66	143%	18%
GSA	93	117	193	26%	65%
HHS	815	941	1,241	15%	32%
HUD	82	120	371	46%	209%
Interior	231	298	310	29%	4%
Justice	282	283	307	0%	8%
Labor	38	56	86	47%	54%
NASA	122	250	387	105%	55%
NRC	35	34	49	-3%	44%
NSF	7	2	12	-71%	500%
OPM	31	50	39	61%	-22%
SBA	90	20	27	-78%	35%
SSA	79	111	119	41%	7%
State	246	382	326	55%	-15%
Transportation	586	407	740	-31%	82%
Treasury	415	558	523	34%	-6%
Veterans Affairs	200	186	373	-7%	101%
Totals	6,541	7,158	9,520	9%	33%

^aIncludes employees hired into career and career-conditional positions and nonpermanent employees converted to career and career-conditional positions at the GS-12 through GS-15 level. Also includes non-GS employees with equivalent GS grade/pay levels, but not wage grades.

Source: Agency data.

**Number of Career and SES Employees at 24 CFO Agencies
as of September 30, 1998, 1999, and 2000**

	Career ^a			SES ^b		
	As of September 30			As of September 30		
	1998	1999	2000	1998	1999	2000
Agriculture	84,136	83,675	83,814	278	279	283
AID	2,354	2,241	1,817	30	26	25
Commerce	31,597	33,107	33,144	308	306	296
Defense	502,539	489,864	483,118	1,099	1,116	1,144
Education	4,223	4,289	4,300	60	57	60
Energy	14,163	13,831	13,654	374	381	391
EPA	17,660	17,664	17,235	230	249	255
FEMA	2,006	1,937	1,993	29	29	32
GSA	11,781	11,945	12,149	88	87	84
HHS	46,521	47,651	48,761	418	417	399
HUD	9,312	9,377	9,743	71	71	73
Interior	48,582	49,173	50,029	186	182	191
Justice	111,624	114,424	115,309	547	556	594
Labor	15,105	15,251	15,518	118	126	132
NASA	17,757	17,377	18,042	381	404	394
NRC	2,719	2,667	2,644	179	141	139
NSF	993	973	976	84	81	79
OPM	3,366	3,413	3,538	36	38	36
SBA	3,525	3,512	3,399	35	34	39
SSA	63,064	61,920	61,882	94	104	118
State	11,435	11,581	13,101	92	107	101
Transportation	61,442	60,806	60,353	184	174	178
Treasury	149,702	151,109	152,517	489	510	537
Veterans Affairs	170,686	168,580	169,912	261	248	247

^aIncludes career employees at the GS-1 through GS-15 levels. It also includes non-GS employees with equivalent GS grade/pay levels, but not wage grades.

^bIncludes career SES employees.

Source: OPM's Central Personnel Data File.

**OPM's Policies and Processes for Suspending or
Convening SES Qualifications Review Boards**

Qualifications Review Boards are convened by OPM at the request of an agency to certify the executive and managerial qualifications of a candidate to the SES before career appointments can be made to the SES position. OPM may suspend the review board process for an agency if the agency head leaves or announces an intention to leave his/her office, if the president nominates a new agency head, or if a presidential transition is under way.¹ A suspension means that no SES candidates can be certified as qualified by the review boards and hired, with certain exceptions. It is done to give the new agency head maximum flexibility in making executive resources decisions. According to OPM officials, OPM has never had a governmentwide suspension of the review boards during a presidential transition. They said that OPM's policy is to suspend the review board process when the departure of an agency head is imminent (which may coincide with a presidential transition). For example, OPM suspended the review boards for a portion of the period from July through December 2000 at four agencies because of the agency heads' departures. These agencies were the Department of Commerce, the Department of Veterans Affairs, the General Services Administration, and the Social Security Administration.

Each of these four agencies received exceptions to the suspension for some SES candidates. Three of the agencies receiving a suspension notice requested exceptions. In notifying agency officials of the suspensions, OPM said it would consider requests for exceptions to the suspension policy on a case-by-case basis. Based on information we reviewed at three agencies—the Department of Veterans Affairs, the General Services Administration, and the Social Security Administration—OPM granted exceptions to the suspension policy for 15 SES candidates because the SES positions either were not involved in policy matters or were at an organizational level that did not report directly to the agency head. In the case of the Department of Commerce, OPM convened the review boards for four SES candidates without an agency request for an exception. According to an OPM official, OPM convenes the review boards for candidates for whom it has received the agency's documentation before it notified the agency of the suspension. OPM and Commerce officials said that the review board documents were sent to OPM before the suspension notice.

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¹5 C.F.R. 317.502(d).