

BY THE COMPTROLLER GENERAL

111124

12350

Report To The Congress

OF THE UNITED STATES

An Evaluation Of The Intergovernmental Personnel Act Of 1970

The Intergovernmental Personnel Act of 1970 is aimed at resolving problems at the State and local levels in many areas--from building personnel management systems where none existed, to promoting civil service reform. However, the Office of Personnel Management needs to better identify these problems so that program administration can be improved. Several actions already initiated or planned by the Office of Personnel Management, if properly implemented, should help toward this end.



008106



430

FPCD-80-11
DECEMBER 19, 1979



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

B-157936

To the President of the Senate and the
Speaker of the House of Representatives

This report discusses how the Federal Government, through the Intergovernmental Personnel Act of 1970, as amended, has assisted in and can best continue to advance State and local government personnel management improvement. Improving these governments' personnel management will help to strengthen their general management and productivity and will, therefore, help promote the Federal interest to increase the effectiveness of Federal programs that rely on State and local governments for their implementation.

We concluded that a Federal role in improving State and local personnel management is still appropriate. Several actions initiated or planned by the Office of Personnel Management should further improve State and local personnel management.

We are also sending this report today to the Speaker of the House of Representatives. Copies are being sent to the Chairman, Subcommittee on Intergovernmental Relations, Senate Committee on Governmental Affairs; Director, Office of Personnel Management; and to the Director, Office of Management and Budget.

Flora A. Starks

Comptroller General
of the United States

1985

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

AN EVALUATION OF THE INTER-
GOVERNMENTAL PERSONNEL ACT
OF 1970

D I G E S T

Population growth, more urbanization, and resulting increased State and local government responsibilities have led to a need for more effective use of personnel, training programs, and financial assistance. The need to improve productivity at all levels of government is an emerging issue of national concern, and personnel management improvement, through the Intergovernmental Personnel Act of 1970, as amended, can help meet the need.

The Federal Government has a vital stake in State and local government personnel management improvement because:

- The effectiveness and efficiency of the many Federal grant and regulatory programs are directly affected by the personnel management system and practices of State and local governments responsible for administering the programs.
- Personnel management programs and policies are necessary to make sure that State and local governments have qualified personnel to provide services and products efficiently and effectively.
- The costs of Federal grants and regulatory programs carried out by State and local governments are affected directly by the efficiency and effectiveness of these governments. (See p. 7.)

Problems with State and local government personnel management still exist, and these governments continue to require Federal assistance. The Office of Personnel

Management (OPM) recognizes the need for more Federal involvement in identifying problems so that assistance can be better directed. (See ch. 2.)

Several evaluations show that the Intergovernmental Personnel Act's grants have generally been successful, played a catalytic and supportive role in State and local government personnel management improvement, and have resulted in several cost savings. But problems are present. Grantees are not required to report cost savings on every project, and grants are limited, resulting in many projects not being funded and many local jurisdictions never using the funds.

The overall extent to which these governments are improving their personnel management with or without other Federal assistance or through the sharing of results from other jurisdictions has not been determined. Further, employee organizations question the use of the grants. Representatives of employee organizations may participate in certain training supported by the act, but the extent to which they are made aware of and participate in such training is not known. (See ch. 3.)

In addition to grants, the act's other components (administration of Merit System Standards, intergovernmental training, cooperative recruiting and examining, mobility assignments, and technical assistance) can have a great impact on State and local personnel management improvement. However,

- many States are not supervising local agencies' compliance with the Merit System Standards as required;
- there are problems in Federal coordination in enforcing the Standards;
- Federal training may not be meeting State and local governments' needs, and coordination of Federal training assistance needs to be improved;

--because of problems in implementing cooperative recruiting and examining activities, many have been discontinued and Federal emphasis has been low keyed. OPM, however, has taken steps to revitalize these activities;

--the evaluation of the overall effectiveness and impact of the Intergovernmental Personnel Act's components other than grants has been limited, and total program costs are not determined; and

--Federal agencies need better guidance for evaluating their mobility program. (See chs. 2 to 6.)

The Federal Government recognizes the negative impact of its numerous personnel requirements for State and local personnel management and is trying to change this. Also, it is increasing its activities in research, demonstration, technology transfer, and productivity as related to State and local personnel management improvement.

The Federal Government is helping to improve State and local management and productivity beyond the area of personnel management, but until recently it had no central direction for this.

OPM has been designated the interim focal point to oversee and provide stronger leadership for Federal efforts assisting State and local productivity. The act's program must be broadened to fund general management improvement projects for these governments. (See p. 68.)

CONCLUSION

The Intergovernmental Personnel Act's grants have had a major impact on improving State and local government personnel management. However, the overall effect of some of the act's other components have been clouded due to problems in program administration.

The program has not been fully evaluated, and total cost has not been determined. Several actions initiated or planned by OPM, if properly implemented, should help improve State and local personnel management.

RECOMMENDATIONS

X The Director of OPM should direct the Assistant Director of Intergovernmental Personnel Programs to:

- Improve the planning process for identifying State and local government personnel management problems.
- Require grantees to report cost savings resulting from projects supported by the act.
- Reexamine its requirement for written agreements for cooperative recruiting and examining and enforce it if necessary.
- Periodically assess the success in and barriers to State and local government personnel management improvement so that Federal responsibility to provide future financial and other assistance to eliminate these barriers can be identified.
- Determine the extent to which representatives of employee organizations are aware of and participate in labor management relations training supported by the act.
- Provide more definitive guidance to Federal agencies for evaluating their mobility programs and reporting the results to OPM.
- Develop a systematic and comprehensive plan for evaluating the act's effectiveness and impact.

- Enforce the requirement that the annual joint evaluation reports on intergovernmental recruiting and examining activities be submitted to OPM headquarters.
- Establish procedures for (1) tracking costs for Federal participation in cooperative recruiting and examining and for training and (2) summarizing this data and the costs for Federal participation in the mobility program.

AGENCY COMMENTS

OPM agreed with many of our recommendations and has begun to implement them. It also agreed with the fundamental conclusion of the report--that the program's record of achievement must be sustained and improved to meet the challenge of all levels of governments to provide quality public services at a reasonable cost.

C o n t e n t s

		<u>Page</u>
DIGEST		
CHAPTER		
1	INTRODUCTION	1
	Federal personnel assistance existed before IPA	2
	Why IPA was needed	3
	A Federal role in State and local personnel management improvement is still appropriate	5
	IPA program administration and costs	8
	Scope of review	8
2	PROGRESS HAS BEEN MADE IN STATE AND LOCAL GOVERNMENT PERSONNEL MANAGEMENT IMPROVE- MENT, BUT PROBLEMS STILL EXIST	9
	State and local governments identify their problems, needs, and priorities	9
	Personnel management accomplishments other than civil service reform	11
	State and local civil service reform	13
	State and local personnel management problems still exist	15
	OPM assesses the state of the art in State and local personnel management	17
	OPM plans to help build personnel management evaluation capacity in 10 jurisdictions	18
	Conclusions	19
	Recommendation	20
	Agency comments	20
3	THE ROLE OF IPA GRANTS IN STATE AND LOCAL PERSONNEL MANAGEMENT IMPROVEMENT	21
	Personnel management improvement through IPA grants can lead to im- provements in general management and productivity	21
	The impact of IPA grants	23
	IPA grant funds are limited	28

	Several jurisdictions have never used IPA funds	29
	Employee organizations question the use of IPA grant funds	31
	Conclusions	32
	Recommendations	33
	Agency comments	33
4	THE POTENTIAL ROLE OF AND PROBLEMS IN MERIT SYSTEM ADMINISTRATION AND INTER- GOVERNMENTAL TRAINING	35
	The potential role of Merit System Standards administration	35
	OPM evaluates state agencies' com- pliance with the Standards, but little evaluation is made of local agencies' compliance	35
	Problems in Federal coordination of enforcing compliance	37
	The potential role of intergovern- mental training	39
	Conclusions	42
5	PROBLEMS IN IMPLEMENTING COOPERATIVE RECRUITING AND EXAMINING ACTIVITIES	43
	Potential benefits of cooperative recruiting and examining	43
	Types of cooperative activities	44
	OPM needs to reexamine its requirement for written agreements for cooperative activities	45
	Many cooperative recruiting and examining activities have been terminated	46
	OPM has taken steps to revitalize co- operative recruiting and examining	48
	Conclusions	49
	Recommendation	49
	Agency comments	49
6	THE EVALUATION OF THE OVERALL EFFECTIVE- NESS AND IMPACT OF THE IPA PROGRAM. HAS BEEN LIMITED AND TOTAL PROGRAM COSTS ARE NOT DETERMINED	51
	Evaluating the effectiveness and impact of IPA grants	51

CHAPTER

Page

Evaluating the impact of merit system standards	52
Evaluating cooperative recruiting and examining	54
Limited evaluation to determine the role of mobility assignments	55
Limited evaluation of IPA's technical assistance role	58
Total costs of the IPA program are not maintained	59
Conclusions	60
Recommendations	61
Agency comments	61

7	FEDERAL PLANS TO FURTHER ADVANCE STATE AND LOCAL GOVERNMENT PERSONNEL MANAGEMENT IMPROVEMENT AND PRODUCTIVITY	63
	Efforts to eliminate the negative impact of numerous Federal personnel requirements	63
	Federal Merit System Standards have been revised	65
	Plans to improve research, demonstration, and technology transfer	66
	Congressional proposals to encourage State and local government productivity	66
	Conclusions	68

APPENDIXES

I	List of Federal programs to which Merit System Standards apply	69
II	Federal Programs included under "grants for payments to individuals" (See p. 6)	73
III	OPM's basis for selecting the 10 States for evaluation of the IPA grant program in 1978	74
IV	Distribution of IPA grant funds	76

APPENDIXES

		<u>Page</u>
V	List of jurisdictions with cooperative recruiting and examining activities	79
VI	Types of IPA technical assistance	82
VII	September 24, 1979, letter from the Assistant Director for Federal Personnel Policy	84
VIII	October 4, 1979, letter from the Director, Office of Personnel Management	85
IX	September 11, 1979, letter from the National Governors' Association	90
X	September 21, 1979, letter from the Executive Director, National League of Cities	92
XI	September 14, 1979, letter from the Executive Director, U.S. Conference of Mayors	94

ABBREVIATIONS

CETA	Comprehensive Employment and Training Act
EEO	equal employment opportunity
GAO	General Accounting Office
GNP	gross national product
IPA	Intergovernmental Personnel Act of 1970
OPM	Office of Personnel Management

CHAPTER 1

INTRODUCTION

On January 5, 1971, the President signed Public Law 91-648, the Intergovernmental Personnel Act of 1970 (IPA). IPA, which is administered by the Office of Personnel Management (OPM), Office of Intergovernmental Personnel Programs, is designed to improve the quality of American Government through improved State and local government personnel management. In the act, the Congress declared:

"That since numerous governmental activities administered by State and local governments are related to national purpose and are financed in part by Federal funds, a national interest exists in a high caliber of public service in State and local governments."

Certain key assumptions are inherent in IPA's approach to State and local government personnel management improvement:

- Effective management is essential to achieve high quality public service.
- Management and, thus, the quality of public service are strengthened by personnel management based on merit principles.
- State and local government personnel management can be improved.
- A Federal role in improving State and local government personnel management is appropriate and in the national interest.
- Federal assistance is important in stimulating and assisting State and local government improvement efforts.

IPA has been in effect for 8 years. We find it appropriate to address in this report how the Federal Government, through IPA, has assisted in and can best continue to advance State and local government personnel management improvement. (As used in this report, the term "personnel management" includes systems of personnel administration and training which are the terms used in IPA.)

FEDERAL PERSONNEL ASSISTANCE
EXISTED BEFORE IPA

Federal personnel management assistance to State and local governments did not originate with IPA. Previously, such aid was provided through the administration of Merit System Standards, and in the areas of recruiting and examining, technical assistance, and training.

The administration of Merit
System Standards before IPA

Federal Merit System Standards for personnel administration, originally established in 1939, were administered by various Federal agencies through 1953. After 1953 the Department of Health, Education, and Welfare administered the Standards until 1971 when IPA transferred this authority to the Civil Service Commission (hereinafter referred to as OPM).

The Standards are presently requirements for State and local governments' receipt of funds in over 20 grant programs. (See app. I.) In administering the Standards, the Federal Government's primary interest is to help State and local governments achieve a sound merit system program which helps assure grant-aided programs are administered properly and efficiently. (See p. 35.)

Recruiting and examining
assistance before IPA

In 1947, Executive Order 9830 authorized OPM to participate in joint examinations with State and local agencies, including the sharing of expenses. The order also provides for certification from Federal registers for positions in State and local governments and vice versa. In addition, Title III of the Intergovernmental Cooperation Act of 1968 (Public Law 90-577) and Office of Management and Budget regulations (Circular No. A-97) authorize OPM to provide recruiting and examining services to State and local governments on a reimbursable basis.

IPA does not eliminate Executive Order 9830 or the 1968 act's recruiting and examining activities. It does, however, authorize cooperative recruiting and examining on a shared-cost basis. (See ch. 5.)

Technical and training assistance before IPA

According to OPM, personnel management technical and training assistance before IPA was small and piecemeal and most aid was given for training in discrete functional areas. IPA is not intended to duplicate, overlap, replace, or restrict any other programs of assistance to State and local governments but is to be coordinated with them to avoid overlap and duplication. (See pp. 41 and 83.)

WHY IPA WAS NEEDED

In considering passage of IPA, the Congress recognized that population growth and increasing urbanization were greatly extending State and local governments' responsibilities. They continually needed Federal aid to meet citizens' demands for more effective government, better education for their children, better roads and public transit facilities, and many other services.

State and local governments' needs for substantial financial aid was only one part of the problem. The Congress also recognized that many of these governments lacked the highly qualified professional, technical, and administrative personnel required to plan and carry out the wide variety of programs needed to meet citizens' demands.

Before IPA was passed, total State and local government employment was expected to increase to about 11.4 million by 1975 as compared to 7.7 million in 1965--(an increase of 48 percent). Total recruiting needs for professional, technical, and administrative employees (other than teachers) were estimated at 2.5 million over the 10-year period--an average of 250,000 a year, including replacement needs and growth.

In its study, "The Federal System as Seen by Federal Aid Officials: Results of a Questionnaire Dealing with Intergovernmental Relations, 1965," the Senate Subcommittee on Intergovernmental Relations pointed out that:

"Even the most brilliantly conceived grant-in-aid program will fail to meet its objectives unless there are qualified State and local personnel to carry it out. Intergovernmental personnel matters, then, are of paramount significance."

The study also stated that:

"A shortage of well-trained and highly qualified administrative, professional, and technical personnel exists now at all levels of government and present forecasts indicate that this gap will grow. Many of the well-trained and well-qualified employees presently working for the various levels of government were hired during the depression years of the 1930s and they are now approaching retirement age."

The Congress believed that national cooperation and Federal financial aid were needed to distribute the national pool of professional, technical, and administrative personnel most usefully and to provide personnel systems with maximum effectiveness and flexibility. It realized that these needs could be met with merit personnel systems that would maximize effective use of personnel; training programs; transferability of personnel among local governments, the States, and the Federal Government; and substantial Federal financial assistance.

IPA is designed to meet the above needs and authorizes the following activities and programs to assist State and local governments in improving their personnel management:

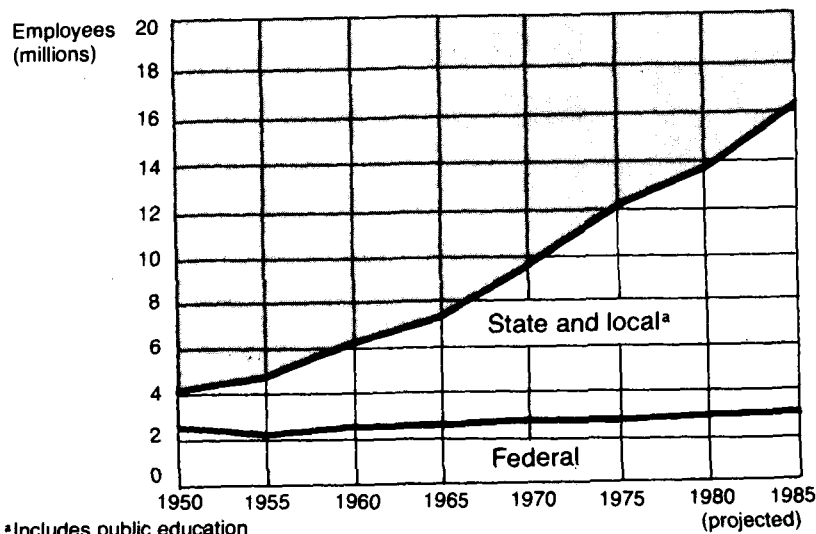
- Grants for fellowships, training, and improving personnel management systems.
- The administration of Merit System Standards.
- Technical assistance.
- The interchange of employees between Federal and State and local governments and colleges and universities. (This is the mobility component of the IPA.)
- Intergovernmental training whereby State and local employees can participate in Federal training programs.
- Cooperative recruiting and examining among Federal, State, and local governments.

Although other Federal personnel management assistance is being provided to State and local governments, IPA is the only comprehensive legislation enacted for the overall improvement of personnel management in State and local governments, including Indian tribal governments performing substantial governmental functions.

A FEDERAL ROLE IN STATE AND LOCAL PERSONNEL MANAGEMENT IMPROVEMENT IS STILL APPROPRIATE

The need for merit personnel systems; training programs; transferability of personnel among local, State, and Federal governments; and Federal financial assistance as identified by the Congress before IPA was enacted are no less urgent today as employment in State and local governments continues to grow.

HOW GOVERNMENT EMPLOYMENT HAS GROWN



^aIncludes public education

Source: U.S. Department of Labor, Bureau of Labor Statistics, *Government Occupations*, Bulletin 1955-42 (Washington, D.C.: U.S. Government Printing Office, 1978), p. 2.

The numerous Federal programs which State and local governments administer are related to national purpose and virtually affect every State and local activity. The following table shows that Federal grant-in-aid outlays to State and local governments, which were about \$11 billion in 1965, are estimated to be \$82.9 billion in 1980, compared with \$82.1 billion estimated for 1979 and \$77.9 billion for 1978. Grants-in-aid, as a percent of State and local expenditures, have increased from 15.3 percent in 1965 to 26.7 percent in 1978 and is estimated to continue to finance almost one-fourth of total State and local expenditures through 1980.

HISTORICAL TREND OF FEDERAL GRANT-IN-AID OUTLAYS

(Fiscal years; dollar amounts in millions)

	Composition of Grants-in-Aid			Federal grants as a percent of		
	Total grants	Grants for payments to individuals ¹	Other	Federal outlays		State and local expenditures ³
				Total	Domestic ²	
Five-year intervals:						
1950.....	\$2,253	\$1,421	\$832	5.3%	8.8%	10.4%
1955.....	3,207	1,770	1,437	4.7	12.1	10.1
1960.....	7,020	2,735	4,285	7.7	15.9	14.7
1965.....	10,904	3,954	6,950	9.2	16.5	15.3
Annually:						
1970.....	24,018	8,867	15,151	12.2	21.1	19.4
1971.....	28,109	10,789	17,320	13.3	21.3	19.9
1972.....	34,372	13,421	20,951	14.8	22.8	22.0
1973.....	41,832	13,104	28,728	16.9	24.8	24.3
1974.....	43,354	14,077	29,278	16.1	23.3	22.8
1975.....	49,832	16,217	33,615	15.3	21.3	22.9
1976.....	59,094	19,578	39,516	16.1	21.7	24.5
1977.....	68,415	23,041	45,373	17.0	22.7	26.4
1978.....	77,889	24,765	53,124	17.3	22.9	26.7
1979 estimate.....	82,129	26,803	55,326	16.6	22.1	25.4
1980 estimate.....	82,937	28,077	54,860	15.6	20.9	23.6
1981 estimate ⁴	88,008	30,425	57,583	15.2	20.4	NA
1982 estimate ⁴	91,896	32,722	59,174	14.9	20.1	NA

¹ For an identification of accounts in this category, see appendix II.

² Excludes outlays for the national defense and international affairs functions.

³ As defined in the national income and product accounts.

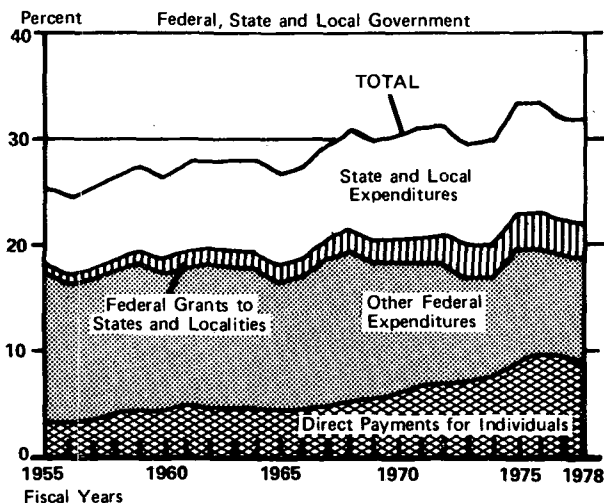
⁴ Data for 1981 and 1982 are included here to be consistent with the new multi-year planning and tracking system. They have not received as much review as the estimates for 1979 and 1980.

NA Not available

SOURCE: "SPECIAL ANALYSES, BUDGET OF THE UNITED STATES GOVERNMENT—FISCAL YEAR 1980"

Also, Federal expenditures, including grants, have increased from about 18 percent of the gross national product (GNP) in 1965 to 22 percent in 1978, while State and local expenditures, including grants, have increased from about 10 percent in 1965 to 13 percent in 1978 as shown.

GOVERNMENT EXPENDITURES AS A PERCENT OF GNP



SOURCE: "SPECIAL ANALYSES, BUDGET OF THE UNITED STATES—FISCAL YEAR 1980"

The growth in State and local governments' responsibilities challenges these governments to insure they have qualified and trained employees to plan, carry out, and evaluate Federal programs. In addition, other factors which occurred during the early 1970s have intensified and provide a strong impetus for improving State and local government personnel management. These include the 1972 amendments to include State and local government employees under the Civil Rights Act of 1964 and related issues of affirmative action programs, equal employment opportunity (EEO) complaint mechanisms, public managers' awareness of employees' rights, and challenges to public managers and appointing authorities to show that their selection methods are culturally fair and job related. Also, recent public concern for greater accountability, efficiency, and economy in public service and increased activities in State and local government labor management relations call for State and local personnel management improvement.

The need to improve productivity at all levels of government is an emerging issue of national concern, and improvements in personnel management can provide a basis for this. (See p. 22.) In our opinion the Federal Government has a vital stake in State and local government personnel management improvement because:

- The effectiveness and efficiency of the many Federal grant and regulatory programs are directly affected by the personnel management system and practices of State and local governments responsible for administering the programs.
- Personnel management programs and policies are involved in assuring that State and local governments have qualified personnel to provide services and products efficiently and effectively.
- The costs of Federal grant and regulatory programs carried out by State and local governments are affected directly by the efficiency and effectiveness of those governments.

The Federal Government influences State and local government personnel management not only through direct financial and other IPA assistance but also through its personnel requirements for these governments. (See p. 63.) To show how the Federal Government can best continue to advance State and local personnel management, it is necessary to show the impact, potential, and problems of the IPA program. This is done in chapters 3 to 6.

IPA PROGRAM ADMINISTRATION AND COSTS

OPM serves as the focal point for all IPA activities which are decentralized throughout OPM's 10 regional offices, bringing the management closer to the States and localities served by them. The OPM Office of Intergovernmental Personnel Programs is responsible for supervising the IPA program, coordinating regional activities and personnel management activities of other Federal agencies, and providing technical support to its regional offices.

Appropriations for IPA grants for fiscal years 1972-78 were \$106.5 million. OPM's costs for administering the IPA program during this period were \$27.1 million. Certain other program costs (e.g. training), however, have not been tracked or summarized.

SCOPE OF REVIEW

We reviewed the legislative history of IPA and evaluations of the program from 1971-78 as well as program guidelines, publications, and statistical data. In addition, we reviewed our previous studies on State and local personnel management and productivity and those of public interest groups and the Committee on Economic Development.

We interviewed top management officials at OPM headquarters but did no fieldwork. We did not attempt to independently evaluate the effectiveness and impact of the IPA program but used the program evaluations of OPM, independent consultants, and others.

CHAPTER 2

PROGRESS HAS BEEN MADE IN STATE AND LOCAL GOVERNMENT

PERSONNEL MANAGEMENT IMPROVEMENT, BUT PROBLEMS STILL EXIST

Since IPA was enacted on January 5, 1971, progress has been made to improve State and local government personnel management. However, problems still exist, and these governments continue to require Federal assistance. OPM recognizes the need for greater Federal involvement in identifying State and local personnel management problems so the IPA program can be better directed.

STATE AND LOCAL GOVERNMENTS IDENTIFY THEIR PROBLEMS, NEEDS, AND PRIORITIES

IPA states that the quality of public service can be improved by developing personnel systems which embrace such merit principles as:

- Recruiting, selecting, and advancing employees on the basis of their relative ability, knowledge, and skills and including open consideration of qualified applicants for initial appointment.
- Providing equitable and adequate compensation.
- Training employees as needed to assure high-quality performance.
- Retaining employees on the basis of the adequacy of their performance, correcting inadequate performance, and separating employees whose inadequate performance cannot be corrected.
- Assuring fair treatment of applicants and employees in all aspects of personnel administration without regard to political affiliation, race, color, national origin, sex, or religious creed and with proper regard for their privacy and constitutional rights as citizens.
- Assuring that employees are protected against coercion for partisan political purposes and are prohibited from using their official authority to interfere with or affect the result of an election or a nomination for office.

IPA made it necessary for State and local governments to assess their personnel problems and needs and establish

priorities to insure the most effective use of IPA assistance. OPM headquarters in Washington, D.C., has 1978 evaluation reports on IPA grants in 10 States which show the types of problems, needs, and priorities State and local governments identified from 1971 to 1977 and to 1978 in some cases. The 10 States are Colorado, Iowa, Maine, New Jersey, Nevada, North Carolina, Oklahoma, Virginia, Washington, and Wisconsin. (See app. III.) These States and their local governments identified the following weaknesses in their personnel management:

- The need for total personnel systems where none existed in some cities and counties.
- The lack of the most basic elements of a personnel system in some municipalities (e.g., full-time personnel directors, adequate personnel rules, and record systems).
- The recognition that written tests used to hire and promote were either outdated or not valid and in many cases had little relationship to the jobs they were used to fill.
- The need to develop and improve classification plans, affirmative action programs (including identifying and removing artificial barriers to hiring and promoting minorities and women), training and recruiting programs, and employee performance evaluation and productivity.
- Failure to identify and meet employee training needs, including administrative and management training.
- The need to automate manual personnel systems.
- The need for technical assistance or training related to subsystem needs and problems in areas such as classification, performance evaluations, EEO, and labor management.
- The need for civil service reform to address new developments in the personnel management field such as in EEO and labor management relations.

OPM's annual summaries for fiscal years 1972-78 on the IPA grants program indicate that many problems and needs identified by other States were in the same general areas as those identified by the 10 States. For example, the summaries which cover all States show that IPA funds were used for:

--Personnel management systems improvements in such areas as classification and pay, manpower management, selection improvement, recruitment and placement, performance evaluation, automated personnel and management systems, productivity and the quality of work life, general personnel management improvement, EEO, and labor management relations.

--Central staff development and training; training program administration and determination of training needs; and technical, administrative, supervisory, and management training.

The 10 States' study and other reports at OPM show that several accomplishments have been made in State and local government personnel management to improve the weaknesses identified.

PERSONNEL MANAGEMENT ACCOMPLISHMENTS
OTHER THAN CIVIL SERVICE REFORM

The summary report on the 10 States' study says that, although each State developed very individual IPA programs on the basis of its own priorities, common program priorities are evident among the States. These include establishing basic personnel systems where none existed before; making specific subsystem improvements in areas such as position classification or performance evaluations in response to local needs; providing training in key areas of management concern, particularly management development and, more recently, financial management; and responding to new challenges and requirements in public personnel policy, such as EEO and labor management relations. More specifically, reports at OPM identified the following accomplishments:

--Centralized personnel systems were installed in State governments in North Dakota, South Dakota, Wyoming, and Montana.

--Automated record systems were installed to improve the efficiency of operating personnel systems in North Carolina and New York City.

--A model personnel system was developed for small jurisdictions in Massachusetts.

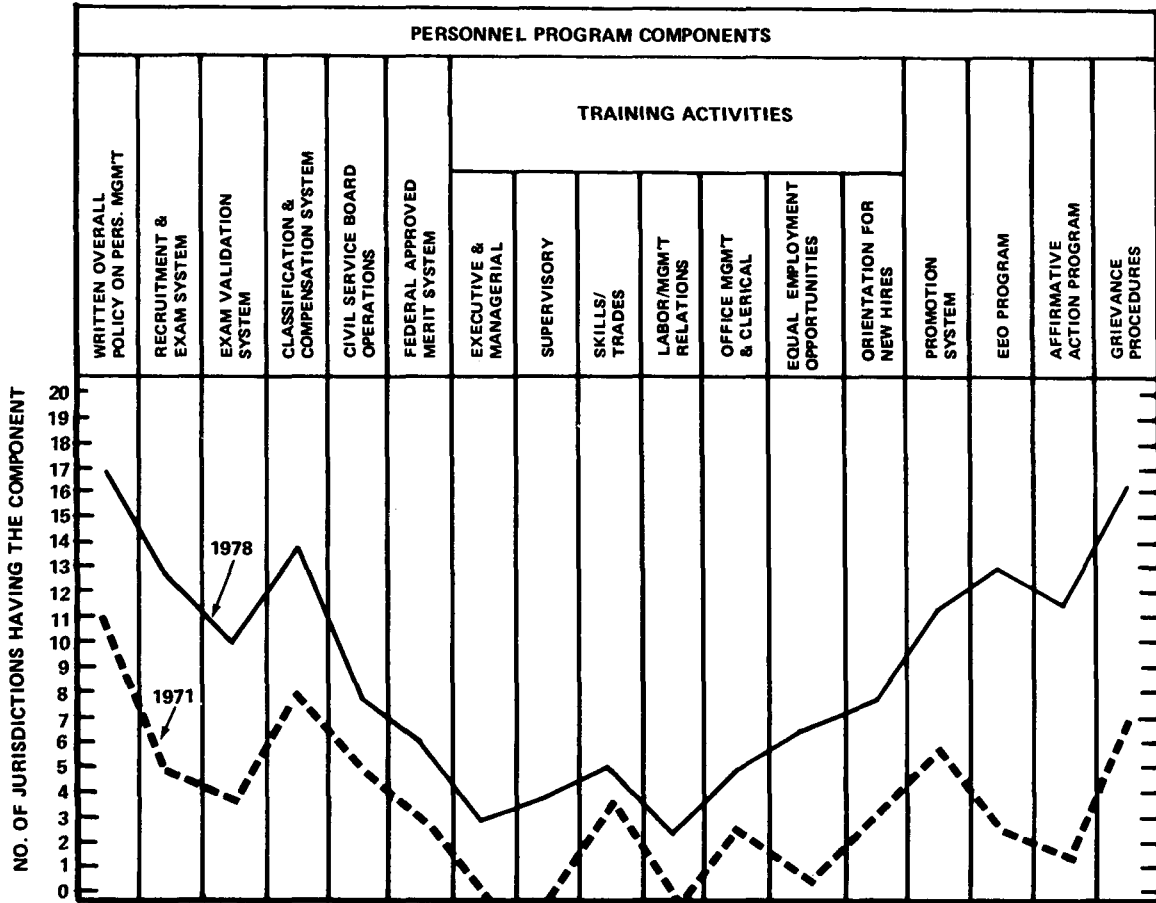
--Some North Carolina State officials have estimated that, since IPA was enacted, 75 to 80 percent of the jurisdictions have developed classifications or pay plans, whereas without IPA, only one-fifth of the

towns and cities would have such plans. Also, projects for overall personnel management improvement established personnel systems for cities and counties where as, previously, systems either did not exist or were restricted to records management.

- Affirmative action programs were established in Milwaukee and Milwaukee County in Wisconsin.
- In Nevada, local governments requested technical assistance from the State personnel division in the areas of classification and pay administration, recruitment and examining, personnel policy, and rule development as well as appraisal systems. An IPA grant helped to develop the Cooperative Personnel Services Unit to provide technical assistance. This unit has not received IPA funding since January 1976 and is self-sufficient, providing a full range of personnel technical assistance to Nevada jurisdictions.
- The State of Kentucky Department of Personnel has modernized its personnel records systems with the aid of an IPA grant. The new system is expected to increase efficiency and record-retrieval speed of file clerks by at least 50 percent. The system has also improved employees' working conditions.
- A report on an IPA-supported training program for field tax auditors in the Indiana Department of Revenue reveals that the training project significantly improved productivity. A post-training survey revealed that training participants' enhanced ability to detect errors in taxpayers' returns accounted for a 65 percent increase in the average dollar amount of error per return over their pretraining performance. Indiana University operates the training program.
- In the State of Washington about 15 percent of IPA funds awarded had been used to improve specific personnel system functions. These included the automation of personnel system records for Seattle and Tacoma; studies of productivity, career development policies in State government, and employee communications; a training resource assessment for nonacademic university employees; the establishment of an inter-governmental job information center for Federal, State, and local jobs; improved opportunities for part-time employment in the public sector; and the development of a system for career planning for State employees.

The Nevada report provides the most detailed level of information on personnel management changes. It includes the following chart which shows 17 basic personnel system and training characteristics.

EXTENT TO WHICH THE INDICATED PERSONNEL PROGRAM COMPONENTS EXISTED IN 1971 VS 1978 IN TWENTY NEVADA CITIES & COUNTIES COVERED BY THE STUDY



SOURCE: "THE NEVADA IPA EXPERIENCE-AN EVALUATION OF THE IMPACT OF THE INTERGOVERNMENTAL PERSONNEL ACT IN THE STATE OF NEVADA", 1978.

STATE AND LOCAL CIVIL SERVICE REFORM

In recent years, many State and local jurisdictions have taken on civil service reform similar to that for Federal employees under the Civil Service Reform Act of 1978. Some of the State and local governments' efforts preceded the Federal reform program. At a January 23, 1978, conference in Washington, D.C., on public personnel management reform, the Director of OPM stated:

"* * * I have followed with considerable interest the progress in some of your States and must conclude that while Federal policy is of tremendous importance, the States (California, Oregon, Wisconsin, Florida, to name but a few) are in many cases charting the direction which I believe the Federal Government must move."

Civil service reform in Wisconsin, Massachusetts, Chicago, and New York City are examples of the kind of changes State and local governments are making.

Wisconsin

Wisconsin completed a major revision of its civil service system in November 1977. The State studied the systems of other States and borrowed successful approaches liberally. The reform revisions in Wisconsin, for example,

- precluded further use of veterans' points in promotional examinations, and veterans' points can no longer have the effect of bumping nonveterans off appointment certificates;
- changed from rule of 3 to rule of 5, or 10 percent of eligibles up to 10, in certifying eligible applicants for job appointments;
- established the personnel department as a separate cabinet-level agency and created a new appeals board.

Massachusetts

Massachusetts' reform efforts included updating its classification system and correctly classifying all positions. A key objective of this is to develop information to assure that examinations are job related. The State is also establishing a new performance appraisal system in which employee performance can be measured against valid objectives and used as a factor in promotion and merit pay. In addition Massachusetts is recodifying civil service laws and revising personnel rules, training agency people to maintain classification plans, and delegating personnel functions to agencies and municipalities which can effectively administer them.

Chicago

In Chicago a new civil service reform ordinance was approved in October 1975 and became effective on January 1, 1976, establishing:

- A personnel department headed by a director of personnel appointed by the mayor.
- A personnel board to approve rules proposed by the personnel director, advise the mayor on personnel matters, and oversee the employee job security and disciplinary system.
- More latitude for department heads in selecting and promoting employees.
- Greater involvement of the personnel director in coordinating the city's EEO program and an improved complaint procedure.
- A change in veterans' preference provisions so that they apply only to service before 1975 for selection and promotion purposes.

New York City

New York City has recently separated the city civil service commission from the personnel department and transferred many of the commission's functions to the personnel department. The city has also delegated many personnel functions to its agencies to get managers more involved in the personnel area and to increase their ability to manage their own organizations. In addition the city has instituted a separate management service for its 2,000 managers and executives to increase management's flexibility, capability, and authority. This new management service would include such features as a new managerial compensation plan linking pay to performance, new managerial time and leave procedures, and individual agency management incentive programs.

STATE AND LOCAL PERSONNEL MANAGEMENT PROBLEMS STILL EXIST

Although progress has been made in State and local government personnel management improvement, these governments indicate that Federal assistance is still needed. Some State and local governments have made progress in very basic areas, and they are just beginning to address comprehensive personnel system problems.

For example, the Colorado report states that, before 1976, most local governments were developing basic classification and salary plans and were not ready for a comprehensive personnel system. However, the focus has shifted to

performance evaluation and productivity system development and improvement of selection techniques and methodologies. This is now possible, according to the Colorado report, since the basic foundations of personnel administration were established in the initial years of the IPA grant program. The report states that the issues that existed before 1971 (unionization, grievances, appeals) are still significant and, with the addition of almost 50,000 more governmental employees over the past 6 years, the trials of being a public manager or personnel director in Colorado have increased in direct proportion.

Another example is North Carolina where the use of IPA funds has generally centered on projects to develop the basics of a personnel system, such as classification and pay plans, or to develop or improve comprehensive personnel systems. The North Carolina report states that a general trend is developing to fund projects which will further refine comprehensive personnel systems in such areas as performance evaluation, recruiting and examining, and EEO and affirmative action.

According to the Maine report, while much has been accomplished in improving personnel practices, the problems that were identified in a 1972 survey still persist in many jurisdictions. According to the report, for example, some jurisdictions still lack basic personnel systems.

In Washington it is believed that, in spite of the benefits from IPA grants, State and local governments will have a continuing need for grant funds. The Washington report states that training is increasingly sought after and the demand exceeds available funds at all levels of government. It also states that awareness of the need for personnel management is growing; though personnel systems are getting more sophisticated, they still have difficulty in providing the level of service needed by their clients.

Many States and local governments have recently indicated that they need help in such areas as the validation of selection procedures, collective bargaining, employee training, automation of personnel records systems, EEO and affirmative action planning, employee productivity improvement, employee pensions, and performance appraisal systems. However, this is merely an indication of the need for assistance and does not identify the problems upon which these needs are based. OPM recognizes the need for more Federal involvement in identifying specific State and local personnel management problems so that the IPA program can be better directed.

OPM ASSESSES THE STATE OF THE ART
IN STATE AND LOCAL PERSONNEL MANAGEMENT

In 1977 OPM and the National League of Cities, the National Association of Counties, and the Council of State Governments sent questionnaires to 3,350 jurisdictions in an effort to develop a baseline data file to describe the structure of their personnel systems. As of October 4, 1979, the final report on the analysis of this survey had not been published.

According to OPM this survey and analysis will be an important first step in assessing current State and local government personnel management Nation-wide. OPM believes that the findings in the final report should enable it, State and local governments, and IPA planners to better direct the IPA program to meet personnel management needs.

OPM also believes that this particular survey should be regarded as one of several indicators of the state of the art of personnel management and program needs. It recognizes that personnel management is a continually changing area and that many of the urgent personnel needs and problems may not be identified through a mass survey questionnaire as the one it used. Further, the response rate to the questionnaire was low for cities and counties as shown.

<u>Type of jurisdiction</u>	<u>No. of jurisdictions sent questionnaires</u>	<u>Jurisdictions responding</u>	
		<u>No.</u>	<u>Percent</u>
States	50	48	96.0
Cities	2,100	372	17.7
Counties	<u>1,200</u>	<u>165</u>	13.8
Total	<u>3,350</u>	<u>585</u>	17.5

OPM officials attribute this low response rate to the questionnaire's length and complexity.

By conducting this survey, OPM has taken an important step toward better assisting State and local governments in improving their personnel management. Realizing the weakness of this type questionnaire, OPM should use additional means to determine the needs and problems of State and local governments. This would allow the Federal Government to identify its responsibility in providing direct assistance and in eliminating barriers to State and local personnel management improvement.

The annual State plans which OPM currently requires its regions to develop could be the vehicle for identifying State and local problems and needs and directing IPA resources to meet these needs. The regions are instructed to identify State and local needs by reviewing the findings of qualitative evaluations, consulting with Federal grantor agencies, considering information in quantitative surveys on personnel operations, and reflecting on the insights gained during pre-grant consultation and technical-assistance visits. The State plans represent the regions' estimates of the actions and improvements they hope IPA resources will bring about in the States. While the State plan approach is a logical method of identifying State and local needs and targeting IPA resources, OPM recognizes that the implementation of this approach has been piecemeal and that it needs improving.

OPM PLANS TO HELP BUILD
PERSONNEL MANAGEMENT EVALUATION
CAPACITY IN 10 JURISDICTIONS

In an OPM operations letter dated April 27, 1979, the Assistant Director for Intergovernmental Personnel Programs requested each of OPM's regions to examine opportunities for a self-evaluation capacity in its jurisdictions and to encourage that objective through whatever means seem appropriate. The objective is to establish ongoing personnel management evaluation capacity in at least one State or major jurisdiction in each region. The operations letter stated that, in some cases, a State or local jurisdiction may have already initiated some activities toward an objective self-evaluation capacity that may provide a particularly good opportunity for OPM to strengthen.

The Assistant Director stated that they view the development of personnel systems evaluation capacity very broadly in both what is evaluated and how. Ideally, OPM wants to encourage public managers, particularly at the State level, to develop a capacity to critically appraise their own personnel policies, practices, and performance. According to the Assistant Director, that capacity might be entirely internal (a personnel management evaluation unit within a State personnel office) or external (a private or public organization on contract).

For this project, jurisdictions will be selected voluntarily, and the regions are to advise the Assistant Director of the selections. In considering their plans for capacity building, the regions are to consider, for example, the following kinds of activities:

- Evaluation of the internal personnel operations of a particular agency, system, or major jurisdiction, including its compliance with the Merit System Standards.
- A central agency evaluation of the administration of personnel authorities delegated to other agencies or organizations.
- Evaluation of an initiative within a personnel system targeted to achieve major objectives (e.g., establishment of new selection procedures or development of a performance appraisal system tied to pay or other rewards).
- Evaluation of personnel operations in other agencies or organizations (e.g., State evaluation of local agencies' compliance with the Merit System Standards).
- Evaluation of the impact of personnel management improvements or training which has been funded by IPA grants.

Also, OPM is updating and expanding its "Guidelines for Qualitative Evaluations of Personnel Operations in State and Local Governments" for these governments' use in evaluating their personnel operations.

These efforts, which we encourage, should help to insure that State and local governments' urgent personnel management problems and needs are identified.

CONCLUSIONS

Although State and local government personnel management has improved, problems still remain. Many States and local agencies have indicated a need for assistance, but OPM recognizes the need for more Federal involvement to identify State and local governments' personnel management problems to better direct the IPA program.

OPM has taken steps to assess the state of the art in State and local government personnel management and to help build jurisdictions' capacity for evaluating their personnel management. We believe these steps are very important; however, in the meanwhile OPM should modify its planning process to insure that urgent State and local personnel management problems are identified.

RECOMMENDATION

We recommend that the Director of OPM direct the Assistant Director of Intergovernmental Personnel Programs to improve the planning process for identifying State and local government personnel management problems. OPM's State plans should include among other things (1) analyzing the baseline data survey, (2) consulting with other Federal agencies, particularly those with large grant programs, and (3) analyzing evaluations of merit systems.

AGENCY COMMENTS

OPM agreed it needs to improve its planning process for identifying State and local government personnel management problems and said it had already taken steps to do so. OPM stated that the baseline survey we discussed on pages 17 and 18 will be useful in identifying personnel assistance needs; it is contemplating further improvements to insure needs are properly identified and to bolster the State plans process.

CHAPTER 3

THE ROLE OF IPA GRANTS IN STATE AND LOCAL

PERSONNEL MANAGEMENT IMPROVEMENT

Although its overall impact is unknown, IPA has played a key role in the progress made in State and local personnel management improvement. Evaluations of the overall effectiveness and impact of most of the IPA components have been limited, but several evaluations have been made of IPA grants. These evaluations show that IPA grants have generally been successful, played a catalytic and supportive role in State and local government personnel management improvement, and have resulted in several cost savings. IPA funds are limited, however, and many local jurisdictions have never used IPA grants. The overall extent to which these jurisdictions are advancing in their personnel management improvement with or without other Federal assistance or through the sharing of results from other jurisdictions has not been determined. Also, employee organizations question the use of IPA funds. Representatives of employee organizations may participate in IPA-supported training, but the extent to which they are made aware of and participate in such training is not known.

PERSONNEL MANAGEMENT IMPROVEMENT THROUGH IPA GRANTS CAN LEAD TO IMPROVEMENTS IN GENERAL MANAGEMENT AND PRODUCTIVITY

The basic long-range goal of IPA grants is to strengthen the capacity of State and local governments to plan, carry out, and evaluate government programs and improve the delivery of public services. IPA grants are used to address priority needs in personnel management improvement as determined by the State and local governments themselves. Grant funds may be used to fund projects for State and local governments' personnel management systems improvement and training (up to 50 percent of the costs), government service fellowships, or for any combination of these purposes.

Systems improvement

In terms of management systems improvement, IPA grants are limited to personnel systems. There is no rigid definition of the type and scope of fundable projects for personnel management systems improvements. Some examples of projects that could be funded are:

- Establishing personnel systems of general coverage or of limited functional coverage to meet the needs of governmental jurisdictions to provide sound career services; opportunities for advancement; adequate retirement and leave systems; and other career inducements to professional, technical, and administrative personnel.
- Assessing State and local government short- and long-term needs for professional, technical, and administrative personnel and the initiation of timely and appropriate action to meet such needs.
- Strengthening one or more major areas of personnel administration, such as recruitment and selection, training and development, or pay administration.
- Undertaking research and demonstration projects to develop and apply better, more innovative, personnel administration techniques, including projects conducted by State and local government staffs and projects conducted by colleges and universities or other appropriate nonprofit organizations under grants or contracts.

Training

The IPA program allows State and local governments to improve their general management through training. Grants for government service fellowships are intended to assist jurisdictions by providing full-time or part-time graduate-level education for professional, technical, and administrative employees. Grants for training may be used for purposes such as strengthening the internal capacity of a State or local government to assess and meet its own training needs, planning for and establishing intergovernmental training programs and facilities, and developing and carrying out State and local governments' training programs. IPA training grants are intended primarily to meet training needs not addressed by other Federal programs.

In addition to allowing for general management improvement through training, IPA-supported projects can provide a base for improving productivity. For example, this is true whether the IPA projects help jurisdictions develop the basic components of modern personnel systems, such as pay and classification systems, or focus on training needs of elected officials, managers, supervisors, and administrative staff.

The appropriations for IPA grants have ranged from \$12.5 million in 1972 to \$20 million in 1978. The amounts awarded by fiscal year for State and local personnel management systems improvement, training, and government service fellowships are shown below. See app. IV for the distribution of IPA funds.

<u>Fiscal year</u>	<u>Personnel management system improvement</u>	<u>Training</u>	<u>Government service fellowships</u>	<u>Total awarded</u>
1972	\$ 7,325,000	\$ 5,100,000	\$41,000	\$ 12,466,000
1973	10,524,859	5,505,003	10,050	16,039,912
1974	8,533,500	3,318,500	3,700	11,855,700
1975	10,113,100	5,887,400	15,200	16,015,700
1976	9,313,251	6,008,882	0	15,322,133
1977	11,388,076	7,913,747	0	19,301,823
1978	<u>12,103,695</u>	<u>10,234,993</u>	<u>0</u>	<u>22,338,688</u>
Total	<u>\$69,301,481</u>	<u>\$43,968,525</u>	<u>\$69,950</u>	<u>a/\$113,339,956</u>
Percent	61.1	38.8	0.1	100.0

a/This exceeds total funds appropriated of \$106.5 million from fiscal years 1972-78 because the annual amounts awarded include the previous year carryover funds and funds reobligated.

THE IMPACT OF IPA GRANTS

Evaluations of IPA grants by OPM, States, and independent consultants show the grants as highly effective in meeting State and local governments' personnel management needs, helping to build organizational capacity, and improving intergovernmental relations. With IPA grants, progress in personnel management improvements was made in both large and small governments during fiscal years 1972-78. The evaluations show that IPA grants have played a catalytic and supportive role in improving State and local government personnel management and have resulted in several cost savings.

Why IPA grants generally succeed

All of the accomplishments in State and local personnel management described on pages 11 and 12 were achieved through IPA grants. As stated previously, IPA grants have been used in establishing basic personnel systems where none existed before; making specific subsystem improvements, such as position classification or performance evaluations; providing

training in key areas of management concern, particularly management development; and responding to new challenges and requirements in public personnel policy, such as EEO and labor management relations.

A 1975-76 evaluation by independent consultants of 384 grant projects funded from 1972 to 1974 showed why most IPA grant-supported projects were successful and why some failed. According to the study:

- Projects stimulated by specific and urgent problems are more likely to have substantial impact.
- The commitment to projects' objectives by elected and appointed officials and employees of the jurisdiction is essential to success. This is especially important to stimulate the continuation of the project activity.
- A high level of effectiveness is promoted by the conscious flexibility of program administration, which encourages change in project directions as the jurisdiction's needs change.
- Projects' success in meeting needs and solving problems is not directly related to the type of project funded, the size or type of jurisdictions involved, or the size of the grant.

The study showed that about 6 percent of projects failed to meet needs and solve problems. Another 14 percent were only partially successful because needs were not properly identified, key officials were not fully committed to the improvement, solutions were poorly drawn and did not respond to jurisdictions' needs, and promised solutions were not delivered because of simple mismanagement.

The overall extent to which IPA grant-supported projects funded after 1974 have failed and the reasons for failure have not been determined. We believe that OPM should make a continuous effort to determine this so that the Federal Government can properly identify its responsibility in eliminating barriers to the program's success.

OPM is currently supporting a study of the factors that help to make IPA grant projects successful. It is focusing on the following questions:

- Are there any underlying and recurring patterns of successful innovation implementation to be found in the experience of the grant projects selected for study?

- What distinguishes relatively successful innovation implementation from relatively unsuccessful efforts?
- What is the relationship in terms of success and failure between what happens after a grant project is initiated and its ultimate implementation experience?
- What are the processes by which project goals and objectives are converted into action plans and activities that bring about achievement of original intent?

This study should help OPM to emphasize those factors that result in the successful administration of the IPA grant program.

Federal funds stimulate personnel management improvement

The commitment of State and local governments' top management is necessary for personnel management improvement. The following examples from the 10 States' study show that IPA grant funds served as a stimulus for improvement:

- In New Jersey the IPA funding and the actions necessary to receive this funding have all combined to give a long needed impetus to personnel management. Before IPA, management-oriented officials and personnel practitioners in New Jersey had no program designed exclusively to meet their needs. Federal IPA funds helped to make jurisdictions willing to invest in their personnel resources.
- In Colorado the IPA program brought into focus the need to develop personnel systems in tune with national legislation involving EEO and sound personnel management.
- As a result of the IPA stimulus, local governments in Nevada have set aside political differences for the sake of solving problems of mutual concern. State agencies in Nevada have grown more aware and responsive to the personnel needs of local governments and have seen the advantage of a unified approach to improving personnel management.

Also, one OPM report states that many IPA projects were credited with initiating the first instance of intergovernmental cooperation in personnel management.

Federal funds played a supportive role

The 1975-76 evaluation of 384 grant projects from 1972 to 1974 and the 10 States' study show that the IPA grant program provides "seed money" that increases State and local governments' investment in improved personnel management. The concept of seed money is that the presence of Federal funds will convince the grantee over the duration of the grant that the project is valuable enough to be continued with non-Federal funds in the long run.

The 384 projects' study shows that 76 percent of the completed projects were continued with State or local funds, 12 percent were dropped although they were intended to be continued at the time they were funded, and 12 percent were one time efforts. According to the study, for those completed projects that were continued, each \$1 in grant funds originally put into the projects yielded a continuing annual expenditure of almost \$2 of State and local funds. Although the study does not show why 12 percent of the projects were dropped, it does state that some projects failed to continue as planned because necessary legislative changes could not be made. Another reason projects are not continued is a lack of funds. However, we do not know if this would be true of the projects covered in the 384 project' study.

In most of the 384 projects a significant new activity was initiated, and in other cases an ongoing activity was improved. On the basis of responses received, 80 percent of those projects probably would not have been undertaken without IPA assistance, primarily because of a lack of funds for management improvement. Those jurisdictions that would have gone ahead without IPA support believed that the response to the needs and problems involved would not have been as timely and effective.

In addition, IPA grants have been used to support some State and local governments' civil service reform. For example, an IPA grant to Wisconsin resulted in the Governor's submitting recommendations for civil service reform to the Wisconsin State legislature. Most of the recommendations were adopted. Also, at the January 23, 1978, conference held in Washington, D.C., on public personnel management reform, the chairperson of the Massachusetts Civil Service Commission stated she observed that most of the civil service reform efforts in Massachusetts would not have occurred without the seed money IPA provided. At this same conference the personnel director of New York City's Civil Service Commission indicated that IPA grant funds are being used to

train agencies in the new management service plan for the city's 2,000 managers and executives and to develop new examinations for managerial positions.

Savings from personnel management improvement through IPA grants

According to OPM, specific information about savings directly attributable to IPA projects is relatively scarce. However, reports available at OPM give some examples:

- An IPA-initiated training program allowed employees in Tennessee to implement improved automated data processing procedures. A special report on management improvement claimed that these procedures could save Tennessee \$13 million.
- More than \$1.2 million was saved as a result of an IPA project in the city and county of San Francisco used to stimulate improved procedures, staff utilization, and budget development.
- An internal executive training program for State officials in Georgia is estimated to have saved \$350,000 compared to the cost of purchasing outside training courses, and the State is beginning to support a greater share of program costs.
- A major training program in team building for government employees in the State of Washington has saved approximately \$400,000 annually through improved management in the 39 agencies that have been or are currently participating in the program.
- Nevada developed and implemented a comprehensive approach to productivity management within seven major State agencies. And as of June 1978 the IPA grant investment of \$80,880 has saved Nevada taxpayers more than \$250,000. The documented return in savings was more than one-third of all IPA funds awarded (\$739,576) to Nevada.
- The Oklahoma Municipal League developed a reference guide on authorities, responsibilities, and limitations of municipal officials. This saved about \$18,500 for officials who had used it in the first few months it was available.
- A regional consortium to coordinate the delivery of training through closed circuit television in the

New Jersey, New York, and Connecticut area saved more than \$50,000 compared to the cost of equivalent training in a single jurisdiction.

--Wisconsin's implementation of a productivity study's recommendations in the city of Eau Claire would save about \$500,000 in a 5-year period and \$1,330,000 in a 10-year period.

--An IPA-funded safety management project implemented in Fresno, California, has resulted in a substantial reduction in lost-time accidents and saved \$40,000 within an 18-month period. These benefits were initiated by a modest IPA grant of \$7,907.

In our opinion savings from IPA-supported projects represent a significant accomplishment and should be reported regularly. OPM presently requires IPA grantees to report results of grant projects, and this in our opinion would also be an appropriate means of obtaining data on savings. OPM agrees with us and said it plans to modify its report form to include data on savings.

IPA GRANT FUNDS ARE LIMITED

Informal data provided to OPM's regional offices by State IPA administrators indicate that, because of limited grant funds, less than half of the IPA funds requested by State and local jurisdictions are awarded.

Unfunded Projects Under the IPA Grant Program

<u>FY</u>	<u>States with data</u>	<u>Unfunded projects</u>	<u>Funds awarded</u>	<u>Amount unfunded</u>	<u>Ratio of unfunded to funded</u>
1972	10	138	\$ 4,118,000	\$ 4,409,000	1.07:1
1973	17	217	5,552,000	8,544,000	1.53:1
1974	23	141	5,377,000	5,423,000	1.01:1
1975	30	331	9,523,000	14,062,000	1.48:1
1976	31	224	9,247,000	10,119,000	1.09:1
1977	48	559	13,345,000	12,803,000	0.96:1
1978	40	<u>472</u>	<u>14,085,000</u>	<u>12,501,679</u>	<u>0.89:1</u>
Total		<u>2,082</u>	<u>\$61,247,000</u>	<u>\$67,861,679</u>	<u>1.11:1</u>

IPA grant appropriations have ranged from \$12.5 million in fiscal year 1972 to \$20 million in 1978. About 38,000 State and local governments can potentially benefit from these limited funds. OPM does not maintain the central data needed to compare why some projects are funded and others are not. It does not follow up to determine what happens in jurisdictions that are not funded (i.e., Are projects delayed or initiated without Federal funds?). Such an analysis, in our opinion, would help to determine whether the program needs to be expanded.

SEVERAL JURISDICTIONS HAVE NEVER USED IPA FUNDS

Several jurisdictions have never used IPA funds. The extent to which they overlap with jurisdictions that have requested funds but did not receive them is unknown.

There is no central data available on which jurisdictions have not used IPA funds and why. However, some of the individual reports on the 10 States' study of IPA grants indicate that States may have a variety of reasons for not using IPA funds and that there is a need to further examine this. For example, the Nevada report states that small jurisdictions tend not to have used the IPA program, but it was not ascertained whether this stems from a lack of interest in IPA

affairs, lack of necessary resources such as matching funds for grants, or other inhibiting factors.

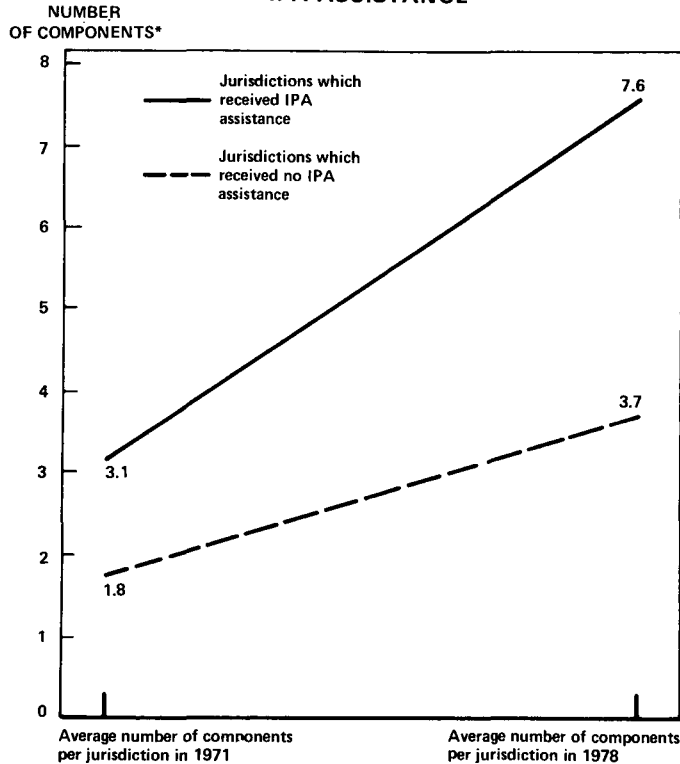
Another example is the North Carolina report which states:

"It is difficult to characterize jurisdictions which have not used IPA resources. One official postulated that they would not be far different from jurisdictions which had received IPA assistance. A cross section would reveal large and small jurisdictions, jurisdictions with fairly sophisticated personnel systems and some with essentially no personnel systems, and those receptive to another type of federal assistance as well as those which do not wish to have further involvement. A variety of factors has contributed to non-use of IPA resources. Among them are an inability to implement a grant project due to inadequate staff, inability to meet match requirements, or in some cases a lack of awareness of IPA resources or services available. One official indicated that the little jurisdictions do not have the expertise to know what is really needed and consequently do not know for what to apply."

The overall extent to which jurisdictions that have not used IPA grants are progressing in their personnel management improvement, using other types of Federal personnel assistance, or sharing in results from other jurisdictions is unknown. Nevada is the only one in the 10 States' study that indicates this. Its report contains the chart on page 31 which shows the relative gain in personnel program components (such as recruitment and examining systems and EEO programs) in 11 jurisdictions which received IPA grant assistance compared to 9 which did not. (See p. 13 for all the components included in this chart.)

Even if all jurisdictions requested IPA grant funds, many would not receive them because of the limited amount available. This increases the need for OPM to identify problems of State and local governments and to improve research, demonstration, and technology transfer for State and local personnel management. (See p. 66.)

**RELATIVE GAIN IN PERSONNEL PROGRAM
COMPONENTS IN ELEVEN JURISDICTIONS WHICH
RECEIVED IPA ASSISTANCE AS COMPARED
TO NINE JURISDICTIONS WHICH RECEIVED NO
IPA ASSISTANCE**



SOURCE: "THE NEVADA IPA EXPERIENCE--AN EVALUATION OF THE IMPACT OF THE INTERGOVERNMENTAL PERSONNEL ACT IN THE STATE OF NEVADA." 1978

Also, the Federal Government needs to determine what progress local governments that have not used IPA funds are making in their personnel management improvement and what barriers they face. This would, in our opinion, help to determine the Federal responsibility to provide more financial and other assistance and to eliminate barriers to State and local government personnel management improvement.

EMPLOYEE ORGANIZATIONS QUESTION
THE USE OF IPA GRANT FUNDS

Employee organizations have complained that, since unions are barred as grantees under the IPA program, IPA grants are clearly being used to help strengthen management's negotiating position and capability. In 1975 the Senate Subcommittee on Intergovernmental Relations, Committee on Government Operations, opposed a proposed amendment to IPA to authorize grants for training to employee organizations. The Subcommittee stated that the unique purpose of IPA is

to assist State and local governments in improving their management competence and that the proposed amendment would equate labor organizations, which have no governmental responsibilities, with State and local governments for which the act was specifically designed. The Subcommittee stated that extending financial assistance to labor unions and employee organizations requires a policy determination which should be considered outside the context of IPA.

Although unions do not receive IPA funds, the guidelines for the IPA grant program give representatives of employee organizations, who are State or local government employees, a direct opportunity to participate in IPA-supported training programs. However, the proposed training must be rationally geared toward improving employee performance and directly benefit a State or local government. Subjects which meet this criteria include

- an understanding of the terms of the collective bargaining agreement,
- an orientation in public sector labor relations laws and administrative orders, and
- briefings and instruction on those nonnegotiable areas of personnel administration that may affect the conduct of collective bargaining.

The overall extent to which representatives of employee organizations are made aware of and participate in IPA-supported training is unknown. In our opinion, such information would help to determine the extent to which employee organizations and management cooperate in using IPA funds when appropriate.

CONCLUSIONS

Evaluations of IPA grants show that they have been successful, have played a catalytic and supportive role in State and local government improvement efforts, and have resulted in several cost savings. OPM agrees that it should require grantees to report cost savings from IPA-supported projects. In addition, OPM should determine the extent to which representatives of employee organizations are made aware of and participate in IPA-supported training.

Limited IPA funds make it necessary for OPM to identify the problems of State and local governments and to improve research, demonstration, and technology transfer for State and local personnel management.

In addition, the success in and barriers to State and local personnel management improvement, including jurisdictions that have not used IPA funds, should be identified so that Federal responsibility to provide future financial and other assistance and to eliminate barriers can be defined.

RECOMMENDATIONS

We recommend that the Director of OPM direct the Assistant Director of Intergovernmental Personnel Programs to:

- Require grantees to report cost savings resulting from IPA-supported projects.
- Determine the extent to which representatives of employee organizations are aware of and participate in IPA-supported training in labor management relations.
- Devise and implement a plan to periodically assess the success in and barriers to State and local government personnel management improvement so that the Federal responsibility to provide future financial and other assistance and to eliminate barriers can be identified. In developing the plan, consideration should also be given to the success and failure of IPA grant projects and jurisdictions that have not used IPA grants.

AGENCY COMMENTS

OPM agreed that grantees should be required to report cost savings resulting from IPA-supported projects. It stated that the achievement of cost savings is one indication of the success of a grant project and that it will modify its forms for completed grant projects to collect this information.

OPM also agreed that it should monitor the extent of employee organization awareness and participation in IPA-supported training in labor management relations. It stated it:

- Has recently canvassed the extent of employee organization participation in IPA training and will continue to monitor this activity.
- Is considering policy changes to insure greater awareness and participation by employee organizations in future IPA-supported labor-management relations training.

- Is already attempting to implement section 602 of the Civil Service Reform Act of 1978 by encouraging Federal agencies to eliminate conflicting personnel regulations which are barriers to State and local personnel management improvement.
- Has analyzed the reasons for the success and failure of IPA grant projects and cited the 1975-76 survey of 384 grant projects and the 1978 evaluation of the IPA grant program in Nevada.

We acknowledge these efforts. However, OPM agreed that it is desirable to have more knowledge on why some State and local governments operate successful personnel systems and others do not. OPM stated also that, because of the high costs, it has some reservations about fully implementing the recommendation to gather more information on this subject but agreed that, with additional resources, this information could be worth collecting.

CHAPTER 4

THE POTENTIAL ROLE OF AND PROBLEMS IN MERIT SYSTEM STANDARDS ADMINISTRATION AND INTERGOVERNMENTAL TRAINING

In addition to IPA grants, the potential role of the other IPA components (i.e., the administration of Merit System Standards, intergovernmental training, cooperative recruiting and examining, mobility assignments, and technical assistance) can have a great impact on State and local government personnel management improvement. However, improvements are needed in administering Merit System Standards and intergovernmental training. Problems have resulted in a low-keyed approach to cooperative recruiting and examining (see ch. 5), and the evaluation of the overall effectiveness and impact of the IPA components other than grants, as discussed in chapter 6, has been limited.

THE POTENTIAL ROLE OF MERIT SYSTEM STANDARDS ADMINISTRATION

The Federal Standards for a Merit System of Personnel Administration are presently a statutory or regulatory requirement for State and local governments' receipt of funds in over 20 grant programs. (See app. I.) The Standards are used to determine whether a State or local government has established and is maintaining an acceptable merit system of personnel administration. In administering the Standards, OPM's primary interest is assisting State and local governments achieve a sound merit system program which helps assure the proper and efficient administration of grant-aided programs covered by the Standards.

OPM EVALUATES STATE AGENCIES' COMPLIANCE WITH THE STANDARDS, BUT LITTLE EVALUATION IS MADE OF LOCAL AGENCIES' COMPLIANCE

OPM is responsible for evaluating State agencies' compliance with Merit System Standards. Its responsibility for evaluating local compliance is limited. The State is responsible for supervising and evaluating most local compliance. The States' involvement in local compliance takes many forms. Many of them actually operate merit systems on a central basis for local grantees. However, some State agencies responsible for "passthrough moneys" which go to local agencies serviced by independent local merit systems do not carry out their responsibility to evaluate local compliance.

OPM's qualitative evaluations are used to review State agencies' compliance with Standards

According to OPM about 360 State agencies are required to adhere to Merit System Standards. The number of local agencies required to adhere to the Standards is unknown but is estimated to be in the thousands. The number of merit system agencies in which OPM must directly administer Merit System Standards has more than doubled, from about 100 to 300, because the Department of Labor has recently added the Standards to the Comprehensive Employment and Training Act's (CETA's) regulations, and no State agency is charged with supervising local prime sponsors' compliance in that program. Labor is the first agency to take such action since the passage of the Civil Service Reform Act of 1978 which authorized Federal agencies to extend the requirement of Merit System Standards to all grant programs.

OPM reviews compliance with the Standards by evaluating each State agency on a rotating 4-year cycle. OPM's regional offices have a great deal of flexibility in performing these qualitative evaluations. Their visits to agencies range from 1 day to 2 weeks, and although they are only required to look at EEO, employee selection, and one other area of personnel management, they sometimes make comprehensive evaluations.

Before the second quarter of fiscal year 1979, OPM did not require systematic reporting of State agencies' deviations from the Standards. It now requires its regions to state in their quarterly management reports what they believe are deviations and the actions they plan to take.

Limited State evaluation of local compliance to the Standards

Except for CETA regulations, Federal regulations for grant-aided programs administered by local governments require that State government officials make sure that local agencies comply with administrative requirements of the grants. This includes compliance with the Merit System Standards. Thus the States, not OPM, have primary responsibility for reviewing local agencies' compliance.

An OPM personnel management specialist told us that States' supervision of local compliance works well in a few States, but many States do not want that responsibility.

OPM's March 1977 report on the evaluation of its Chicago regional office's intergovernmental personnel program division's activities stated that the States' evaluations of

local compliance with the Standards continues to be a problem in the region. The report cited the following:

- In Indiana the State supervised only one of the local grant-aided programs. Part of an IPA grant to the State would be used to provide for a system of State services to locals.
- In Illinois the supervision of local programs for public health, mental health, and the aged continued to be a problem. Relations between the State and local governments seem to preclude practical working relationships.

The report states that in Wisconsin and Minnesota little or no problem existed with unsupervised locals.

A December 1976 report of the Philadelphia regional office's IPA activities stated that its Intergovernmental Personnel Division has had considerable success in getting the State grantee agencies to evaluate the personnel management operations of local program agencies; however, the State grantee agencies were ill-equipped and typically unwilling to see that local merit system agencies complied with the standards. According to the report, the State grantee agencies were reluctant to arrange for the central merit system agency to oversee compliance in their behalf and also maintained that they received no Federal funds for this purpose. Therefore, the region had a major problem of poor supervision in the three States (Maryland, Pennsylvania, and Virginia).

To improve local supervision, OPM, in the recently revised Merit System Standards (see p. 65), is requiring State governors to designate an agency or agencies responsible for supervising local compliance with the Standards. This agency will obtain certifications of compliance from local chief executives. The States must maintain these certifications and make them available to OPM on request.

PROBLEMS IN FEDERAL COORDINATION IN ENFORCING COMPLIANCE

OPM's Office of Personnel Assistance Operations desk officers are responsible for maintaining liaison with several Federal grantor agencies and coordinating OPM's merit systems activities. This involves consulting and negotiating with agency officials on policy and program matters relating to problems in State and local personnel administration and

- providing advice to grantor agencies on interpretation of the Merit System Standards,

- coordinating grantor agencies' enforcement action so that a common Federal position is communicated to State and local officials, and
- coordinating Federal grantors' personnel technical assistance resources so they are efficiently and effectively used in improving the management capability of State and local governments.

When OPM identifies a grant-aided agency's failure to comply with the Standards, it tries to resolve the matter through negotiations and will request the appropriate Federal agency's assistance if needed. If OPM believes that a question of substantial conformity remains, it will forward its findings to the grantor recommending that the grant be terminated or that other appropriate action be initiated. The basis for assessing substantial conformity rests on a consideration of how well the merit system as a whole meets the Standards' intent and objectives. The grantor, however, does not have to follow OPM's recommendations.

When two or more Federal agencies sponsor programs, problems can be compounded if they do not coordinate their actions. For example, the State of Kentucky, in its operations of a program cosponsored by the Departments of Labor and Health, Education, and Welfare, exempted more positions from competitive selection than OPM believed was justifiable. OPM's Atlanta regional office recommended that the two departments disallow funding for the positions. In response to a letter from the Governor of Kentucky to the President, the Department of Health, Education, and Welfare informed the State that it would not disallow funding for any of the jobs. According to the Assistant Director, Intergovernmental Personnel Programs, the Department took this action unilaterally without consulting OPM or Labor.

The OPM Atlanta region later found that the Kentucky positions could be exempted under the 1979 revised Merit System Standards. However, the Department of Labor is continuing to pursue audit exceptions approved by OPM for periods in which these positions were exempted from the Kentucky merit system in violation of the 1971 Merit System Standards.

OPM officials told us that section 208 of IPA authorizes them to advise Federal agencies that actions are needed to comply with the Standards, but Federal agencies still have the option to adopt or ignore OPM's advice. Officials said States do not perceive a well-integrated compliance effort at the Federal level. The officials do not believe this division of authority should be changed but would recommend

"heightened spirit of coordination" among the concerned Federal grantor agencies.

THE POTENTIAL ROLE OF
INTERGOVERNMENTAL TRAINING

Section 302 of IPA attempts to strengthen the training and development of State and local government employees by authorizing Federal agencies to admit them to training programs established for Federal professional, administrative, or technical personnel. Federal agency heads may waive, in whole or in part, payments from or on behalf of State and local governments for the cost of the training provided. Also, OPM is authorized to pay the first additional development or overhead costs that are incurred by admitting State and local government employees to Federal training courses.

Federal training assistance may
not be meeting State and local
governments' needs

The growth and complexity of State and local responsibilities require that ongoing and expanded training be pursued to continually upgrade the capacities of State and local government personnel. The former President's reorganization project task force on personnel management reports that State and local political realities make it unlikely that jurisdictions will be willing or able to meet increasing training needs on their own in times of limited financial resources and that the IPA program is a valuable alternative. According to the task force, Federal training support is consistent with national objectives; however, the effectiveness of this training for State and local employees has not been fully evaluated. Therefore, IPA may be only helping State and local governments meet a small fraction of their training needs.

OPM reported approximately 414,876 training incidents for State and local employees participating in Federal training programs. Of these, 98,696 were in OPM training.

State and Local Participation in
Federal Training Programs

	No. of training participants by fiscal year							<u>Total</u>
	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	
OPM	11,800	15,470	13,660	14,900	13,600	14,105	15,161	98,696
Other Federal agencies	<u>31,900</u>	<u>29,140</u>	<u>56,390</u>	<u>63,000</u>	a/ <u>65,000</u>	a / <u>70,750</u>	(b)	<u>316,180</u>
	<u>43,700</u>	<u>44,610</u>	<u>70,050</u>	<u>77,900</u>	<u>78,600</u>	<u>84,855</u>	<u>15,161</u>	<u>414,876</u>

a/Estimates rather than actual.

b/As of June 5, 1979, estimate was not available.

According to the former Presidential task force, State and local officials have indicated that IPA is not meeting its full potential. It has requested that

- increased information about Federal training be made available,
- course content be more relevant to State and local governments, and
- tuition be reduced.

The length of Federal classes, along with the geographical location, has also been identified as barriers to State and local participation.

Training to State and local employees is also available from sources other than section 302. As shown on page 23 about 39 percent of the IPA grant funds have been used for training State and local employees. Also, OPM's work force effectiveness and development group (the former Bureau of Training) has developed eight training packages specifically for State and local employees.

OPM stated that, while training under the authority of section 302 of IPA may seem sizable, the scope of Federal agency training is so broad that there are likely many untapped opportunities for participation of State and local employees in Federal training. An OPM official told us that the real training needs in some areas are not being met. OPM feels limited in what it can do because training needs have not been fully identified.

OPM has initiated a study to identify the (1) unmet State and local training needs, (2) kinds of training State and local officials wish to obtain from the Federal Government, (3) untapped training resources of Federal agencies, (4) barriers to State and local employees' participation in training programs, and (5) potential training opportunities, OPM's future priorities, and the Federal role for providing information about these resources to State and local governments.

Coordination of Federal training
assistance needs to be improved

Section 306 of IPA requires OPM to:

- Coordinate the training support given to State and local governments under IPA with training support given under other Federal programs.
- Make arrangements, including collecting and maintaining data on training grants and programs providing for training to avoid duplication and to insure consistent administration of related Federal training activities.
- Insure consistent administration of related Federal training activities with particular regard to Title IX of the Higher Education Act of 1965.

OPM provides intergovernmental training in such areas as general management, personnel management, labor relations, EEO, management science, financial management, and automatic data processing management. However, OPM has limited knowledge of the training other Federal agencies provide. OPM's efforts to coordinate training consist of (1) the administrative support it provides to the intergovernmental training council whose overall goal is to exchange information about training methods and programs and (2) the Guide to Personnel Assistance for State and Local Governments which gives the many different types of personnel assistance offered by Federal departments and agencies.

In our March 7, 1975, report "Progress and Problems in Implementing the Intergovernmental Personnel Act of 1970" (FPCD-75-85), we stated that more information needs to be collected on the kind of training being provided to State and local employees. OPM has worked to gather information on training given to State and local employees participating in Federal training programs but has not developed a system to gather data on training provided by Federal grants. In addition, the information that has been collected has not been published or analyzed to identify the thrust of the training being provided.

The need to coordinate training becomes more evident as the amount of training increases. Training projects funded by IPA have increased from 161 in 1974 to 374 in 1978.

The OPM Office of Management Analysis and Audits has recommended that OPM increase its efforts to coordinate State and local training under both Federal training and grant programs. The OPM Office of Intergovernmental Programs agreed with this recommendation and will attempt to bolster its efforts within resource constraints.

CONCLUSIONS

The Federal role in improving State and local governments' personnel management through the administration of Merit System Standards and intergovernmental training can have a tremendous impact. However, improvements are needed to insure that States promote supervision of local agencies compliance with Merit Standards, that Federal training assistance meets State and local governments' needs, and that OPM coordinate the various types of Federal training assistance. We believe that actions initiated or planned by OPM in these areas, if properly implemented, should advance State and local government personnel management improvement.

Although OPM officials acknowledged the problems in enforcing Merit System Standards, we make no recommendation at this time because of the limited scope of our review.

CHAPTER 5

PROBLEMS IN IMPLEMENTING COOPERATIVE RECRUITING

AND EXAMINING ACTIVITIES

Cooperative recruiting and examining can provide better service to job applicants and improve the overall government economy. However, required written agreements are not always maintained, and, because of problems in implementing these activities, many have been discontinued and Federal emphasis has been low keyed. OPM has recently taken measures to revitalize this component of IPA.

POTENTIAL BENEFITS OF COOPERATIVE RECRUITING AND EXAMINING

Section 204 of IPA authorizes shared-cost intergovernmental cooperative recruiting and examining. This authority grew out of a concern that, in many parts of the United States, members of the general public interested in applying for a government job are faced with an unjustifiably complex and burdensome task. Applicants must trudge from one government office to another--Federal, State, county, or municipal--to apply many times over, filling out numerous forms, and possibly taking several examinations of a similar nature. Also, the duplication in facilities and administrative costs among the various levels of government is costly to the taxpayer.

The basic assumptions regarding cooperative recruiting and examining are that

- better service is provided to job applicants through one-stop intergovernmental recruiting and/or examining facilities and
- shared-cost arrangements are more economical for the government.

Also, the program gives State and local governments access to a large labor market through OPM's recruitment network as well as benefits of OPM's longstanding experience in recruiting and examining.

OPM supports and participates in shared-cost programs which will avoid duplicate testing, give the public the opportunity to apply for positions in more than one public jurisdiction through a single application or eligibility

list, and will simplify information about job opportunities in the public sector. All cooperative activities must be voluntary.

TYPES OF COOPERATIVE ACTIVITIES

Shared-cost cooperative recruiting and examining activities in which OPM may participate are identified by four categories: intergovernmental staffing systems, referrals as a supplementary recruitment source, cooperative recruiting, and cooperative examining.

Intergovernmental staffing systems

Intergovernmental staffing systems arrangements provide for staffing positions in more than one governmental jurisdiction through a single register, eligibility list, or talent bank. OPM states that the pooling of recruiting, examining, and referral operations among several jurisdictions may be both efficient and economical for all levels of government. In addition, it would give the public the opportunity to apply for positions in more than one jurisdiction through a single application and eligibility list or talent bank.

Referrals as a supplementary recruitment source

Names from Federal referral lists may be useful sources of staffing for State and local governments. By the same token, State and local governments' lists may be useful to Federal agencies. However, referral of names in this context does not certify applicants' qualifications for Federal, State, or local jobs. No ranking of names and no evaluative information other than applicants' own statements of interests and experiences are referred.

Cooperative recruiting

Cooperative recruiting involves a variety of joint and shared-cost programs which include such areas as intergovernmental job information testing centers; preparation, publication, and distribution of recruiting materials (pamphlets, brochures, career directories, posters, exhibits, etc.); joint paid advertising; and intergovernmental recruiting activities at educational institutions or other facilities.

Cooperative examining

Cooperative examining requires the matching of job standards with appraisal procedures. These may range from the content of applications and systems for receiving and handling, to complex devices used to assess qualifications and make value judgments about candidates who are best qualified. OPM may participate with State and local governments in a variety of joint and shared-costs programs, including:

- Developing and using qualifications assessment devices (including written tests) and related evaluative and ranking criteria for use in intergovernmental staffing systems.
- Appraising the effectiveness of intergovernmental examining and staffing vehicles.
- Scheduling, conducting, and monitoring written tests, standard interviews, oral examinations, or similar activities.
- Scoring tests and providing results.
- Evaluating relative ability, knowledge, and skills, including the development of rating and ranking criteria and procedures.
- Furnishing names from Federal registers and certifying individuals' qualifications for positions.

OPM NEEDS TO REEXAMINE ITS REQUIREMENTS FOR WRITTEN AGREEMENTS

Intergovernmental staffing systems, referrals as a supplementary recruitment source, and cooperative recruiting are usually conducted under agreements to operate intergovernmental job information centers. Separate agreements are made for cooperative examining. OPM regulations state that:

"Written agreements between the Commission and appropriate agencies of State and local governments are required for each shared-costs arrangement in which the Commission participates in order to:

- "--Document, clearly, the mutual responsibilities of each party to the agreement;

--Establish a conceptual and procedural frame for the relevant cooperative activities; and

--Specify the costs obligations of the participating governments and the manner of payment."

These agreements may be made for specific periods of time or indefinitely, depending upon the nature of the arrangement. Written agreements are required even if the shared costs are compensated exclusively through the exchange of services without reimbursement of costs.

On February 1, 1979, five of the job information centers were operating without formal written agreements: Detroit, Michigan; Madison, Wisconsin; Akron, Ohio; Reno, Nevada; and Seattle, Washington. The center in Reno, for example, was instituted in September 1973 without a written agreement. It was learned, after a written agreement had been prepared, that one of the intended participants could not participate because of certain problems associated with its own personnel system. It was therefore deemed advisable not to conclude the written agreement but proceed instead on an informal basis.

The Seattle agreement is an informal continuation of a formal agreement that terminated December 31, 1974. The support for the center had begun to erode by this time because of budgetary and manpower cuts. Information on the center in Seattle states that the region believes that an attempt to develop a written agreement might disrupt the current arrangement and would serve no useful purpose since no reimbursement is involved.

OPM agreed that it should reexamine its requirement for written agreements and enforce it if necessary.

MANY COOPERATIVE RECRUITING AND EXAMINING ACTIVITIES HAVE BEEN TERMINATED

OPM's regional offices undertook concerted efforts throughout 1972 and early 1973 to promote intergovernmental recruiting and examining activities. Two years after IPA was enacted, OPM reported having 14 intergovernmental job information centers with 27 State and local participants, and 12 cooperative examining agreements with 25 State and local participants. Also, at that time active negotiations were underway for 23 more agreements.

Although OPM was moving ahead successfully in establishing new agreements, the question of the validity and job relatedness of testing devices was becoming more and more an issue. The validity of OPM examinations for State and local jobs had not been addressed, and there was a growing concern that this would lead to serious court challenges. Therefore, in 1974 OPM decided to conduct a low-keyed approach toward negotiating cooperative examining agreements with State and local governments.

Since that time the OPM regional offices generally have not aggressively promoted intergovernmental cooperative recruiting and examining, especially in the area of cooperative testing. This inhibited other initiatives and played a part in the demise of most of the examining agreements along with some of the job information centers.

OPM reported the termination of five centers and nine cooperative examining agreements since 1973. As of February 1, 1979, OPM had 15 intergovernmental job information centers with 37 State and local government participants, and 3 cooperative examining agreements with 13 State and local government participants. (See app. V for a list of jurisdictions with cooperative agreements.)

A major factor for terminating the job information centers was the overall decline in the economy Nation-wide. According to OPM, with a slowdown of State and local hiring, and unemployment generally on the rise, there was little need for an active recruitment and selection program. Some States decided to cut out of their budgets their share of the costs of a joint venture. In some cases projects supported by IPA grants were discontinued when the grants ran out.

In addition to the lack of validation for OPM exams, other reasons for terminating the cooperative examining agreements included nonuse of registers, dissatisfaction with the quality of placement, a high rate of declinations from referrals, unreasonable turnaround time for test results, and the perception on the part of some jurisdictions that the higher prestige and salaries that typically accompany Federal employment means that they are just helping OPM to siphon off their better candidates.

According to OPM officials, the concept of intergovernmental recruiting and examining, by its very nature, will take a sustained effort to become a success. OPM recognizes that national problems, such as unemployment and severe budget restraints at all levels of government are factors which affect the potential of cooperative recruiting and examining.

However, in September 1977 OPM officials stated that, despite problems, they believed that intergovernmental cooperation had more potential than had been demonstrated. They stated that OPM's initial investment over the first 2 years (1971 and 1972) in negotiating agreements and centers, finding space, training staff, etc., had been lost in the case of terminated agreements and closed centers and that it was not likely the program could be sustained if this situation was allowed to continue. At an OPM regional directors' conference in October 1977, the group agreed to revitalize the program.

OPM HAS TAKEN STEPS TO REVITALIZE
COOPERATIVE RECRUITING AND EXAMINING

OPM will terminate six more intergovernmental job information centers. This is a part of its decision to close 45 Federal job information centers beginning fiscal year 1980 because the cost of operating them does not warrant their existence at a time when the Federal Government is streamlining and recruitment is slow. However, in an April 11, 1979, letter, the Director of OPM stated that the closure of these centers is not intended as a signal to totally abandon OPM's commitment to promote cooperative arrangements with State and local jurisdictions. He requested that each region assess the capabilities and interests of State and local governments in this area. In view of a recent Utah study, he asked that the regions pursue program activities relating to intergovernmental recruiting and examining as actively and positively as resources permit. One objective of this Utah project was to develop procedures which other regions could use in establishing new cooperative agreements that insure technically sound documentation of job comparability among jurisdictions.

On April 11, 1979, OPM released the first of two reports on the Utah project. OPM stated that the report documents the equivalence of Federal and State clerical jobs in terms of employee work behaviors and characteristics. The report provides a needed basis in job analysis to support cooperative examining for clerical jobs under the Utah intergovernmental personnel agency and is intended to be useful to all regional offices in developing job analyses for cooperative examining agreements.

The report discusses potential applications of the methodology and task inventory. Regional offices have been encouraged to consider using this methodology in meeting objectives for cooperative examining and to discuss potential applications with OPM's Personnel Research and Development Center.

OPM is also considering the following intergovernmental approaches to minimize the impact of planned budgetary cuts in its staffing activities:

- Turn over the onsite supervision of a cooperative activity, such as an intergovernmental job information center, to a State or local official. OPM employees might work under the onsite supervision of a State or local official but would be otherwise managed by OPM managers not located at the intergovernmental job information center.
- Move an intergovernmental job information center from Federal to less costly State, local, and non-governmental space.
- Purchase State or local services for such functions as recruitment, information services, test administration, and perhaps even registration and certification.
- Use State or local eligibility lists for recruitment and, if necessary, pay for such assistance either in cash or exchange it for something else.
- Increase our efforts to arrange State or local participation, operational and financial, in OPM staffing activities.
- Use State or local agencies and offices to conduct OPM recruitment activities.

CONCLUSIONS

The full potential of cooperative recruiting and examining has not been realized because of a low keyed Federal approach and problems that have hampered their success. OPM, however, has taken measures to revitalize the program, and we believe that this is an important step toward enhancing the Federal role in improving State and local government personnel management. OPM, however, has not enforced its requirement for written agreements for cooperative recruiting and examining activities.

RECOMMENDATION

We recommend that the Director of OPM direct the Assistant Director of Intergovernmental Personnel Programs to re-examine the requirement for written agreements for cooperative recruiting and examining activities and enforce it if necessary.

AGENCY COMMENTS

OPM agreed that it needs to reexamine its requirement for written agreements for cooperative recruiting and examining and stated that, in some cases, a required formal written agreement could constitute a significant institutional barrier to cooperative recruiting and examining. It added that, although written agreements are preferable, it plans to revise its guidelines to allow for less formal arrangements when a written agreement is not feasible.

CHAPTER 6

THE EVALUATION OF THE OVERALL EFFECTIVENESS AND IMPACT OF THE IPA PROGRAM HAS BEEN LIMITED AND TOTAL PROGRAM COSTS ARE NOT DETERMINED

The IPA grant program, which is the largest part of the Federal investment in State and local personnel management improvement, has been evaluated more than any other IPA component. But evaluations of the overall effectiveness and impact of the administration of Merit System Standards, cooperative recruiting and examining, mobility assignments, and technical assistance have been limited. Intergovernmental training has not been evaluated at all. (See ch. 4.) Thus, the full extent to which the IPA program is helping to improve State and local governments' personnel management is not known. Also, total program costs have not been determined.

EVALUATING THE EFFECTIVENESS AND IMPACT OF IPA GRANTS

Throughout the history of the IPA program evaluations, OPM has found it difficult to measure program effectiveness and to develop data which demonstrates program results in terms of improved government public service. This difficulty, according to OPM, extends in part from the nature of management improvement activities which involve administrative functions not directly related to the actual delivery of services.

However, OPM, some States, and independent consultants used several measures to evaluate the impact of the IPA program, including limited information on identifiable savings in the costs of government operations; evidence of achievement of a recognized community goal; enactment of personnel system changes; and indirect indicators, such as the building of organizational capacity, sharing of results, and intergovernmental cooperation. The evaluations included a study of 384 grant projects which represented 50 percent of the grant funds awarded in fiscal years 1972-74 and a fiscal year 1978 evaluation of the IPA grant program in 10 States during 1972 to 1977. They showed that the IPA grant program has been highly effective in improving State and local personnel management. (See ch. 3.)

The IPA grant program was also evaluated by the National Academy of Public Administration in 1975 and reviewed by the former task force on the Presidential Reorganization

Project. They both found the need for more research, demonstration, and technology transfer for improving State and local personnel management. (See p. 63.)

OPM believes that, although some evaluations have been made of IPA grants, it needs to systematically and continuously evaluate the grant program. It is working on a project to improve research, productivity, and grants assessment. (See ch. 7.) As a part of this project, OPM hopes to develop a better information system for evaluating grant projects.

EVALUATING THE IMPACT OF MERIT SYSTEMS STANDARDS

OPM's Office of Intergovernmental Personnel Programs assesses the impact of administering Merit System Standards and related technical assistance activities through

- its annual statistical report which provides data on the personnel practices of State and local governments,
- special surveys of State personnel practices and of practices in large local governments that serve as CETA prime sponsors,
- technical assistance visits,
- qualitative evaluations of grant-aided agencies every 4 years,
- review and analysis of proposed legislative and regulatory changes in State and local personnel policy,
- biannual evaluations of regional operations,
- review and analysis of State and local governments' responses to inquiries of the Equal Employment Opportunity Commission, and
- quarterly reports on efforts to resolve the most serious deviations from the Standards.

The statistical report on State personnel operations, dated January 1977, shows substantial differences in personnel operations among the 35 States with State-wide merit systems and the 15 States with limited merit systems covering only those employees in certain federally grant-aided agencies. The following chart compares some of the practices of State-wide merit systems and limited merit systems:

<u>Personnel practice</u>	<u>State-wide merit system</u>	<u>Limited merit system</u>
Recruitment activities are carried out to reach all segments of the population.	80% seek to attract a broad spectrum of the population.	Less than half have active recruitment programs.
Open competitive examinations are used as the basis for entry selection.	80% make three-fourths or more of entry selections through open competition.	Only two make more than 50% of entry selections through open competition.
There is a system for competitive examinations for promotions to higher level vacancies.	88% have competitive examination systems.	53% have competitive examination systems.
The labor management relations functions are located in the personnel agency.	Two-thirds (65%) have responsibility for labor relations.	One-third place responsibility in the personnel agency.

An OPM official stated that the increase in the number of States having merit systems (only nine had State-wide merit systems when the Standards originated), along with the increase in the number of State and local merit systems covering an entire jurisdiction, indicates the significant impact of OPM's merit system and technical assistance activities.

Perhaps merit system and technical assistance activities do influence the number of jurisdictions adopting merit systems. However, we believe that a better way to measure the impact of Merit System Standards and related technical assistance would be to assess the quality of merit systems at the State and local level; but little evaluation is being made of local agencies' compliance with the Standards.

OPM's Office of Management Analysis and Audits' internal evaluation recommended that the Office of Intergovernmental Personnel Program assess the impact of a merit system on public service delivery. The April 1979 final audit report stated that the Office of Intergovernmental Personnel Programs agreed this would be a worthwhile endeavor; but it questioned whether it is realistic or practical to conduct

such a study, noting that it would be very difficult and costly to measure the quantity of services that a government provides. Further, according to this office, it would be even harder to link any change to a single variable, such as a shift to a merit system. The office is considering less ambitious alternatives to assessing merit systems and technical assistance programs and welcomes any suggestions on how to overcome the above difficulties.

In regard to alternatives for evaluating the impact of Merit System Standards, the Director of the Office of Evaluation and Program Management, Office of Intergovernmental Personnel Programs, said the baseline data survey will be used to assess the Standards and related technical assistance. The director said that, in its evaluation of civil service reform, his office plans to ask State and local governments how the Merit System Standards have affected their personnel management.

EVALUATING COOPERATIVE RECRUITING AND EXAMINING

OPM has made only one overall evaluation of cooperative recruiting and examining efforts. This evaluation included the views of the former Bureau of Recruiting and Examining, Intergovernmental Personnel Programs, and Policy and Standards. OPM published the evaluation results in its operations letter 150-65 dated February 23, 1978.

The evaluation concluded that the concept of intergovernmental recruiting and examining, by its very nature, needs a sustained effort to make it work and that, despite such problems as unemployment and severe budget restraints at all levels of government, intergovernmental recruiting and examining has more potential than has been demonstrated. It stated further that cooperative recruiting and examining needs to be seen not just as a function offering one-step job shopping benefits to the public but as a cost savings activity which is potentially beneficial to all.

OPM's Federal Personnel Manual System Supplement Installation No. 337-71 states a joint evaluation should be made annually by participating jurisdictions. The evaluation should include volume, nature, and quality of work performed; quality of candidates available for appointment; comparison of cost savings resulting from common services; and other concerns relating to the specific activity. It

should also assess the activity's impact on achieving broad program goals and objectives in IPA-to (1) improve the quality of public service at all levels of government and (2) help State and local governments strengthen their staffs. It further states that a copy of the evaluation should be forwarded to the Bureau of Recruiting and Examining within 60 days of completion.

The Assistant Director, Program Management Branch, Staffing Service Group, told us that jurisdictions make these evaluations but do not forward evaluation reports to OPM headquarters. He said that OPM regional offices receive copies of the reports and are to report only problems to headquarters. We believe that these reports should be sent to headquarters as required so that the program's impact and cost savings can be assessed.

LIMITED EVALUATION TO DETERMINE THE ROLE OF MOBILITY ASSIGNMENTS

Mobility assignments can result in significant benefits. However, the overall extent to which these benefits are being realized has not been determined.

The potential role and types of mobility assignments

IPA's mobility provisions authorize the assignment of personnel between Federal executive agencies and colleges and universities, and State and local governments for work of mutual concern and benefit. Employees are assigned for limited periods of up to 2 years without losing their rights and benefits. These assignments may be on an intermittent, part-time, or full-time basis and may be extended up to an additional 2 years under appropriate circumstances, thus providing a maximum tour of 4 years. The mobility program's goal is to facilitate the movement of employees for short periods to serve a sound public purpose. Mobility assignments can be used to:

- Strengthen Federal, State, and local government management capabilities.
- Assist in transferring and using new technologies and approaches to solve governmental problems.
- Serve as an effective means of involving State and local officials in developing and implementing Federal policies and programs.

As of September 30, 1978, OPM reported that 5,753 employees had been assigned since the mobility program began in 1971. Of these assignments, 42.7 percent came to the Federal Government from colleges and universities; 18.2 percent came to the Federal Government from State, local, and Indian tribal governments; 30.6 percent went from the Federal Government to State, local, and Indian tribal governments; and 8.6 percent went from the Federal Government to colleges and universities.

Intergovernmental Mobility Assignments

	<u>Fiscal years</u>							<u>Total</u>	<u>Percent</u>
	<u>1971-73</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1976</u> <u>(note a)</u>	<u>1977</u>	<u>1978</u>		
From Federal agencies to:									
State governments	231	228	175	116	40	114	92	996	17.3
Local governments	103	199	141	105	25	51	82	706	12.3
Educational institutions	80	68	79	71	29	75	93	495	8.6
Indian tribes	<u>0</u>	<u>0</u>	<u>18</u>	<u>10</u>	<u>2</u>	<u>15</u>	<u>10</u>	<u>55</u>	<u>1.0</u>
Total	<u>414</u>	<u>495</u>	<u>413</u>	<u>302</u>	<u>96</u>	<u>255</u>	<u>277</u>	<u>2,252</u>	<u>39.1</u>
To Federal agencies from:									
State governments	92	71	100	89	27	106	117	602	10.5
Local governments	37	26	31	42	21	106	148	411	7.1
Educational institutions	171	198	287	394	249	586	571	2,456	42.7
Indian tribes	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>1</u>	<u>5</u>	<u>24</u>	<u>32</u>	<u>.6</u>
Total	<u>300</u>	<u>295</u>	<u>418</u>	<u>527</u>	<u>288</u>	<u>803</u>	<u>860</u>	<u>3,501</u>	<u>60.9</u>
Total	<u>714</u>	<u>790</u>	<u>831</u>	<u>829</u>	<u>394</u>	<u>1,058</u>	<u>1,137</u>	<u>5,753</u>	<u>100.0</u>

a/Transitional fiscal year.

Some OPM officials believe that colleges and universities have the highest percent of participants because they know more about the program. Another explanation is that Federal agencies find university employees best suited to meet their short-term needs.

An OPM survey in 1974 showed that of 108 jurisdictions, 104 had received information on the mobility program and only 4 had not. However, 39 of 107 responses, or about 36 percent, indicated that information on possible participation in the program had not been circulated throughout the organization. This survey was made of State and local

governments only, and we therefore have no basis for comparing the results with colleges' and universities' knowledge of the program.

OPM's limited evaluation of mobility assignments for State and local employees

During the past few years the IPA mobility exchange program has been reviewed by the House Committees on Post Office and Civil Service and Government Operations; the President's former reorganization project task force on Federal, State, and local interaction in Personnel Management; and our office. These reviews, however, covered only Federal employees and identified specific, recurring problems such as

- assignment of marginal employees and occasional dumping of undesirable employees,
- employees arranging their own assignments,
- assignment of employees solely to meet reduced manpower ceilings, and
- employees experiencing problems in reassignment to jobs upon returning to their former agencies.

OPM generally concurred with these reports and has implemented new regulations and guidelines.

The Acting Chief of Faculty Fellow and Personnel Mobility Division, OPM, believes that some States have evaluated mobility assignments in their jurisdictions. However, mobility exchange agreements are between individual State or local agencies and Federal agencies and therefore are considered agency programs rather than State (or local) programs. The Acting Chief said he is not aware of any individual State or local agencies' evaluations of the mobility exchange program. He added that they have not provided nor do they plan to provide guidelines for evaluations at that level.

OPM has completed a comprehensive survey of 1,900 assignments which, according to OPM, will provide a clear picture of the current mobility program and identify program problem areas. OPM further believes that this study, which will include Federal, State, and local employees, will serve as a basis for improved regulations, monitoring procedures, and thus a better managed IPA mobility program.

Federal agencies' evaluation of
mobility assignments has been limited

The Department of Housing and Urban Development voluntarily evaluated its mobility program. This evaluation prompted by our report (FPCD-76-32, dated Feb. 23, 1976) revealed several administrative weaknesses in the Department's program. It also noted that assigning employees to institutions of higher education has had the least value to the Department and recommended that such assignments be limited to 1 year. We do not know whether this holds true for other agencies. The Chief of Faculty Fellows and Personnel Mobility Division said that there had been no overall evaluation of the program and that the Department of Housing and Urban Development was the only Federal agency he was aware of that had evaluated its program.

On July 29, 1977, OPM asked Federal agencies to establish a mobility coordinator position and evaluate their mobility assignments. One year later, OPM asked these agencies to submit a report summarizing and analyzing the data collected and offer suggestions for modifying the program. OPM officials stated that the responses, however, have been too diverse for meaningful evaluations and cited OPM's limited guidelines as the cause. OPM has now made the reporting of such data an annual requirement but has no immediate plan for issuing additional guidelines.

We believe that more uniform data would provide a more meaningful analysis of benefits and problems concerning mobility assignments. OPM agreed that it should provide better guidelines to agencies on the type of information needed.

LIMITED EVALUATION OF IPA'S
TECHNICAL ASSISTANCE ROLE

IPA technical assistance can help State and local governments increase their personnel management skills to the point where self-evaluation, interjurisdictional cooperation, and State assistance to local governments can become the primary avenue for improvement. However, evaluation of the overall effectiveness and impact of this assistance has been limited.

OPM provides four types of technical assistance for improving State and local personnel management, each having unique characteristics and objectives:

- Technical assistance to help State and local governments meet the Merit System Standards.

--Technical assistance to Indian tribal governments through agreements with the Administration for Native Americans and the Bureau of Indian Affairs.

--Reimbursable technical assistance in such areas as EEO, employee selection, and labor management relations.

--Nonreimbursable technical assistance in the same areas as for reimbursable assistance. (See app. VI.)

The only comprehensive evaluation of the overall impact of the IPA technical assistance program was performed in 1974. This was a Nation-wide study of the program by 15 regional evaluators outside of OPM. The summary report dated August 1974 stated that OPM has participated in 125 reimbursable projects and a large number of additional nonreimbursable ones. On the basis of onsite visits to 50 projects, the evaluators concluded that OPM had made an enormously successful contribution to improving personnel management in State and local governments throughout the Nation. No other evaluation has been made of the overall impact of IPA technical assistance, although each reimbursable project has a built-in evaluation component.

Also, OPM has produced a large volume of publications to meet the needs of State and local governments but does not have a complete picture of the impact these publications have. OPM recognizes the need to determine the impact of its publications and, on the basis of an internal audit recommendation, agrees to take steps to more systematically document the feedback it receives from regions and public interest groups.

TOTAL COSTS OF THE IPA
PROGRAM ARE NOT MAINTAINED

OPM maintains data on its costs in administering the IPA program; however, certain other program costs have not been determined. Thus, total IPA costs for fiscal years 1972-78 is not known. The OPM Office of Intergovernmental Programs gave us the following data on the IPA program for fiscal years 1972-78:

	<u>Millions</u>
IPA grants appropriations	\$106.5
Salaries and expenses for OPM's grant administration, merit systems administration, technical assistance, and mobility	27.1
Reimbursable technical assistance	9.3

Consolidated data on other program costs, such as mobility assignments, intergovernmental training, and cooperative recruiting and examining, was not available. For example, the quarterly report covering IPA programs and activities for 1975 showed the following estimated salary costs for mobility assignments:

	<u>FY 1975</u>	<u>FY 1974</u>
	(millions)	
Federal share	\$11.6	\$10.8
Non-Federal share	<u>5.0</u>	<u>4.3</u>
Total	<u>\$16.6</u>	<u>\$15.1</u>

The Acting Chief of Faculty Fellow and Personnel Mobility Division, OPM, said individual agreements which show mobility participants' salaries would have to be analyzed to update this information. He said that the ongoing survey of mobility assignments will provide cost data.

For intergovernmental training, Federal agencies may waive, in whole or in part, payments from or on behalf of State and local governments for the cost of training provided. According to OPM's Acting Associate Director, Management Division of the Workforce Effectiveness and Development Group, all OPM training for State and local government employees is reimbursable. However, OPM does not know the extent to which other Federal agencies waive costs or are reimbursed. Also, costs for intergovernmental recruiting and examining activities could not be determined due to incorrect coding of these costs before 1978.

CONCLUSIONS

The overall extent to which the IPA program has helped to improve State and local personnel management is not known due to limited evaluation of its effectiveness and impact.

Whereas several evaluations have been made of IPA grants, the evaluation of the other IPA components has been limited.

OPM's requirement that annual joint evaluations on intergovernmental recruiting and examining be submitted to OPM headquarters should be enforced, and OPM should provide better guidelines to Federal agencies for evaluating their mobility programs. Also, OPM's ongoing evaluation of mobility assignments and plans to improve its evaluation of Merit System Standards should provide a more complete demonstration of how the IPA program has helped to improve personnel management. We believe, however, that OPM should develop a systematic plan for future program evaluations and establish procedures for maintaining information on all program costs.

RECOMMENDATIONS

We recommend that the Director of OPM direct the Assistant Director of the Office of Intergovernmental Personnel Programs to:

- Provide more definitive guidelines to Federal agencies on evaluating their mobility programs and reporting the results to OPM.
- Develop a systematic and comprehensive plan for evaluating the effectiveness and impact of the IPA program. This plan should include tying together OPM's current evaluations on IPA.
- Enforce the requirement that the annual joint evaluation of intergovernmental recruiting and examining activities be submitted to OPM headquarters.
- Establish procedures for (1) tracking costs for Federal participation in the cooperative recruiting and examining program and for training and (2) summarizing this data and costs for Federal participation in the mobility program.

AGENCY COMMENTS

OPM agreed that the requirement for its regional offices to submit to OPM headquarters annual evaluations of intergovernmental recruiting and examining activities should be enforced. It stated that careful monitoring of these activities is important to their success, and the annual evaluation is one way to monitor them.

Also, OPM stated that it has not provided specific guidelines to the agencies on how to conduct self-evaluations for the mobility program and agreed that this would be an improvement.

In addition, OPM agreed with the thrust of the recommendation that calls for a tying together of the many "disparate" evaluations. It stated that it needs to rationalize evaluation activities and to develop a strategy for supplying management with evaluative information so programs can be improved. It added that limited resources will preclude it from developing a strategy that will determine with certainty the overall impact of all its programs; therefore, it will focus on the evaluative information that is most relevant to improved program administration, while continuing to give priority to its central mission of providing personnel assistance to State and local governments.

OPM agreed that it would be desirable to have a method for estimating the cost of Federal participation in the mobility program, the cooperative recruiting and examining program, and training and stated that it intends to track its costs for participating in the cooperative recruiting and examining program. OPM stated further that it collects mobility assignments cost data but that gathering precise information on Federal agency costs for providing training opportunities to State and local officials would be a burden for the agencies and would be difficult to check for reliability. It said it is reluctant to impose an additional requirement for paperwork without a specific use for the information.

Until training and cooperative recruiting and examining costs are tracked and mobility assignments cost data is summarized, total costs of the IPA program can not be determined, and there is no way of knowing the cost of this program to the Federal Government.

CHAPTER 7

FEDERAL PLANS TO FURTHER ADVANCE

STATE AND LOCAL GOVERNMENT PERSONNEL MANAGEMENT

IMPROVEMENT AND PRODUCTIVITY

In addition to direct financial and other assistance through IPA, the Federal Government influences State and local government personnel management through its personnel requirements for these governments. The Federal Government recognizes the negative impact of its numerous requirements for State and local government personnel management and has initiated measures to remove those that are not clearly justified. Also, it is taking other measures to increase its activities in research, demonstration, technology transfer, and productivity.

EFFORTS TO ELIMINATE THE NEGATIVE IMPACT OF NUMEROUS FEDERAL PERSONNEL REQUIREMENTS

An important impact of the Federal Government on State and local government personnel management is the Federal grant programs. A number of these programs prescribe specific personnel requirements as conditions for receiving Federal funds. The major group of requirements is in the Standards for a Merit System of Personnel Administration, and a number of specific requirements have been established by law or regulation as conditions for many other programs. The exact number and scope of these various requirements are not known but are estimated to be in the hundreds.

Further, State and local governments must also comply with a number of special requirements relating to EEO, such as affirmation action planning, testing and selection guidelines, and handling of discrimination complaints. Several Federal agencies, including the Department of Justice, the Equal Employment Opportunity Commission, the Department of Labor, and OPM, had a role in establishing these requirements.

As we discussed in our report, "Problems With Federal Equal Employment Opportunity Guidelines on Employee Selection Procedures Need To Be Resolved," FPCD-77-54, dated February 2, 1978, these agencies have not always been able to agree on common standards. In that report we provided an overview of the legal, administrative, technical, and practical issues associated with developing and putting into practice uniform Federal guidelines on employee testing and selection and on complying with such guidelines.

The former Advisory Council on Intergovernmental Personnel Policy, established by IPA, stated in a January 1973 report that it is believed that the various Federal personnel administration requirements, when taken individually, had generally been fair and accomplished their purposes. However, it believed that, collectively, as the number of grant programs grew, the requirements complicated intergovernmental relations and burdened State and local governments. It stated that grantees subjected to a host of varying requirements on Federal programs were justifiably dissatisfied with the lack of a unified Federal Government policy markedly where the differences in requirements hampered attempts at joint funding or other efforts to coordinate related programs.

The Civil Service Reform Act of 1978 will eliminate most statutory Federal personnel requirements, and OPM is considering means to follow up on this initiative by promoting the elimination of regulatory Federal personnel requirements. Also, the reform act will make the Federal approach to personnel requirements uniform by authorizing Federal agencies to make Merit System Standards a requirement for assistance programs not presently covered by them.

The reform act will eliminate statutory Federal personnel requirements

The reform act will have a direct impact on Federal grant-in-aid programs. It provides for the abolishment (effective October 13, 1979) of all statutory personnel requirements which are a condition of eligibility for Federal financial assistance to State and local governments except (1) those requirements for Merit System Standards, (2) requirements that generally prohibit discrimination in employment or require EEO, (3) the Davis-Bacon Act, and (4) chapter 15 of title 5, United States Code, relating to political activities of certain State and local employees. OPM has requested Federal agencies to help identify specific statutory requirements and is welcoming information from State and local governments about Federal personnel requirements.

Efforts to eliminate Federal regulatory personnel requirements

OPM is considering appropriate ways to follow through on the reform act by administrative action to reduce personnel requirements established by regulation as a condition for receiving Federal grants, while assuring proper administration of the programs involved.

As of September 10, 1979, an Executive order was drafted, authorizing OPM to review the Federal regulatory personnel requirements. Under this authority, OPM will consult with Federal agencies to identify these requirements and determine those which should be replaced by the Merit System Standards.

Federal plans for a uniform Federal approach to personnel requirements

The Civil Service Reform Act of 1978 calls for a simplification of personnel regulations and increased Federal managerial flexibility and accountability. It authorizes all Federal agencies to apply Merit System Standards to grant-aided programs. CETA is the first program to which the requirements have been extended. Similar action is pending in the Department of Health, Education, and Welfare's vocational rehabilitation grant program.

FEDERAL MERIT SYSTEM STANDARDS
HAVE BEEN REVISED

Merit Standards, published in 1939 to improve State and local governments' administration of programs, had come to be viewed by some grantees as obstacles to effective and efficient State and local management. To provide State and local governments greater flexibility to pursue innovative and diverse approaches to strengthening their personnel management, OPM revised the Standards in February 1979 to fully reflect the six merit principles declared in IPA. This was the first revision to the Standards since 1971. The 1971 revision was actually made before IPA was enacted. Thus, until recently, the Standards had never been revised to comply with the six merit principles declared by the Congress.

The Standards contain requirements and guides for establishing and maintaining a system of personnel administration on a merit basis. Their primary purpose is to help strengthen State and local government personnel administration to assure proper and efficient administration of grant programs covered by them. They include criteria for establishing and maintaining a systematic approach to employing, advancing, and retaining employees; providing proper safeguards for fair treatment of employees; assuring effective employee management relations; and assuring compliance with Federal EEO requirements.

Also, to assure a coordinated approach to Federal requirements on employee selection, the Federal Uniform Selection Guidelines, issued jointly by OPM; the Departments of

Justice, Labor, and the Treasury; and the Equal Employment Opportunity Commission, are incorporated as a requirement in the Standards. We discussed the need for such guidelines in our report, "Problems With Federal Equal Employment Opportunity Guidelines on Employee Selection Procedures Needs To Be Resolved," FPCD-77-54, dated February 2, 1978. The guidelines became effective September 25, 1978.

PLANS TO IMPROVE RESEARCH, DEMONSTRATION, AND TECHNOLOGY TRANSFER

The National Academy of Public Administration, in its 1976 evaluation report on the IPA grant program, concluded that there was a need to (1) use a portion of IPA funds for explicit demonstration to promote State and local government personnel management improvement and (2) identify significant developments of wider application to bring them to the attention of other jurisdictions. Also, the former task force on the President's reorganization project on personnel management stated in its December 1977 final staff report that State and local governments have inadequate arrangements for exchanging experiences or research data in developing programs for improved personnel management. The former task force stated that existing Federal programs supporting research, technology transfer, and information exchange in this area have been insufficient.

OPM recognizes the need for greater Federal assistance in the areas of research, demonstration, and technology transfer. It plans to work with States, public interest groups, and others to identify research needs and to develop a research agenda for IPA. This agenda is expected to be completed early in fiscal year 1980.

In regard to technology transfer, OPM has publicized some projects in EEO, training, and productivity but believes that this is a weak area and that more needs to be done. It plans to develop a better information system. For 1978 projects, which are now being completed in 1979, OPM will look at projects generically (fire, police, etc.) to see if one jurisdiction has developed something that other jurisdictions should know about.

CONGRESSIONAL PROPOSALS TO ENCOURAGE STATE AND LOCAL GOVERNMENT PRODUCTIVITY

One of the assumptions in IPA is that the management capacity of State and local governments can be improved through personnel management improvement. We agree with this assumption. However, we also recognize that the scope and

complexity of State and local governments' general management responsibilities have increased in recent years due largely to the growth in Federal assistance programs.

State and local governments have used Federal programs such as IPA, the Housing and Urban Development 701 program, and some programs of the National Science Foundation to help meet their general management needs in such areas as capacity building, financial management, and productivity. This effort is limited, however, and there is no single coordinated Federal effort to assist State and local governments to improve general management capabilities beyond the personnel area.

In our report entitled "State and Local Government Productivity Improvement: What Is the Federal Role?" (GGD-78-104, dated Dec. 6, 1978), we recommended that the President establish a Federal focal point to oversee and provide stronger leadership for Federal efforts assisting State and local management improvement and productivity. We also stated that it is important that the President seek adequate funding for the focal point commensurate with this responsibility.

In our report entitled "The Federal Role In Improving Productivity--Is the National Center for Productivity and Quality of Working Life the Proper Mechanism?" (FGMSD-78-26, dated May 23, 1978), we suggested that OPM would be the most appropriate location for the State and local productivity focal point. In January 1979 the Office of Management and Budget designated OPM as the focal point on an interim basis until the National Productivity Council completes its study to determine the appropriate Federal role in supporting State and local governments' productivity improvement.

OPM's Office of Intergovernmental Programs is working in four major areas to address problems in State and local government productivity:

- Networking with public interest groups, private sector organizations, Federal agencies, and State and local governments to coordinate programs and increase cooperative efforts in productivity.
- Setting up a productivity resource exchange to identify and distribute information on significant productivity improvement projects in State and local jurisdictions.
- Developing plans for providing increased training and technical assistance to the established network of

Governor-appointed IPA designees and State advisory councils on developing productivity improvement activities.

--Directly supporting productivity improvement projects through IPA grants-in-aid.

In our December 6 and May 23, 1978, reports we recommended that the IPA program be broadened to authorize funding for State and local general management improvement. As of May 30, 1979, House and Senate bills were introduced to amend IPA by adding a title which would encourage productivity improvement on the part of State and local governments.

CONCLUSIONS

The Federal Government's efforts to eliminate the negative impact of its numerous requirements on State and local government personnel management and its plans to improve its research, demonstration, and technology transfer, if properly implemented, should further improve State and local government personnel management. In view of the two GAO reports on productivity, the National Productivity Council's study, and the proposed legislation, we make no further recommendation at this time.

LIST OF FEDERAL PROGRAMS TO WHICH
MERIT SYSTEM STANDARDS APPLY

Appendix A to the Standards for a Merit System of Personnel Administration

Part I: The following programs have a statutory requirement for the establishment and maintenance of personnel standards on a merit basis:

Program, Legislation, and Statutory Reference

1. Food Stamp. Food Stamp Act of 1964, as amended; 7 U.S.C., Section 2020(e)(6)(B).
2. Drug Abuse Prevention, Drug Abuse Office and Treatment Act of 1972, Section 409, on March 21, 1972; 21 U.S.C. Section 1176(e)(8).
3. National Health Planning and Resources Development. Public Health Service Act (Title XV), as amended by the National Health Planning and Resources Development Act of 1974, Section 1522, on January 4, 1975, 42 U.S.C. Section 300m-1(b)(4)(B).
4. Medical Facilities Assistance (Construction and Modernization), Public Health Service Act (Title XVI) as amended by the National Health Planning and Resources Development Act of 1974, Section 1603, on January 4, 1975; 42 U.S.C. Section 300o-2(b).
5. Old-Age, Assistance, Social Security Act (Title I), as amended by the Social Security Act Amendments of 1939, Section 101, on August 10, 1939; 42 U.S.C. Section 302(a)(5)(A).
6. Employment Security (Unemployment Insurance and Employment Service), Social Security Act (Title III), as amended by the Social Security Act Amendments of 1939, Section 301, on August 10, 1939, and the Wagner-Peyser Act, as amended by Public Law 81-775, Section 2, on September 8, 1950; 42 U.S.C. Section 503(a)(1) and 29 U.S.C. Section 49d(b).
7. Aid to Families with Dependent Children (AFDC), Social Security Act (Title IV-A), as amended by the Social Security Act Amendments of 1939, Section 401, on August 10, 1939; 42 U.S.C. Section 602(a)(5).

8. Maternal and Child Health Services/Crippled Children Services, Social Security Act (Title V), as amended by the Social Security Act Amendments of 1939, Section 503, on August 10, 1939; 42 U.S.C. Section 705(a)(3)(A).
9. Aid to the Blind, Social Security Act (Title X), as amended by the Social Security Act Amendments of 1939, Section 701, on August 10, 1939; 42 U.S.C. Section 1202(a)(5)(A).
10. Aid to the Permanently and Totally Disabled, Social Security Act (Title XIV) as amended by the Social Security Act Amendments of 1950, Section 1402, on August 28, 1950, 42 U.S.C. Section 1352(a)(5)(A).
11. Aid to the Aged, Blind or Disabled, Social Security Act (Title XVI), as amended by the Public Welfare Amendments of 1962, Section 1602, on July 25, 1962; 42 U.S.C. Section 1382 note.
12. Medical Assistance (Medicaid), Social Security Act (Title XIX), as amended by the Social Security Amendments of 1965, Section 1902, on July 30, 1965; 42 U.S.C. Section 1396a(a)(4)(A).
13. Grants to States for Social Services, Social Security Act (Title XX), as amended by the Social Services Amendments of 1974, Section 2003, on January 4, 1975; 42 U.S.C. Section 1397b(d)(1)(D).
14. Comprehensive Mental Health Services (Services and Facilities), Community Mental Health Centers Act (Title II), as amended by the Community Mental Health Centers Amendments of 1975, Section 303, on July 29, 1975; 42 U.S.C. Section 2689 t(a)(1)(D).
15. State and Community Programs on Aging (Older Americans), Older Americans Act of 1965 (Title III), as amended by the Comprehensive Older Americans Act Amendments of 1978, Section 307 on October 18, 1978; 42 U.S.C. Section 3027(a)(4).
16. Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation, Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 (Title III), Section 303 on December 31, 1970; 42 U.S.C. Section 4573(a)(5).

17. Civil Defense Personnel and Administrative Expenses, Civil Defense Act of 1950 (Title II), as amended by Public Law 85-606, section 4, on August 8, 1958; 50 U.S.C. App. 2286(a)(4).

Part II: The following programs have a regulatory requirement for the establishment and maintenance of personnel standards on a merit basis.

Program, Legislation, and Regulatory Reference

18. Occupational Safety and Health Standards, Williams-Steiger Occupational Safety and Health Act of 1970; 29 CFR Section 1902.3(h).
19. Occupational Safety and Health Statistics Williams-Steiger Occupational Safety and Health Act of 1970; BLS Grant Application Kit, May 1, 1973, Supplemental Assurance No. 15A.
20. Child Welfare Services, Social Security Act (Title IV-B), especially as amended by the Social Security Amendments of 1967, on January 2, 1968; 45 CFR Section 220.49(c).
21. Developmental Disabilities Services and Facilities Construction, Developmental Disabilities Services and Facilities Construction Act, as amended by Public Law 95-602, on November 6, 1978, 45 CFR Section 1386.21.
22. Comprehensive Employment and Training Act, Comprehensive Employment and Training Act of 1973; 29 CFR Section 98.14(a).

Part III: The following programs have a personnel requirement which may be met by a merit system which conforms to the Standards for a Merit System of Personnel Administration:

Program, Legislation, and Reference

23. Vocational Rehabilitation Services, Rehabilitation Act of 1973 (Title I), as amended; 45 CFR Section 1361.15(b).
24. Disability Determination Services, Social Security Act (Titles II and XVI) as amended; SSA Disability Insurance State Manual, Part IV, Section 425.1.

25. Health Insurance for the Aged (Medicare), Social Security Act (Title XVIII), especially as amended by the Health Insurance for the Aged Act, on July 30, 1965; SSA State Operations Manual Part IV, Section 4501(a).

FEDERAL PROGRAMS INCLUDED UNDER "GRANTS FOR
PAYMENTS TO INDIVIDUALS" (See p. 6)

Food stamps - administration

Special milk program

Child nutrition program

Special supplemental program

Food donations

Supplementary security income

Public assistance - maintenance

Refugee assistance

Subsidized housing programs

Operation of housing projects

Department of Labor: Unemployment trust fund:
Administration of payments

Community Services Administration

OPM'S BASIS FOR SELECTING THE 10 STATES
FOR EVALUATION OF THE IPA GRANT PROGRAM IN 1978

According to OPM, since the level of effort required for State-wide review was not included in the fiscal year 1978 budget, the selection of the States was guided by practical cost considerations as well as the need for comprehensive review of program activities. OPM identifies the States chosen as those with good file records; those with the best continuity of staff in the State offices responsible for the program (for institutional memory when records were incomplete); those where some onsite work could be done at minimum cost; and those which are reasonably representative of the 50 States in terms of size, State and local relationships, sophistication of government operation, continuity of elected leadership, and IPA program emphasis.

Demographic and Political Characteristics of Selected States

State	Population 1/		Government Workforce 2/ 3/		Number of Governments 3/ Cities & Towns Counties			No. Govts. Since FY 1972
	State	Local	State	Total	50K	50K+	50K+	
Colorado	2,619,000	99,963	41,738	141,701				2
Iowa	2,879,000	102,189	41,511	143,700	1,406	9	84	15
Maine	1,085,000	32,147	17,266	49,413	493	1	16	2
New Jersey	7,329,000	274,210	75,263	349,473	545	20	0	21
Nevada	633,000	25,923	10,592	36,515	14	3	15	2
No. Carolina	5,525,000	191,609	86,904	278,513	491	8	66	34
Oklahoma	2,811,000	90,419	49,622	140,041	562	5	69	8
Virginia	5,135,000	172,507	89,292	261,799	119	5	84	11
Washington	3,658,000	123,091	65,843	188,934	259	6	25	14
Wisconsin	4,651,000	167,915	54,549	222,464	415	13	72	2

1/Source: Estimates of the Resident Population of States (Bureau of Census, 1977).

2/Source: Public Employment (Bureau of Census, 1977).

3/Not including school and special districts.

Sources: IPA in retrospect: An evaluation of the Grant Program, FY 1972-1977, published by the U.S. Civil Service Commission Bureau of Intergovernmental Programs.

DISTRIBUTION OF IPA GRANT FUNDS

IPA allows for 20 percent of the total amount appropriated for IPA grants each fiscal year to be distributed at OPM's discretion. Although OPM determines the priorities for using these discretionary funds, it has no formal process for doing so. Priorities are determined, for example, through OPM's contact with private interest groups and community organizations.

The other 80 percent of the total amount appropriated for grants each fiscal year is allocated among the 50 States and the District of Columbia on the basis of an objective formula which includes population and number of State and local government employees. IPA provides for further allocation of these formula funds within each State between State and local government needs. This allocation is based on State and local government expenditures and the number of State and local employees. At least 50 percent of each State's original allocation must be used to meet local government needs.

Formula funds are awarded to address priority needs identified by the State and local governments themselves. OPM's regional grant managers participate in meetings with State people to discuss the use of these funds, but final decisions rest with the States and local governments. During these meetings OPM's regional staff offers information or suggestions on the basis of such things as its daily contacts with State and local governments, evaluations of merit systems, and technical assistance visits.

Of the 20-percent discretionary funds, half is disbursed by OPM regional offices and half by OPM headquarters for national projects. OPM headquarters sets priorities for using discretionary funds it awards. According to the Acting Deputy Director of Grants Administration of OPM's Office of Intergovernmental Personnel Programs, some of the regional offices tend to follow priorities set by OPM headquarters, some respond to needs of individual States, and others use the funds for interstate projects.

OPM announces the availability of discretionary funds in the Federal register by identifying the priorities and criteria for eligibility. OPM headquarters provided us with information which showed its priorities for national grant projects for 3 fiscal years:

<u>FY</u>	<u>Priorities</u>
1977	Programs which address significant training needs of State and local governments Nation-wide and particularly the needs of their elected and key appointed officials.
1978	Projects which would use innovative training activities and techniques Nation-wide to assist in solving high-priority State and local government management problems.
1978	Projects which, through research, demonstration, or training, would contribute to resolving priority State and local personnel management issues, such as affirmative action, personnel system development, selection improvement, productivity improvement, and labor management relations.
1980	Projects to provide management assistance to elected or appointed officials, improve State and local government productivity, modernize State and local government productivity and personnel management, and to strengthen State and local government employee procedures according to the Federal Uniform Guidelines on Employee Selection Procedures and to develop the capacity for evaluating State and local government personnel management systems.

Because of previous years' commitments to multiyear projects and applications that were pending, only extremely limited amount of funds were available for national projects for fiscal year 1979.

The following table shows grant funds awarded by the type of jurisdictions served from fiscal years 1973-78.

GRANT FUNDS AWARDED BY TYPE OF JURISDICTION
SERVED (FISCAL YEARS 1973-78)

<u>Jurisdiction</u>	<u>No. of projects</u>	<u>Amount (note a)</u>
State government	832	\$ 20,890,000
State government and one or more local governments (including all local governments in some cases)	920	31,843,000
Single local governments with over 50,000 people	560	9,850,000
Single local governments with less than 50,000 people	248	2,071,000
Combination of local governments	1,014	24,085,000
Combination of State and local governments	146	2,978,000
Combination of States and Nation- wide programs	<u>155</u>	<u>9,115,000</u>
Total	<u>3,875</u>	<u>\$100,832,000</u>

a/ Amounts have been rounded to the nearest thousand.

LIST OF JURISDICTIONS WITH COOPERATIVE RECRUITING
AND EXAMINING ACTIVITIES--FIRST QUARTER FY 1979

<u>Intergovernmental job information centers</u>	<u>Examining agreements</u>
--	---------------------------------

Atlanta Region

Mobile, Alabama (note a) Mobile County and City Personnel Board Mobile area office	None
Pensacola, Florida (note a) City of Pensacola County of Escambia State of Florida Mobile area office	None
Jacksonville, Florida (note a) City of Jacksonville State of Florida Orlando area office	None
Tampa, Florida (note a) City of Tampa State of Florida Orlando area office	None
Orlando, Florida (note a) City of Orlando State of Florida Orlando area office	None
Miami, Florida (note a) City of Miami State of Florida Orlando area office	None

Boston Region

None	None
------	------

Chicago Region

Detroit, Michigan (note b) City of Detroit County of Wayne State of Michigan Detroit area office	None
--	------

APPENDIX V

APPENDIX V

Madison, Wisconsin (note b)
 City of Milwaukee
 County of Milwaukee
 State of Wisconsin
 Milwaukee area office

None

Akron, Ohio (note b)
 City of Akron
 Lucas County
 State of Ohio
 Cleveland area office

None

Dallas Region

None

None

Denver Region

Denver, Colorado (note a)
 City of Denver
 State of Colorado
 City of Arvoda
 City of Aurora
 City of Boulder
 City of Colorado Springs
 City of Commerce
 City of Englewood
 City of Lakewood
 City of Littleton

 City of Longmont
 City of Loveland
 City of Wheatridge
 Denver area office

Salt Lake City, Utah (note a)
 State of Utah
 City of Salt Lake
 City of Murray
 City of Ogden
 County of Weber
 County of Utah
 County of Salt Lake
 University of Utah
 Weber State College
 Salt Lake City area
 office

 None
 None
 None
 None

New York Region

None

None

Philadelphia Region

Harrisburg, Pennsylvania (note a)
 State of Pennsylvania
 Philadelphia area office

Pennsylvania (note a)
 State of Pennsylvania
 Pittsburgh area office

Wilmington, Delaware (note a)
 City of Wilmington
 State of Delaware
 County of New Castle
 Wilmington area office

None

Charleston, West Virginia (note a)	None
State of West Virginia	
Charleston area office	

San Francisco Region

Reno, Nevada (note b)	None
State of Nevada	
Reno area office	

Seattle Region

Seattle, Washington (note b)	None
City of Seattle	
Seattle area office	

St. Louis Region

None	None
------	------

Washington Area Office

None	Prince Georges County Maryland (note a) Prince Georges County Washington area office
------	---

Total

Centers	15	Examining Agreements	3
State and Local Jurisdictions (including colleges and universities)	37	State and Local Juris- dictions (including colleges and uni- versities)	13

a/Operational, with formal agreement.

b/Operational, no formal agreement.

c/Inoperative, with formal agreement.

Note: Participating Federal Job Information Center scheduled to be closed by October 1, 1979, in line with OPM's resource reduction measures in recruiting and examining.

TYPES OF IPA TECHNICAL ASSISTANCEASSISTANCE TO MEET FEDERAL REQUIREMENTS

Assistance to meet Federal requirements includes technical assistance mandated by section 208(c)(1) of IPA to help State and local governments implement Merit System Standards. This assistance is aimed at correcting deviations from merit requirements and not at meeting needs that State and local governments may perceive. Also included is the type of assistance OPM gave to the Department of Labor in helping prime sponsors of the comprehensive employment and training program administer their programs in compliance with IPA merit system principles.

ASSISTANCE TO INDIAN TRIBAL GOVERNMENTS

Through interagency agreements with the Administration for Native Americans and the Bureau of Indian Affairs, OPM provides personnel assistance to Indian tribal governments. This aid helps fulfill OPM's responsibilities under the Indian Education and Self-Determination Act.

REIMBURSABLE ASSISTANCE

Reimbursable assistance is authorized by section 205 of IPA which authorizes OPM to provide technical advice and assistance, on request, to State and local governments seeking to improve their systems of personnel management. This assistance usually involves developing a personnel system or subsystem designed to build the capability of States and localities to manage and operate their own systems of personnel administration. Also, emphasis is given to building State and local staff's capability to maintain the personnel system after implementation. OPM provided about \$2.5 million in reimbursable technical assistance in 1977 and expects that level to remain constant. OPM would like to provide more reimbursable technical assistance, but the Office of Management and Budget has not provided the needed relief from personnel ceilings.

When situations permit, the OPM staff attempts to develop model or demonstration systems that can benefit other jurisdictions. If the development of a model involves extra costs, OPM may waive these costs.

NONREIMBURSABLE ASSISTANCE

Section 205 of IPA also states that costs for assistance provided under that section may be waived, in whole or in part. OPM uses this nonreimbursable assistance to

- develop and distribute technical publications to State and local governments,
- respond to the many requests for advice,
- attend meetings and conferences to serve as a source of technical information in personnel management, and
- provide technical advice through a limited number of onsite visits.

Through publications, routine contacts, and carefully directed onsite visits, OPM attempts to share its expertise with State and local governments economically and effectively. The assistance, according to OPM, does not begin to meet the technical needs of jurisdictions in the personnel management area, but it can contribute to significant State and local personnel improvements.

COORDINATION OF IPA TECHNICAL ASSISTANCE
WITH OTHER FEDERAL EFFORTS

Section 206 of IPA requires OPM, after consulting with other Federal agencies concerned, to coordinate technical assistance provided under IPA's authority with any such support given under other Federal programs and to make arrangements (including collecting, maintaining, and disseminating data on grants to States) for furnishing technical assistance to local governments to avoid duplication and insure consistent administration of related Federal activities.

The Chief, Personnel Operations Section of the Bureau of Intergovernmental Personnel Programs in OPM, told us that his office surveyed other Federal technical assistance efforts when IPA was first enacted and found them to be spotty and sporadic. He said very little of it is being done outside of IPA, and he believed, therefore, that there is very little chance of overlap.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 24, 1979

Mr. Allen R. Voss
Director, General Government
Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Voss:

This is in response to your August 20, 1979 request for comments on the draft GAO report, "The Intergovernmental Personnel Act of 1970: Its Impact, Potential and Problems."

The draft report is both informative and comprehensive. We agree that a Federal role in improving State and local personnel management is still appropriate. Furthermore, we believe that the Federal role will be more effective through better targeting of IPA and other Federal dollars, improved administration and more evaluation of overall effectiveness and impact of IPA.

Federal actions to support State and local government productivity improvement are now under study by the National Productivity Council. The recommendations in their draft report are in consonance with those included in your report. Currently, the Council is considering all the comments made on their draft report, and the final report should be published in the near future.

The results of the activities initiated by the Office of Personnel Management discussed in your report, further consideration of your final recommendations and those of the National Productivity Council should be significant in our mutual efforts to determine a set of activities to improve State and local government personnel management and productivity. Such activities may or may not include recommendations for additional resources depending upon the problems and objectives defined.

We thank you for the opportunity you have afforded us to comment on the draft report.

Sincerely,

Handwritten signature of Edward F. Preston in cursive.

Edward F. Preston
Assistant Director, for
Federal Personnel Policy

United States of America
**Office of
Personnel Management**

Washington, D.C. 20415

October 4, 1979

In Reply Refer To:

Your Reference:

Mr. H. L. Krieger
Director, Federal Personnel and
Compensation Division
United States General Accounting
Office
Washington, D.C. 20548

Dear Mr. Krieger:

Thank you for giving us an opportunity to comment on the report, "The Intergovernmental Personnel Act of 1970: Its Impact, Potential, and Problems." We found the report fair, objective, and thoughtful. We are prepared to accept many of the recommendations and have already begun to implement them.

Before commenting on the specific recommendations, we would like to note the major findings of the report: that the Federal Government has an interest in improving State and local personnel systems and that the IPA has played an effective role in stimulating those improvements. As all levels of government are challenged to provide quality public services at a reasonable cost, the importance of the IPA program is manifest. We agree with the fundamental conclusion of the report that the record of achievement that the IPA program has established must be sustained and improved upon for this challenge to be met.

Comments on Specific Recommendations

Here are our comments on the specific recommendations in the order that they appear in the summary of the report.

Recommendation One: Improve the planning process for identifying State and local government personnel management problems.

We concur with this recommendation and have already taken steps to bring about improvements in the problem-identification and planning process. As the report indicates, OPM's regional offices currently develop State Plans which represent their strategy for addressing the priority personnel management problems in each State. Before developing those State Plans, the regions are instructed to consult with State and local officials and to consider a wide range of data to identify the problems in the States in their regions. Further

improvements to insure proper needs-identification and to bolster the State Plan process are contemplated. As the report notes, we are now printing the results of a base-line survey of State and local personnel systems which will be useful in articulating personnel assistance needs.

Recommendation Two: Devise and implement a plan to periodically assess the success in and barriers to State and local government personnel management improvement so that Federal responsibility to provide additional financial and other assistance and to eliminate barriers can be identified and appropriate action taken. This should include, but not necessarily be limited to, considering the success and failure of IPA grant projects and should include jurisdictions that have not used IPA grants.

We agree that it is desirable to have more knowledge on why some State and local governments operate successful personnel systems and others do not. We are already attempting to implement Section 602 of the Civil Service Reform Act by encouraging Federal agencies to eliminate conflicting personnel regulations. We agree that more needs to be done in that area to encourage uniformity in the personnel requirements imposed upon State and local governments. In addition, we have analyzed the reasons for the success and failure of IPA grant projects. In a survey of 384 grant projects, we found that 6 percent failed to meet their objectives. The evaluators found that one or more of these problems characterized the failures:

- Needs were not properly identified.
- Key officials were not fully committed to the improvement.
- Solutions were poorly drawn and did not respond to jurisdictions' needs.

For the 94 percent of the projects that were successful, the key attributes were strong management commitment to the project and sound project design. Currently, we are funding a doctoral study which will provide more in-depth research on the reasons why certain projects are successful. We believe that our efforts give us a good sense for the reasons that projects succeed and enable us to manage the program so that success can be achieved.

In a recent evaluation of the IPA grant program in the State of Nevada, we compared the characteristics of personnel systems that had participated in the IPA with those that had not. That comparison suggested that the rate of improvement was significantly faster in jurisdictions receiving IPA support. More comprehensive information on jurisdictions that do not receive IPA funds would be costly to gather. We rely on the base-line surveys and on the continuing demand for IPA funds as evidence that there are significant unmet personnel management needs in State and local governments. Because we already have substantial information on the problems or barriers facing State and local personnel management and because of the high costs of gathering further documentation, we have some reservations about fully implementing this recommendation. We agree, that with additional resources, this information would be worth collecting.

Recommendation Three: Require grantees to report cost savings resulting from IPA-supported projects.

We agree with this recommendation and we will modify our form for completed grant projects to collect this information. The achievement of cost savings is one indication of the success of a grant project.

Recommendation Four: Periodically analyze the reasons grant projects are funded and not funded to determine if the process is consistent with the needs of individual State and local governments.

One of the primary objectives of IPA grant program administration is to insure that the projects funded are consistent with State and local government needs. For the formula funds which constitute 80 percent of the total appropriation, basic decisions on funding are made by the Governor and the IPA Designee. To insure that these decisions are consistent with State and local needs, we stress participation by all eligible groups in the decisionmaking process. In most States, the Designee has formed an advisory committee to consider needs and to determine relative priorities. OPM staff provide pre-grant consultation that is designed to focus attention upon needs. The available evidence from evaluations of IPA grants and from the support that State and local officials have given to IPA programs suggests that funding decisions are consistent with State and local needs.

Recommendation Five: Re-examine its requirement for written agreements for cooperative recruiting and examining and enforce the requirement that the annual joint evaluation reports on intergovernmental recruiting and examining activities be submitted to OPM headquarters.

We concur with both aspects of this recommendation. As the report notes, cooperative recruiting and examining programs are an excellent vehicle for improving service to the public and expanding the pool of applicants available for jobs at all levels of government. The report also notes that there are significant institutional barriers to bringing about this cooperation. In some cases, the requirement of a formal written agreement could constitute such a barrier. Although written agreements are preferable, we plan to revise our guidance to allow for less formal arrangements when a written agreement is not feasible.

We also agree with the recommendation that the requirement for annual evaluations of intergovernmental agreements be enforced. Careful monitoring of these agreements is important to their success and the annual evaluation is one mechanism for carrying out this monitoring.

Recommendation Six: Determine the extent to which representatives of employee organizations are aware of and participate in IPA-supported training in labor-management relations.

We concur with this recommendation that OPM monitor the extent of employee organization awareness and participation in IPA-supported training in labor-management relations. We have recently canvassed the extent of employee organization participation in IPA training and will continue to monitor this activity. In addition, we are considering policy changes to insure in the future greater awareness and participation by employee organizations in IPA-supported labor-management relations training.

Recommendation Seven: Provide definitive guidance to Federal agencies for evaluating their mobility programs and reporting the results to OPM.

We agree with this recommendation. Currently, we are completing a comprehensive evaluation of the mobility program that involves a survey of 1,900 assignees. That evaluation should provide us with information about the impact and problems with the authority and offer guidance on how to improve our administration. In addition to this major evaluation effort, we have instructed Federal agencies to undertake a self-evaluation of their use of the authority. To date, we have not provided specific guidance to the agencies on how to conduct these self-evaluations and we agree that this improvement would be appropriate.

Recommendation Eight: Develop a systematic and comprehensive plan for evaluating the effectiveness and impact of the IPA program.

As the report documents, several major evaluations of the IPA grant program have been conducted. These evaluations have shown the grant program to be an effective tool for improving State and local personnel systems.

Most of the other aspects of IPA have been subjected to an evaluation of their impact. We are currently completing a comprehensive evaluation of the mobility program. In the past, we have also evaluated the technical assistance and merit system standards programs.

In addition to these evaluations of program impact, we conduct regular assessments of program administration. Every quarter, regions report on their progress in meeting management objectives. The central office reviews these regional reports and responds to problems and achievements. Every two years, a thorough onsite evaluation of regional operations is conducted.

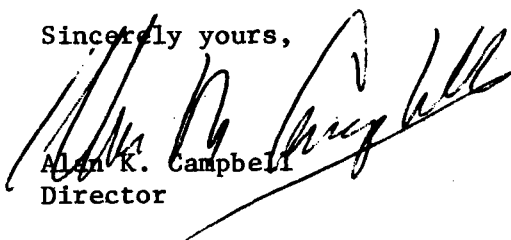
We agree with the thrust of this recommendation that calls for a tying together of these many disparate activities. We need to rationalize evaluation activities and to develop a strategy for supplying management with evaluative information so that programs can be improved. We plan to identify these information needs and to formulate a strategy that responds to them. This plan will not allow OPM to determine with certainty the overall impact of all its programs. Resource limitations preclude such a strategy. Instead we will focus on the evaluative information that is most relevant to improved program administration, while continuing to give priority to our central mission of providing personnel assistance to State and local governments.

Recommendation Nine: Establish procedures for tracking costs for Federal participation in the mobility program, the cooperative recruiting and examining program and for training.

We agree that it would be desirable to have a method for estimating the costs of Federal participation in these programs and we intend to track OPM's costs for participating in the cooperative recruiting and examining program. In addition, we collect information from the Federal agencies on the costs of mobility assignments including salaries, benefits, and relocation expenses. Gathering precise information on Federal agency costs for providing training opportunities to State and local officials would mean a reporting burden for the agencies and would be difficult to check for reliability. We would be reluctant to impose an additional paperwork requirement unless we had a specific use for the information.

In closing, I would like to express our appreciation for the thorough audit job that was done by Mrs. Jane Trahan and Mr. Melvin Horne. Their findings will assist us in our administration of the IPA programs in the coming years.

Sincerely yours,



Alan K. Campbell
Director

GAO note: Recommendation four was deleted because recommendation one, if properly implemented, will obtain the same objective.



National Governors' Association

Otis R. Bowen, M.D.
Governor of Indiana
Chairman

Stephen B. Farber
Executive Director

September 11, 1979.

Mr. H.L. Krieger
Director, Federal Personnel & Compensation Division
U.S. General Accounting
Office
Room 4001
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Krieger:

Thank you for sending me the General Accounting Office draft evaluation of the Intergovernmental Personnel Act of 1970. The draft raises some important issues. The National Governors' Association considers the Intergovernmental Personnel Act a major force for strengthening innovative approaches to personnel management in state and local governments and is in agreement with your major conclusion that federal assistance for state and local personnel management improvement remains useful. My specific comments follow.

Funding Level

The report notes a number of activities in which the IPA should play a larger role; what it does not recognize, however, is the fact that IPA's Fiscal Year 1980 budget does not enable IPA to undertake the expansions proposed in the report. The funding level for IPA grants remained at \$20 million, which during a time of serious inflation amounts in reality to a budget cut. The budget for IPA administrative expenses sustained an actual cut of \$800,000 for FY 1980.

IPA Grants

The report accurately notes that many jurisdictions have never received IPA grant funds and that many applications have been rejected because of limited funding. To address this problem, your recommendation on pages 45-46 should include a suggestion that OPM foster wider dissemination of successful IPA-supported project methodologies and results, perhaps on a state or regional basis, to maximize the impact of individual projects.

Monitoring Compliance with Merit System Standards

State monitoring of local compliance with merit system standards is another area in which your report draws conclusions without adequate reference to causative factors. It is unreasonable to expect a thorough monitoring job to be accomplished through contact between state personnel

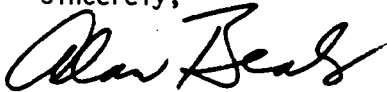
Mr. H. L. Krieger
September 20, 1979.
Page 2

program's future and inhibit the funding increase warranted, therefore, we commit ourselves to assisting OPM in improved data-gathering efforts.

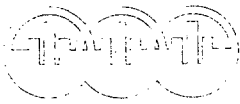
Our one main caution is that the numerous recommendations made in the report, while meritorious by themselves, are not all equally important. Thus, it's imperative that they be dealt with in a way that will not impede the forward thrust of this successful program.

We appreciate the work GAO has done on the IPA program and its basic support for continuation and improvement. We hope that message continues to come through loud and clear in the final draft of the report to Congress. Meanwhile, feel free to contact me or Irv Marsters (293-7858) of my staff if there's anything further we can do to assist you.

Sincerely,



Alan Beals
Executive Director



September 21, 1979

Mr. H. L. Krieger, Director
Federal Personnel and Compensation Division
U. S. General Accounting Office
441 G St., N.W., Room 4001
Washington, D. C. 20548

Dear Mr. Krieger:

Thank you for the opportunity to review and comment on your draft report to Congress entitled, "The Intergovernmental Personnel Act of 1970: It's Impact, Potential, and Problems."

The IPA program has been most helpful to our cities and state municipal leagues throughout the country since its enactment. NLC and its member cities have been vigorous supporters of the program and its administration by the U. S. Office of Personnel Management.

We're pleased that this general evaluation is being done. While we're disappointed that there isn't a reservoir of information and data to demonstrate the many successes the program has achieved with such limited funding, we also know that a more comprehensive and better data-gathering effort on needs and results will benefit the program's future as a continuing and better-funded effort of the federal government.

There is no question but what the kinds of state and local needs that brought about the IPA program still exist. For those of us that remember what state and local personnel management was like in 1970, and who recognize the increasingly significant impacts on personnel management that have taken place during the 70's, also know full well that the near-decade of IPA programming has been "a good beginning." We're hard pressed to find another federal grant program funded at about \$20 million annually that has produced the same results; that has had the same impact with significant ripple effects far beyond the original jurisdiction(s) in which efforts were initiated. We agree that it's time to better document these and the unmet needs.

The IPA program has been so successful because state and local jurisdictions have had the major voice in deciding how the allocations are to be used to meet their priority needs. Generally, the very small amount of grant money a single jurisdiction receives has meant that those precious dollars have gone into direct personnel program improvement activities rather than detailed assessments of results and or unmet needs. We realize this can threaten the

National
League
of
Cities

1620 Eye Street, N.W.
Washington, D. C.
20006
(202) 293-7310
Cable: NLCITIES

OFFICERS:

President:
John P. Rousak
Mayor Savannah, Georgia
First Vice President:
Jesse M. Ratley
Council Member Newport News, Virginia
Second Vice President:
William H. Hudnut III
Mayor Indianapolis, Indiana
Immediate Past President:
Tom Mood, Mayor Columbia, S.C.
Executive Director:
Alan Beas

PAST PRESIDENTS: Tom Bradley, Mayor, Los Angeles, California • Henry W. Maier, Mayor, Milwaukee, Wisconsin • **DIRECTORS:** R. Michael Amyx, Executive Director, Kentucky Municipal League • Patrick J. Baca, Council President, Albuquerque, New Mexico • Kenneth F. Blorje, Mayor, Lafayette, Louisiana • Richard Brown, Executive Director, Texas Municipal League • Kenneth G. Duéche, Executive Director, Greater Municipal League • Maurine Bye, Council Member, Duluth, Minnesota • Nicholas R. Carbone, Deputy Mayor, Hartford, Connecticut • Richard E. Carver, Mayor, Peoria, Illinois • Henry G. Cianero, Council Member, San Antonio, Texas • Arrington Dixon, Council Chairman, Washington, D.C. • Patrick A. Durnea, Executive Director, Mississippi Municipal Association • Margaret T. Hancock, Mayor, Phoenix, Arizona • Erma Henderson, Council President, Detroit, Michigan • Charles F. Horn, Mayor, Kettering, Ohio • Maynard Jackson, Mayor, Atlanta, Georgia • Carl T. Langford, Mayor, Orlando, Florida • Pauline Lattig, Mayor, Oklahoma City, Oklahoma • Jim McCann, Mayor, Houston, Texas • John M. Petriarchi, Director, Michigan Municipal League • Sally Reynolds, Council Member, Denver, Colorado • Joseph P. Riley, Jr., Mayor, Charleston, South Carolina • Kennedy Shaw, Executive Director, Massachusetts League of Cities and Towns • Karl E. Swisher, Executive Director, Association of Washington Cities • Victor F. Swygden, Council Member, Kansas City, Missouri • Dorothy Van Horn, Council Member, Jefferson, Iowa • David J. Vore, Mayor, Birmingham, Alabama • Joel Wascha, Council Member, Los Angeles, California • Rene Weisbro, Mayor, Hayward, California • Ted Wilson, Mayor, San Luke City, Utah

Mr. H. L. Krieger
Page two
September 11, 1979

directors and local personnel directors. The base-line survey that IPA began in 1977 indicated that close to half of all local jurisdictions have only a part-time personnel director, if in fact they have a personnel function at all. The goal, adherence to the standards, is a necessary and commendable one, but it is questionable whether states can be expected to do a thorough monitoring job without increased administrative support from IPA and from the various federal agencies.

Federal Training

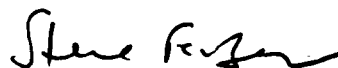
The conclusion that "federal training may not be meeting state and local governments' needs" and the reasons stated for low state and local participation in federal training are accurate. My staff has been working with IPA and other OPM staffs to expand the percentage of state personnel utilizing federal training, particularly at the management and executive levels. I suggest that your report specifically recommend that IPA have increased contact with major state and local public interest groups for this purpose. Particularly now, when productivity improvement is becoming a growing national concern, it is imperative that the best training that the federal government develops be accessible to all levels of government.

Challenges of the Seventies

On a broader issue, the report does not adequately recognize the many changes in state and local personnel systems which have been accomplished since the IPA was passed in 1970. During the past decade, state and local personnel directors have been faced with increasingly complex and interrelated issues such as EEO and affirmative action, collective bargaining and employee unionism, and recruitment and selection practices. In numerous instances, IPA assistance was crucial in helping state and local governments to meet the challenges of the seventies; however, because many jurisdictions have never received IPA aid and because public sector personnel management continues to evolve, a consistent and larger commitment to IPA program goals would be advisable.

I will look forward to receiving the final version of the report.

Sincerely,



Stephen B. Farber



UNITED STATES CONFERENCE OF MAYORS

1620 EYE STREET, NORTHWEST

WASHINGTON, D.C. 20006

TELEPHONE: (202) 293-7330

President:

RICHARD E. CARVER
Mayor of Peoria

Vice President:

RICHARD C. HATCHER
Mayor of Gary

Past Presidents:

LEE ALEXANDER
Mayor of Syracuse
KENNETH A. GIBSON
Mayor of Newark
HENRY W. MAIER
Mayor of Milwaukee
WILLIAM H. MCNICHOLS, JR.
Mayor of Denver

Trustees:

NEIL GOLDSCHMIDT
Mayor of Portland
MARGARET T. HANCE
Mayor of Phoenix
JANET GRAY HAYES
Mayor of San Jose
MAYNARD JACKSON
Mayor of Atlanta
PATIENCE S. LATTING
Mayor of Oklahoma City
LEWIS C. MURPHY
Mayor of Tucson
HERNAN PADILLA
Mayor of San Juan
GEORGE M. SULLIVAN
Mayor of Anchorage
KEVIN H. WHITE
Mayor of Boston
TED L. WILSON
Mayor of Salt Lake City
COLEMAN A. YOUNG
Mayor of Detroit

Advisory Board:

HELEN G. BOOSALIS, *Chairman*
Mayor of Lincoln
THOMAS BRADLEY
Mayor of Los Angeles
RICHARD S. CALIGUIRI
Mayor of Pittsburgh
WYETH CHANDLER
Mayor of Memphis
STANLEY A. CMICH
Mayor of Canton
LILA COCKRELL
Mayor of San Antonio
JAMES E. FERGUSON
Mayor of Provo
RICHARD H. FULTON
Mayor of Nashville
WILLIAM E. HANNA
Mayor of Rockville
ARTHUR J. HOLLAND
Mayor of Trenton
JOHN G. HUTCHINSON
Mayor of Charleston, West Va.
FRANK LOGUE
Mayor of New Haven
ANGELO R. MARTINELLI
Mayor of Yonkers
CAROLE K. MCCLELLAN
Mayor of Austin
JAMES H. MCGEE
Mayor of Dayton
TOM MOODY
Mayor of Columbus, Ohio
JOSEPH P. RILEY, JR.
Mayor of Charleston, S.C.
JOHN P. ROUSAKIS
Mayor of Savannah
E. CLAY SHAW, JR.
Mayor of Fort Lauderdale
LOUIS J. TULLIO
Mayor of Erie
DAVID J. VANN
Mayor of Birmingham
PETE WILSON
Mayor of San Diego

Executive Director:
JOHN J. GUNTHER

September 14, 1979

Mr. H. L. Krieger
Director
General Accounting Office
441 G Street, N.W. Room 4001
Washington, D. C. 20548

Dear Mr. Krieger:

We have had the opportunity to examine your draft report entitled "The Intergovernmental Personnel Act 1979: Its Impact, Potential and Problems". As is customary for GAO reports, it is a thorough and detailed analysis which is balanced for the strengths and weaknesses of the IPA program.

On the general level, we agree wholeheartedly that the needs identified by Congress prior to enactment of the IPA are no less urgent today. In fact, given the money, tax, revenue and expenditure ceilings adopted by state and local governments, we would argue that personnel management improvements are more critical today than the recent past. Toward this end, we also agree that federal government's stake in improving state and local government personnel management is crucial and that the IPA program should be continued.

We would ask, however, that you review the figures you cite on page ii of the Digest and on pages 7 - 9 of the draft itself concerning federal grant-in-aid outlays to state and local governments. Those figures, including the projected outlay figure of \$82.9 billion for FY 80, are misleading in that they virtually double the stated outlays that actually reach state and local governments. One difficulty in this matter is that it is impossible for those of us outside of the Federal government to generate accurate data on what the real outlays are to state and local governments. The best, short analysis of this issue is found in an article by Floyd H. Hyde, the former Mayor of Fresno, in The National Journal, March 3, 1979. We have enclosed a

Mr. H. L. Krieger
September 14, 1979
Page Two

copy of that article for your information. While one can question Mr. Hyde's figures as easily as the Federal figures, the essential point should be considered.

While we have not performed a systematic evaluation of IPA programs, our experience is that it has been very worthwhile for state and local government.

Roger Dahl, Director of the Labor Management Relations Service of the United States Conference of Mayors, recently testified before the Subcommittee on Human Resources of the House Committee on Post Office and Civil Service that, "All in all, our experience with IPA and the Office of Personnel Management has been quite favorable. We believe these efforts we have undertaken have made at least a small contribution to more effective and constructive labor relations in government."

As the Committee on Economic Development recently pointed out in its study "Improving Management of the Public Work Force", the key to increased effectiveness and efficiency of local government is dependent upon strengthening the ability of local officials to manage, particularly including the area of personnel management.

The IPA program has and continues to provide federal support toward meeting this goal. With respect to your specific recommendations for improving the administration and delivery of the IPA programs, we concur with most of the recommendations. Specifically, we agree that the activities planned by OPM and listed on page IX and X of the Digest, should further advance local personnel management improvement. We would offer one caution to these actions; that is, the area of cost savings which result from IPA supported projects. It is our experience that many of the programs provide significant management improvement for the management team which are not directly translated into specific programmatic cost savings. They do provide an improved management environment which affects many programs, but which are not measurable in an easy manner.

Your detailed review of each of the major aspects of the IPA programs adequately points out the strengths and weaknesses of the various elements. Again, we generally agree with your conclusions and recommendations. Specifically, we would like to reinforce your observations regarding the need for implementation of the Civil Service Reform Act of 1978 to consolidate, reduce and simplify the various federal personnel requirements for state and local government. We believe OPM has made significant and substantial progress

Mr. H. L. Krieger
September 14, 1979
Page Three


in this area and we stand ready to continue our assistance for these matters.

Also, we strongly agree with your recommendation to designate OPM as the lead agency for productivity management in state and local government. As you stated in your earlier report, it is critical that adequate funding for this endeavor be provided if OPM is to meet this new responsibility. Specifically, at least an additional \$20 million would be necessary to begin such an effort.

Finally, we would like to formally acknowledge the excellent relationships with state and local government officials which the personnel of OPM have established. They have been and continue to be particularly sensitive to state and local government needs and problems.

Should you require any additional comments, please contact Mr. Stephen Chapple of our staff.

Sincerely,



John J. Gunther
Executive Director

Enclosure

(961084)

Single copies of GAO reports are available free of charge. Requests (except by Members of Congress) for additional quantities should be accompanied by payment of \$1.00 per copy.

Requests for single copies (without charge) should be sent to:

U.S. General Accounting Office
Distribution Section, Room 1518
441 G Street, NW.
Washington, DC 20548

Requests for multiple copies should be sent with checks or money orders to:

U.S. General Accounting Office
Distribution Section
P.O. Box 1020
Washington, DC 20013

Checks or money orders should be made payable to the U.S. General Accounting Office. NOTE: Stamps or Superintendent of Documents coupons will not be accepted.

PLEASE DO NOT SEND CASH

To expedite filling your order, use the report number and date in the lower right corner of the front cover.

GAO reports are now available on microfiche. If such copies will meet your needs, be sure to specify that you want microfiche copies.

AN EQUAL OPPORTUNITY EMPLOYER

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

**OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300**

**POSTAGE AND FEES PAID
U. S. GENERAL ACCOUNTING OFFICE**



**SPECIAL FOURTH CLASS RATE
BOOK**