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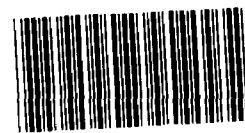


UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

APR 1



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Mr. Arthur F. Simermeyer
Associate Commissioner for Central Operations
Social Security Administration
Department of Health and Human Services

Dear Mr. Simermeyer:

Subject: Absenteeism at the Social Security
Administration's Office of Central Operations
(GAO/HRD-84-55)

The General Accounting Office has reviewed leave management practices in two components of Social Security Administration's (SSA) Office of Central Operations (OCO). Though these two components--the Office of Central Records Operations (OCRO), and the Office of Disability Operations (ODO)--comprised only 13 percent of SSA's total work force (11,500 of 88,000), they used during fiscal year 1982 (the most current year for which data were available at the time of our review) about

- 16 percent of total sick leave, or 530 staff years,
- 21 percent of leave without pay (LWOP), or 279 staff years, and
- 24 percent of total SSA-wide overtime, or 602 staff years.

Because of higher leave usage in these components, which comprise over half of the employees at SSA headquarters, we focused our work on them. Our tests of the relationships of LWOP to overtime in OCRO and ODO showed that as LWOP usage increases, overtime usage increases even faster. We estimate that overtime savings of \$750,000, during fiscal year 1982, could have been achieved if LWOP used in OCRO and ODO had more closely paralleled the LWOP used in other SSA major components.

We believe OCRO's and ODO's higher sick leave and LWOP usage resulted because:

- OCO top management was not aware of the extent of sick leave and LWOP usage that was occurring in its units.
- Supervisors were not timely in following existing procedures to counsel and discipline employees following poor leave practices.

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OCO officials generally agreed that the monitoring of leave usage in OCRO and ODO needed its attention. During our review, SSA began actions to combat absenteeism at headquarters by reminding supervisors of their responsibilities for managing leave and by identifying employees using large amounts of LWOP. During November 1983, SSA reported that because of its supervisors' efforts in managing leave problems, LWOP usage had been reduced by about 20 percent, and that it can be reduced even further. As of April 1984, SSA was working on developing and refining a mechanism for monitoring leave usage.

These actions represent a step in tightening control over the granting and use of leave. We believe, however, that absenteeism can be identified, curtailed and eventually reduced to an acceptable level only by continual attention from top management. We recommend that you

- develop and implement a reporting system that will provide your top management with current comparative leave usage data so it can monitor leave usage and combat absenteeism, and
- require supervisors to take more timely and progressive disciplinary action against employees following poor leave practices.

The enclosure discusses our review further. We thank you for the cooperation of your staff during our review. We would appreciate you advising us of whatever actions you take on our recommendations.

Sincerely yours,

Andrew F. Kulanko

Andrew F. Kulanko
Group Director

Enclosure

ABSENTEEISM AT THE SOCIAL
SECURITY ADMINISTRATION'S
OFFICE OF CENTRAL OPERATIONS

BACKGROUND

The Social Security Administration (SSA) employs about 88,000 people, of which about 20,000 work at SSA's headquarters in Baltimore, Maryland. Of the 20,000, about 11,500 work for the Office of Central Operations (OCO) and the bulk of these work in two OCO components--about 5,300 in the Office of Central Records Operations (OCRO) and about 6,200 Office of Disability Operations (ODO).

SSA administers a national program of contributory social insurance. OCRO contributes to this effort by establishing and maintaining the basic records that support social security programs, such as the applications for social security numbers, employer identification numbers and medicare cards; and individuals' earnings records in hard copy, microfilm, magnetic tape and disc form. ODO assists by processing claims under disability and black lung benefits programs and maintaining the beneficiary rolls for such recipients. Because the work requires continuous processing, it is essential that employees report for duty and work when scheduled to do so.

SSA employees, like employees in other Federal agencies, earn and are entitled to take time off for vacation, personal business, and illnesses. While timely completion of SSA's work is of paramount importance, proper management of leave allows SSA to both carry out its mission and provide time off for its employees. Absenteeism, however, can disrupt its work and increase costs.

OBJECTIVE, SCOPE, AND METHODOLOGY

We wanted to determine to what extent SSA headquarters employees were absent from work, particularly due to unscheduled absences, and whether any units had a high rate of absenteeism. For such units we wanted to determine the effect such absences have on overtime costs, and what controls are exercised to prevent excessive absences.

We reviewed policies and procedures for approving leave and controlling absenteeism. We examined payrolls and other records to determine leave balances, patterns of leave usage, and actions taken to prevent excessive absences. We interviewed SSA officials responsible for leave management and control of absenteeism.

After evaluating fiscal year 1982 leave usage data for headquarters units, we focused our work on OCO. Our analysis of SSA fiscal year 1982 payroll reports indicated that two components within OCO--OCRO and ODO--were experiencing a higher rate of absenteeism than were other SSA components. We selected 8 units--4 from OCRO and 4 from ODO--that had a total of 363 employees for more detailed review. These units were not selected at random but were selected to provide a mix of units including employees with both high and low sick leave and LWOP usage. The purpose of our selection was to assist us in obtaining an insight into why OCRO and ODO were having a high rate of absenteeism and was not designed for us to use the data to make estimates or projections on the degree or extent of the situation.

Lastly, we analyzed SSA payroll records to determine if a relationship between LWOP and overtime existed, and, if so, whether such a relationship could result in additional costs.

Our review was made in compliance with generally accepted government audit standards.

EMPLOYEE ABSENCES AND THEIR EFFECTS

In fiscal year 1982, SSA's 88,000 employees spent an average of about 44 days, or 17 percent, of their time away from work. About 40 of these days were paid absences--annual leave, sick leave and holidays. The remaining 4 days were unpaid absences that accounted for lost time on the job of about 1,500 staff years or about 1.67 percent of total staff years. The 11,500 employees in OCRO and ODO averaged 7 days of unpaid absences (about 326 staff years or 2.83 percent).

Absenteeism Is Costly

While the effects of absenteeism may not be readily apparent, absent employees have to be replaced by paying other employees costly overtime, or through some other means that also may be more costly--replaced by less proficient or experienced employees or by higher-graded, higher-salaried employees. The types of absences that most affect these increased costs are sick leave and LWOP.

Use of sick leave is an employee right granted if certain conditions are met. These conditions, often unpredictable, include illness, injury, pregnancy, and medical, dental, or optical examinations or treatment. In fiscal 1982, SSA's 88,000 employees used 3,340 staff years of sick leave. The 11,500 employees in OCRO and ODO, which represent about 13 percent of SSA's total employees, used a proportionately larger amount--530 staff years or 16 percent of the total sick leave used.

LWOP is a temporary nonpay status and approved absence from duty requested by an employee. LWOP is not an employee right and is granted at management's discretion. In fiscal 1982, SSA employees used a total of 1,358 staff years of LWOP. OCRO and ODO employees again used a proportionately larger amount--279 staff years, or 21 percent of all LWOP.

LWOP Usage Creates Need For Overtime

SSA's instructions for the management of leave point out some undesirable effects of LWOP usage such as the cost of:

- --employees' lost services
- crediting service toward retirement, and
- continuing life insurance without employees' contributions.

More important, SSA instructions state:

"A negative factor which warrants particular attention in evaluating an LWOP request is the amount of overtime worked in the organizational component. Correlations have been made in overtime studies between the number of hours of LWOP and the number of hours overtime. Much of the overtime in a component may be simply making up the production time lost by those employees in nonpay status. Therefore, the probability exists that if LWOP could be reduced, overtime could be reduced. This probability of increased overtime as an administrative cost must be considered when evaluating requests for LWOP, especially in those components with high overtime usage."

In 1981, SSA incurred more than 3 million hours of LWOP and used more than 5 million hours of overtime. Using SSA 1981 payroll records, we tested the relationship between the number of hours of LWOP and overtime. We found that as LWOP usage increases, overtime usage increases even faster.

Reduced use of LWOP can result in a reduction in overtime costs. In fiscal 1982, OCRO and ODO employees used a combined total of about 279 staff years of LWOP--an average of about 6 days per employee or 21 percent of all LWOP. During the same period, OCRO and ODO employees worked 602 staff years of overtime which, at about \$14.9 million, represented about 24 percent of SSA's total overtime cost of more than \$63.5 million. Although we found that as LWOP usage increases

overtime increases even faster, we based our estimate of savings on a conservative assumption that for every hour that LWOP is reduced, a corresponding reduction of one hour of overtime results. Using this assumption, we estimate that had OCRO and ODO reduced their LWOP to SSA's overall average of 4 days, savings in overtime of about \$750,000 would have been achieved. The savings estimate represents only the difference between the cost of overtime hours and the cost of regular hours; it does not include costs that are incurred because employees, under certain conditions, continue to earn annual and sick leave, get credit towards retirement, and have life insurance paid for while on LWOP. Nor does it include any costs that might result when employees who work overtime are less familiar with the work or are tired because they are working additional hours.

MORE CAN BE DONE TO
REDUCE ABSENTEEISM

The leave records we reviewed for the 363 OCRO and ODO employees showed a pattern of low sick leave balances and sporadic use of LWOP by many employees.

The 363 employees had an average of 10 years of federal service and as of July 10, 1982, had an average sick leave balance of 15.4 days. If each employee earned 13 days sick leave each year, each employee would have used an average of 115 days sick leave over a 10-year period--an average of 11.5 days per year. In fiscal 1982, all SSA employees used an average of 10 days of sick leave while employees in OCRO and ODO averaged 11.5. We believe that one reason these employees' low sick leave balances and the higher sick leave usage by OCRO and ODO may have occurred is because management has not done enough to prevent excessive leave usage by employees.

Seventy-one, or about 20 percent of the 363 OCRO and ODO employees used 6,669 hours of LWOP for other than maternity or major illness in 1981, the latest full year for which data were available, for the following reasons:

<u>Reasons</u>	<u>Number of employees</u>	<u>Total hours of LWOP used</u>
In Lieu of Sick Leave	62	4,002
In Lieu of Annual Leave	69	1,393
Other	33	1,274
	<u>164</u> a/	<u>6,669</u>
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a/ Some of the 71 employees used LWOP for more than one reason.

As shown, most of the employees used LWOP in lieu of sick or annual leave; these employees used LWOP in this manner on 424 different occasions, or an average of about 6 times for each employee.

We noted instances where employees used LWOP in conjunction with a weekend or holiday and asked why this happened. One supervisor told us that these employees use their annual and sick leave as quickly as it is earned and then turn to LWOP for additional time away from the job. Another supervisor told us that if an employee's request for LWOP was not approved, the employee would probably file a grievance and get the union involved, and that he knows from his personal experiences that supervisors are reluctant to make decisions which could result in union intervention; accordingly, it is less trouble for supervisors to approve LWOP rather than turn it down.

More Timely Disciplinary
Action Could Help Reduce
Absenteeism

Supervisors must not discourage employees from making legitimate use of leave. However, supervisors generally are faced at some time with attendance problems and suspected leave abuse. When a supervisor determines or suspects that an employee has an attendance problem,¹ SSA's procedures spell out a system of progressive disciplinary actions under which the employee is counseled, warned, restricted, reprimanded, and, if necessary, suspended. Procedures require that a written record be made of the actions taken and placed in the employee's personnel file maintained by the supervisor so that follow-up actions can be taken. Upon correction of the attendance problem, the record is purged from the file.

¹ SSA procedures for identification of employees with leave problems point out that supervisors are frequently given warnings of impending leave problems. Indications of job dissatisfaction, unexplained lengthy or frequent absences from job-site, resistance to regulations, or repetitive tardiness in reporting to work are leave problem signals. Further signals of leave problems may be indicated by a reduction in accrued annual or sick leave balances. Supervisors should become aware of developing leave problems long before accruals are exhausted. However, each instance of suspected leave abuse must be judged on its merits and supervisors should not use a table of set conditions (e.g., number of frequencies) for judging leave records without looking into the individual circumstances.

Our review indicated that OCRO and ODO supervisors in the units included in our analysis did not make full use of existing procedures to control absenteeism. Although 31 of 363 employees in our sample had been disciplined--15 counseled or warned and 16 on leave restrictions,² we identified an additional 76 employees whose leave records, in our opinion,³ showed they had attendance problems and should have been at least counseled. We believe counseling impresses on the employee that management is aware of the absenteeism problem's effects on cost and productivity, and that continued poor leave usage habits will most likely result in serious consequences for the employee.

We believe that once employees with attendance problems are identified and disciplined, their leave usage should be reviewed within a specific timeframe to determine if additional corrective action is warranted.

SSA procedures provide that leave records of employees on leave restrictions be reviewed at least every 6 months to determine whether circumstances justify modifying or lifting the restrictions. However, there is no specific timeframe requirement for review of leave records for those employees whose only discipline was counseling or a warning about leave usage. Because the time when those records are to be reviewed is left to the discretion of the supervisors, there is no assurance that follow-up action will be taken or whether such action, if any, will be timely.

For example, our review of the 31 employees who were disciplined because of attendance problems showed only 7 cases where supervisors specified when an employee's leave record would be reviewed again. In the 7 cases, the employees were given 1 or 2 months to demonstrate improvement. We could find only two cases where those employees' leave records were again reviewed to determine if improvement had occurred. In both cases the supervisor informed the employees that their leave records would be followed-up again in 1 month, and if no

² Leave restrictions are limitations placed upon an employee's manner of using leave. Usual types of restrictions are to require a medical certificate for all absences due to illness and approvals in advance for all annual leave absences.

³ To be included in the 76, an employee, during 13 consecutive pay periods in 1982, had to have used all or more of earned annual and/or sick leave or used all but 8 hours of earned leave and had a leave balance of 16 hours or less. The employee also must have had 8 or more frequencies of sick leave and/or 16 or more frequencies of annual leave and/or used LWOP at some time during the 13 pay periods.

improvement was shown, they would be placed on leave restrictions. We found no evidence that follow-up reviews had been made. Six months after being counseled on leave usage problems, those employees' leave balances remained relatively unchanged--indicating the employees were using their leave as fast as they earned it.

We did not determine whether this was a recordkeeping problem, a lack of supervisory follow-up, or both. In any case, we believe that once disciplinary action is started, for it to be effective, it should be properly recorded and followed up until completion in a timely manner in accordance with SSA procedures.

Absenteeism Is Not Being
Routinely Monitored By Management

Despite high sick leave and LWOP usage, neither OCRO nor ODO has a system to provide data to management to monitor sick leave and LWOP. Instead, individual supervisors are expected to monitor and control absenteeism through periodic reviews of employee time and leave records. SSA guidance for supervisors says:

"Supervisors should make a periodic review (at least once every 4 months) of employees' leave records...and requests for emergency leave to determine if any of the records reveal patterns of leave usage that might indicate a need for further study."

OCRO and ODO supervisors we interviewed said that they do make periodic reviews of employee time and leave records. However, because no written record is made or required of these reviews, there is no assurance reviews are made.

OCRO and ODO management officials told us they did not receive reports that could be used to identify areas where leave usage is a problem and in need of their attention.

MANAGEMENT CONCERN
AND ACTION ON ABSENTEEISM

On December 17, 1982, the Associate Commissioner for Management, Budget, and Personnel, sent a memorandum to all other Associate Commissioners, expressing concern over the large amounts of LWOP charged in SSA headquarters. To identify those cases where corrective action might be needed, he gave each Associate Commissioner a list of employees in their components who had used LWOP between January and July, 1982. He indicated that the amount of LWOP can be significantly reduced through the personal commitment of his fellow Commissioners.

On March 1, 1983, SSA, because of its concern with the large amounts of LWOP being granted, issued guidance to supervisors on the management of LWOP. The guidance pointed out that excessive use of LWOP can harm SSA's ability to perform its mission and causes increased overtime costs and requires the use of other measures to offset the effects of lost time on the job. Basically a reminder to supervisors on their responsibilities for managing leave, the guidance document makes the following points:

- All employees are eligible for LWOP, but it is granted at supervisory discretion;
- Early detection and discussion of suspected leave problems can prevent them from becoming a reality;
- LWOP should not be routinely granted to allow employees to preserve accumulated annual leave, nor may LWOP be granted as an automatic extension of exhausted annual leave;
- Requests for LWOP in lieu of sick leave must be carefully examined; and
- When LWOP is denied and an employee is absent without leave, the supervisor should consider initiating disciplinary actions.

On November 8, 1983, the Associate Commissioner for Management, Budget, and Personnel, reported that as a result of providing LWOP information on employees to SSA components and because of their supervisors' efforts in managing leave problems, LWOP usage was reduced by about 103,000 hours or 20 percent. He also reported that by focusing efforts on specific groups of employees with questionable leave usage habits, LWOP usage could be reduced even further. As of April 1984, SSA was working on developing and refining a mechanism for monitoring leave usage.

CONCLUSIONS

Absenteeism was highest at two of SSA's major components--OCRO and ODO, which averaged more sick leave and LWOP usage per employee than did other SSA major components. OCRO and ODO supervisors had not always (1) taken timely actions to identify and discipline employees following poor leave practices and (2) made full use of existing disciplinary procedures to control absenteeism.

A leave usage monitoring system is needed by OCRO and ODO management to monitor and control leave usage on a continuing basis to reduce absenteeism. A key ingredient of this system should be a reporting mechanism that would provide management with comparative data on leave usage by employee and by various components. The system could provide feedback to aid supervisors in routinely identifying employees with attendance problems and in flagging untimely or inadequate disciplinary actions by supervisors for review by management--this would remind supervisors that management is concerned about absenteeism and how supervisors handle it.

SSA management is concerned with the amount of LWOP used in headquarters and has initiated actions aimed at reducing its use. These actions represent a step in tightening control over the granting and use of leave. We believe, however, that absenteeism can be identified, curtailed and eventually reduced to an acceptable level only by continual attention from top management.

SSA COMMENTS

We presented our findings to SSA officials responsible for the activities discussed in this report and they generally agreed.

RECOMMENDATIONS

We recommend that the Associate Commissioner for Central Operations:

- develop and implement a reporting system that will provide OCO top management with current comparative leave usage data so it can monitor leave usage and combat absenteeism and
- require supervisors to take timely and progressive disciplinary action against employees following poor leave practices.