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## United States Senate

COMMITTEE ON SMALL BUSINESS

WASHINGTON, DC 20510-6350

May 20, 1999

Fax #: 202/205-6802

The Honorable Aida Alvarez  
Administrator  
Small Business Administration  
409 Third Street, SW  
Suite 7000  
Washington, D.C. 20416

Dear Ms. Alvarez:

The purpose of this letter is two-fold. First, and most importantly this letter discusses the findings and related recommendations of a recent General Accounting Report (GAO Report) on the Small Business Administration's (SBA) personnel practices. Second, this letter follows-up on a number of matters discussed at the March 16, 1999 Senate Small Business Committee (Committee) hearing on the SBA's Fiscal Year 2000 budget.

### I. The GAO Report

On April 23, 1999, the GAO issued a report (GAO/GGD-990-68) on personnel practices at the SBA. In its Report, the GAO determined that SBA failed to follow federal regulations when setting the starting salary at rates higher than the minimum rate for the grade. The GAO determined that the SBA lacked the documentation required by federal regulations to support the advanced salary settings. Finally, the GAO determined that SBA poorly controlled its interagency detailing of employees. As a result of this failure, cost reimbursements to which SBA was entitled were not always being collected.

The GAO Report also included two recommendations. First, GAO recommended that SBA "finalize and issue standard operating procedures for considering recruitment bonuses, setting salaries, and documenting those actions when SBA establishes starting salaries for newly appointed employees at levels above the minimum step of a pay grade." GAO recommended further that the "SBA Administrator identify and establish appropriate procedures for better controlling the interagency detailing of its employees." The GAO then went on to say that, "(s)uch procedures should ensure that the specifics of each detail are appropriately documented and monitored and that in the case of cost-reimbursable details, all costs are accounted for and promptly reimbursed." In light of these troubling findings and recommendations, please,

1. Provide a complete and detailed description of the steps taken by SBA to implement the GAO's recommendations. Please include a time line identifying milestones for full and complete implementation; and
2. Provide the Committee with the following information about each of the employees referenced in the GAO report who received advanced pay settings without adequate documentation:
  - a. Name of individual, date hired, and a copy of the person's resume;
  - b. Office to which the individual was assigned including all modifications;
  - c. Starting grade and salary including the starting grade and salary if the advanced pay settings were not received; and
  - d. Current grade and salary. In the event the individual separated from SBA please provide the grade and salary at the time of separation.

## II. The SBA Hiring Freeze

During testimony before the Committee on March 16, 1999, you testified that SBA continued to hire new employees despite the fact that there was a hiring freeze in place for five of the past six years. In light of these representations please,

1. Provide the Committee with a complete list of persons hired by the agency for Fiscal Years 1997, 1998, and 1999 through May 15, 1999.
2. The total number of full time equivalents (FTE's) employed by SBA for Fiscal Years 1997, 1998, and 1999 through May 15, 1999. This figure should include the following breakdown:
  - a. Number of permanent persons on the agency payroll;
  - b. Number of persons on agency payroll on limited term or not to exceed contracts (including all temporary employees);
  - c. Number of FTE's under contracts or grants funded in whole or in part by SBA (the Committee staff will be available to assist you in developing this information);
  - d. Number of part-time employees working 30 or more hours per week;
  - e. Number of part-time employees working less than 30, but more than 20 hours per week;
  - f. Number of part-time employees working 20 or fewer hours per week; and
  - g. Number of employees assigned directly to the Disaster Program.

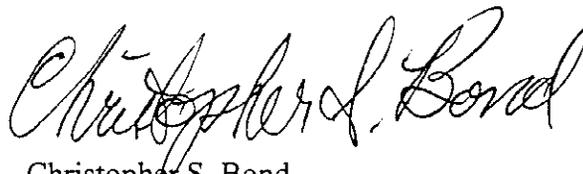
3. The total number of FTE's assigned to the Small Disadvantaged Business program during Fiscal Years 1997, 1998, and 1999 through May 15, 1999. Please state whether these FTE's are paid with funds appropriated to SBA, and if not, provide the specific sources of funds and the amounts provided for these FTE's.
4. The total number of FTE's assigned to the Welfare-to-Work program during Fiscal Years 1997, 1998, and 1999 through May 15, 1999. State whether these FTE's are paid with funds appropriated to SBA, and if not, provide the specific sources of funds and the amounts provided for these FTE's.

For your convenience, attached is a computer diskette, which is formatted to include the information requested by the Committee with numbers 1 and 2. If the format of the enclosed disk is not compatible with the format in which the SBA maintains its personnel records, the Committee will gladly work with the SBA to develop a mutually satisfactory format to ensure expeditious compliance with this request.

The Committee will appreciate receiving responses to this request for information by 3 P.M. on June 21, 1999. Should you have any questions regarding this request, please contact Paul Cooksey at 202-224-

Thank you in advance for your prompt attention to this request.

Sincerely,



Christopher S. Bond  
Chairman

Enclosure

Category	FY 1997	FY 1998	FY 1999
Permanent Persons on Agency Payroll			
Persons on payroll for limited term			
FTE's under contracts, grants etc			
Part time employees working 30 or more hours per week			
Part Time employees working 20-30 hours per week			
Part time employees working less than 20 hours per week			
Employees assigned directly to Disaster Program			