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**Office of Inspector General**  
**United States Department of State**

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Office of Inspections

August 2019

# **Review of the Effects of the Department of State Hiring Freeze**

INFORMATION REPORT

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## Summary of Review

The Joint Explanatory Statement for the Consolidated Appropriations Act, 2018<sup>1</sup> instructed OIG to review the effects of the Department of State's (Department) hiring freeze on domestic and overseas operations. Specifically, OIG was asked to determine: (1) the current status of the hiring freeze, including eligible family member employment and lateral transfers; (2) the impact of the hiring freeze on the day-to-day function and mission of the Department, embassies, and consulates during calendar year 2017; (3) the impact of the hiring freeze on the safety, morale, and welfare of Department personnel; (4) the impact of the hiring freeze on Department personnel costs; and (5) the impact of the suspension of eligible family member employment on embassy and consulate operations and on other Federal agencies.

OIG found that the hiring freeze particularly affected the Department's eligible family member and Civil Service workforce. From the start of the hiring freeze in January 2017 until the Department lifted it in May 2018, on-board eligible family member employment<sup>2</sup> levels declined by 20.7 percent. Over the same period, Civil Service on-board employment levels declined by 7.1 percent. By contrast, the Department's Foreign Service employment levels experienced only a 1 percent reduction during this period. OIG also found that on-board Civil Service staffing levels in occupational series with security, medical, and life safety responsibilities declined by 7.6 percent from January 2017 to August 2018.<sup>3</sup> These positions are particularly important because they play a role in ensuring the protection of Department employees.

OIG found that implementation of the freeze was not guided by strategic goals linked to a discrete, but related, exercise to prepare a plan to improve the economy and efficiency of Department operations, known as the organizational reform effort. This disconnect led to an inability to apply staffing reductions in a way that reflected the Department's strategic goals. Bureaus, offices, and overseas posts consistently described procedures for seeking exemptions to the freeze as cumbersome, time-consuming, and inefficient and said the Department did not fully communicate policies and procedures related to the hiring freeze. Although the Secretary lifted the hiring freeze on May 15, 2018, bureaus and offices told OIG that reduction of their employment ceilings to December 31, 2017, on-board staffing levels and retention of other processes developed during the freeze continued to impede their ability to fill positions.

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<sup>1</sup> Congressional Record, Vol. 164, No. 50, Book 3, March 22, 2018, pg. H2842.

<sup>2</sup> Eligible family member employment levels reflect overseas positions filled using a Family Member or Temporary Appointment. Civil Service employment levels include eligible family members employed in domestic Civil Service positions.

<sup>3</sup> OIG analysis of the changes in on-board employment levels used Department data for the period January 2017 to May 2018, the dates the Department's hiring freeze was in effect. However, OIG's analysis of the changes in Civil Service occupational series data includes the period January 2017 to August 2018, because the Department did not have data that corresponded to the dates of the hiring freeze.

OIG determined that the hiring freeze had a broad and significant effect on overall Department operations, particularly on its ability to address its most significant management challenges.<sup>4</sup> This conclusion is based on OIG's review of responses from 38 domestic bureaus and offices and 151 overseas posts as well as analysis of Department-furnished staffing data. This report includes examples of hiring freeze effects reported to OIG. However, OIG was unable to validate each individual response due to the number and range of reported effects. One hundred percent of bureaus and offices (38 of 38) that responded to OIG surveys said the hiring freeze had a negative or very negative effect on morale, as did 97 percent of embassy and consulate respondents (145 of 149). OIG was unable to assess the financial costs of the hiring freeze because the Department did not systematically track these costs.

This report does not contain recommendations because the hiring freeze has concluded.<sup>5</sup>

## BACKGROUND

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On January 23, 2017, the President ordered a Government-wide freeze on the hiring of Federal civilian employees.<sup>6</sup> The Presidential memorandum gave heads of departments and agencies the authority to exempt positions from the hiring freeze in cases where they were necessary to meet national security or public safety needs. The Office of Management and Budget (OMB) lifted the hiring freeze on April 12, 2017, when its director released a plan to reduce the size of the Federal Government workforce through attrition, fulfilling a Presidential requirement to develop such a plan before lifting the freeze.<sup>7</sup> However, the Department continued the hiring freeze for another 13 months, until the Secretary lifted it on May 15, 2018.<sup>8</sup> A timeline of major events related to the hiring freeze is shown in Figure 1, below.

### Department Extended Hiring Freeze to Facilitate Workforce Reductions

In response to White House guidance and a proposed 30 percent reduction in the Department's FY 2018 budget, the Bureau of Human Resources (DGHR) worked with senior leadership in early 2017 to develop a plan to reduce Department staffing.<sup>9</sup> DGHR had primary responsibility for implementing the hiring freeze within the Department. Concurrent with this exercise, the

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<sup>4</sup> See *Inspector General Statement on the Department of State's Major Management and Performance Challenges* (OIG-EX-19-01, November 2018) for a discussion of these challenges.

<sup>5</sup> Although this report does not contain any recommendations, OIG provided a draft of this report to Department stakeholders for their review and comment on the findings. The Department provided technical comments that were incorporated into the report, as appropriate.

<sup>6</sup> *Memorandum for Heads of Executive Departments and Agencies, Subject: Hiring Freeze* (January 23, 2017).

<sup>7</sup> OMB, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce* (M-17-22, April 12, 2017).

<sup>8</sup> 18 STATE 64296, "Lifting the Hiring Freeze," June 25, 2018.

<sup>9</sup> As of December 31, 2018, the Department had a worldwide workforce of 75,755 employees in the United States and at 277 overseas posts.

Department also launched planning for an organizational reform effort<sup>10</sup> aimed to improve the economy and efficiency of Department operations.<sup>11</sup> In April 2017, the Department formed a working group<sup>12</sup> to develop options for workforce reductions necessary to meet a 30 percent reduction in the Department’s funding proposed in the President’s FY 2018 budget. The Secretary selected an option that would reduce the Department’s workforce by 8 percent. To avoid an involuntary reduction in force, the group recommended meeting the target through buyouts, reduced hiring, and voluntary attrition. To protect overseas operations, the 8 percent reduction focused on cuts to the Department’s Civil Service workforce. Seventy-one percent of the proposed reductions (1,410 positions) were Civil Service, while 29 percent (572 positions) were Foreign Service.

**Figure 1: Timeline of Key Events During the Hiring Freeze**



Source: OIG, adapted from Department information

The Department generally implemented the hiring freeze in an across-the-board manner, applying it to most employment categories, including personal services contractors<sup>13</sup> and third-party administrative support contractors. During the freeze, the Department also restricted lateral reassignments of Civil Service employees and detail assignments to other departments

<sup>10</sup> The organizational reform effort included the “Redesign” and “Impact Initiative.” It also included the Department’s listening tour survey and development of an agency reform plan.

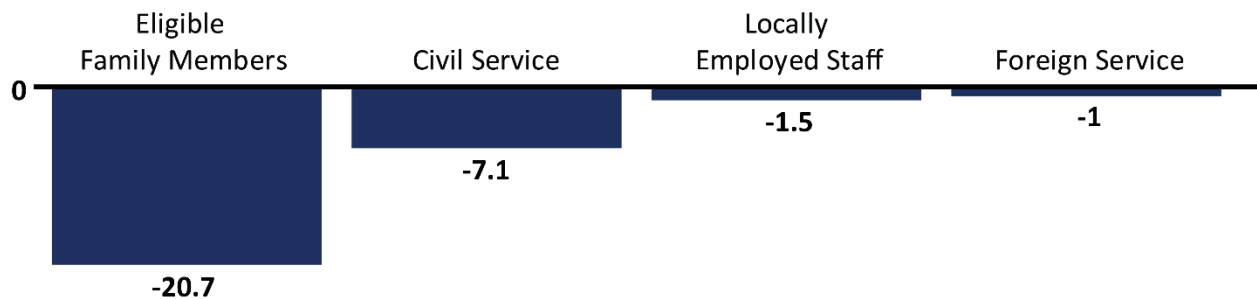
<sup>11</sup> OMB Memorandum M-17-22 required Federal agencies to undertake three specific but interrelated efforts: (1) take immediate action to achieve near-term work force reductions and cost savings; (2) develop a plan to maximize employee performance; and (3) submit an agency reform plan. The Department’s organizational reform effort to address the requirements in OMB Memorandum M-17-22 is the subject of a separate, forthcoming OIG audit.

<sup>12</sup> The working group consisted of representatives from DGHR, the Bureau of Budget and Planning, and the Offices of the Under Secretary for Management, the Legal Adviser, and the Secretary.

<sup>13</sup> As described in 3 FAM 9112a-b, the Department may contract with individuals to provide services abroad. Although personal services contractors are not considered Department employees, according to Federal Acquisition Regulation 37.104, personal services contracts create an employer-employee relationship.

and agencies. Bureaus, offices, and overseas posts generally sought exemptions to the hiring freeze on a case-by-case basis, through memoranda to the Secretary. Until August 2017, the Secretary personally approved hiring freeze exemptions on a case-by-case basis, after which he began considering some exemptions in batches. DGHR reported that the Secretary approved a total of 4,874 exemptions over the course of the hiring freeze.<sup>14</sup> These included 2,649 exemptions for eligible family member (EFM)<sup>15</sup> positions, 703 locally employed (LE) staff positions, 490 Foreign Service positions, and 225 Civil Service positions, among others.<sup>16</sup> The Department's use of EFM employees is described on page 4, below.

**Figure 2: Percentage Change in On-Board Employee Levels, January 31, 2017, to May 31, 2018**



Source: OIG analysis of Department data

### Hiring Freeze Particularly Affected Eligible Family Members and Civil Service

The hiring freeze particularly affected on-board staffing levels for the Department's EFM and Civil Service employees. Between January 2017 and May 2018, when the hiring freeze was lifted, the Department's EFM on-board staffing levels declined by 20.7 percent. Over the same period, the number of Civil Service employees declined by 7.1 percent. By contrast, Foreign Service staffing levels decreased by 1 percent during this period, while LE staff numbers declined by 1.5 percent. Percentage changes in on-board staffing levels from January 2017 to May 2018 are shown in Figure 2, above.

### Eligible Family Member Employees in the Department

The Department employs certain adult family members of U.S. Government personnel overseas, or EFMs, to perform a broad range of duties, such as consular, administrative, information technology, security, and medical functions. Approximately 58 percent of positions typically filled by EFMs require security clearances and thus cannot be performed by LE staff. EFMs do not receive certain allowances and benefits paid to Foreign Service employees. Consequently, hiring

<sup>14</sup> The Department generally only tracked exemption requests that were awaiting review by senior Department officials. Bureaus and offices told OIG that exemption requests were subject to a lengthy clearance process and were often modified to reduce the number of requested exemptions. Accordingly, the Department's records do not reflect the total number of exemptions actually requested by bureaus and offices during the hiring freeze.

<sup>15</sup> Use of the term eligible family member or EFM throughout this report refers to adult family members of U.S. Government personnel employed overseas on a Family Member or Temporary Appointment.

<sup>16</sup> The total number of exemptions granted during the freeze refers only to authorizations to fill the positions and does not correspond directly to on-board staffing numbers cited in this report.

EfMs to perform functions that otherwise would require additional Foreign Service employees generally results in lower costs to the Department. The availability of EFM positions also promotes morale and career development for adult family members of U.S. Government personnel posted overseas.

## **IMPLEMENTING THE HIRING FREEZE**

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Hiring freeze policies and procedures evolved continuously over the 16 months it was in effect, which created a challenging implementation environment for DGHR, bureaus, offices, and overseas posts. OIG identified three overall implementation challenges. First, OIG found that the Department did not coordinate the hiring freeze with the discrete, but related, organizational reform effort to improve the efficiency and effectiveness of its operations.<sup>17</sup> A lack of coordination between the hiring freeze and organizational reform effort teams, in turn, led to confusion about any strategic goals the freeze was intended to support and a consequent inability to implement staffing reductions in ways that promoted Department strategic goals. Second, OIG determined that insufficient communication about hiring freeze policies and procedures amplified implementation challenges throughout the Department. Finally, OIG found that cumbersome and time-consuming exemption processes contributed to frustration and inefficiency, both domestically and overseas. These issues are discussed below, along with a description of steps the Department took to enable limited hiring during the hiring freeze.

### **Implementation Was Not Guided by the Strategic Goals of the Organizational Reform Effort**

OIG found that the Department did not coordinate the hiring freeze with the organizational reform effort, even though Department standards call for integrating strategic goals into major reorganizations of bureaus and offices.<sup>18</sup> Department officials interviewed by OIG said that hiring freeze implementation was generally not coordinated with the organizational reform effort. Instead, separate teams acting independently, with minimal communication between them, conducted the two efforts. As a result, senior Department employees interviewed by OIG said they lacked an understanding of any long-term strategic goals the hiring freeze was intended to support and were unable to apply staffing reductions in a way that reflected the Department's strategic priorities, including those identified in the organizational reform effort. In some cases, they said, staffing reductions undermined pursuit of key administration priorities, such as counterterrorism and border security. Officials in bureaus and offices also told OIG that staffing reductions hindered their ability to support organizational reform effort priorities, such as transitioning to cloud computing and improving the efficiency of the security clearance process.

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<sup>17</sup> Executive Order 13781, *Comprehensive Plan for Reorganizing the Executive Branch* (March 13, 2017) required Federal agencies to develop such a plan.

<sup>18</sup> 1 Foreign Affairs Manual (FAM) 014.2(2).

## **Bureaus, Overseas Posts Described Internal Communication as Insufficient**

Bureaus and office employees interviewed by OIG said the Department did not provide sufficient operational guidance or communication on hiring freeze-related issues during the 16 months it was in effect. Embassies and consulates raised similar concerns regarding insufficient communication about hiring freeze policies and procedures in their responses to an OIG survey distributed as part of this review. Bureau and office employees interviewed by OIG noted that information generally was communicated by email or in meetings and was not distributed consistently to bureau senior leadership and human resources staff. As a result, bureaus reported confusion about which employment categories were subject to the hiring freeze and said they lacked an understanding of the process for requesting exemptions.

DGHR told OIG it took seriously its obligation to communicate during the freeze and to provide policies and procedures for implementing the freeze and seeking exemptions. Specifically, DGHR said it used memoranda, emails, and meetings to promptly communicate policies and procedures and to convey changes as they occurred. However, DGHR also stated that the freeze placed unusual demands on its own staff, who were both the public face of the hiring freeze within the Department and themselves subject to staffing shortfalls. OIG determined that the changes to policies and procedures were difficult for the Department to administer across a large number of personnel categories, a challenge magnified by continuous changes to these processes over the duration of the hiring freeze.

## **Bureaus, Overseas Posts Described the Department's Exemption Process as Time-Consuming and Frustrating**

Because the January 2017 Presidential memorandum initiating the hiring freeze gave heads of departments and independent agencies the authority to exempt positions from the freeze, DGHR had to develop a process for reviewing and approving exemptions. The bureau issued a memorandum on March 2, 2017, stating that priority consideration would be given to exemptions for priority staffing posts;<sup>19</sup> other high-threat posts; Civil Service positions that supported such posts; certain supervisory positions; and mission-critical Civil Service security, medical, consular, and cybersecurity positions. The criteria for approving exemptions remained broadly the same throughout the duration of the hiring freeze. OIG determined that, despite the stated goal of protecting critical functions during the hiring freeze, significant net staffing reductions nonetheless occurred in security, safety, medical, and information technology (IT) Civil Service positions, as discussed later in this report. Furthermore, bureaus and offices interviewed by OIG consistently described the process of requesting exemptions to the hiring freeze as time-consuming, inefficient, and frustrating. Bureau employees told OIG that preparing exemption memoranda required multiple rounds of approvals and clearances by senior bureau officials, DGHR, and the Secretary's office. For example, one bureau reported it was required to redraft a memorandum multiple times, which took months, and ultimately resulted in a reduction in the number of requested exemptions from 10 to 1. Another bureau

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<sup>19</sup> These included posts responsible for, or located in, Iraq, Afghanistan, Pakistan, Yemen, Syria, and Libya.

reported that its exemption request for three contractor positions took 9 months to receive approval and the bureau had to submit the request four separate times.

## **Department Took Steps to Enable Limited Hiring During the Freeze**

Despite the problems described above, DGHR told OIG it took steps to manage the process of reviewing and approving hiring exemptions. Specifically, the Department reported it took the following actions:

- Allowed bureaus to hire up to 25 percent of attrition levels for Civil Service positions and up to 40 percent of attrition levels for Foreign Service positions.
- Increased the number of authorized employees in the Expanded Professional Associates Program from 200 to 400.<sup>20</sup>
- Established a short-term mechanism to permit eventual hiring of 133 interns through the Pathways Internship Program.<sup>21</sup>
- Developed a “Human Capital Map” dashboard report comparing staffing levels for all Department employee categories to aid in monitoring and evaluating those levels.
- Instituted a change to the hiring freeze exemption process that allowed requests to be submitted in batches rather than on a case-by-case basis.
- Continued recruitment and examination activities for Foreign Service generalists and specialists, which allowed rapid resumption of Foreign Service hiring when the freeze was lifted.

## **CHALLENGES AFTER THE LIFTING OF THE HIRING FREEZE**

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Although the Secretary lifted the hiring freeze on May 15, 2018, OIG found that three challenges slowed progress in restoring pre-freeze staffing levels. First, understaffing in a key DGHR office responsible for Civil Service hiring magnified difficulties in meeting performance goals for Civil Service hiring.<sup>22</sup> As a result, as of December 2018, DGHR estimated it would take approximately 2 years to fill Civil Service vacancies created by the freeze. Second, DGHR retained a requirement that bureaus seek approval from DGHR multiple times in the process of filling a vacant position, which contributed to the slow hiring. Third, the Department was

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<sup>20</sup> The Expanded Professional Associates Program provides eligible spouses with employment opportunities in key positions abroad. The program differs from other EFM employment opportunities in that it offers responsibilities similar to Foreign Service entry-level positions.

<sup>21</sup> The Department’s Pathways Internship Program is targeted toward U.S. citizens enrolled in a wide variety of educational institutions and provides students with opportunities to explore Federal careers while being paid for work performed.

<sup>22</sup> During the hiring freeze, DGHR’s Office of Shared Services—which is responsible for Civil Service position classification, staffing, and pay administration for 35 bureaus and offices—experienced significant employee attrition and was unable to meet internal performance metrics. Total time to complete recruitment, for example, was 197 days in August 2018, while the office’s goal was 80 days. In November 2018, the Department set up a task force to reduce a backlog of 146 vacancy announcement requests from client bureaus. DGHR said the task force accomplished this goal as of March 2019.



subject to reduced bureau employment ceilings,<sup>23</sup> which limited hiring to December 31, 2017 on-board levels.<sup>24</sup> Bureaus and offices interviewed by OIG said the reduced employment ceilings had the practical effect of preventing them from filling many positions that became vacant during the freeze. As a result, OIG found that by January 2019, on-board Civil Service levels had declined an additional 1.9 percent since the end of the hiring freeze. At the same time, Foreign Service staffing levels had nearly recovered to pre-freeze levels, although EFM staffing levels were still 11.9 percent lower than before the hiring freeze.

DGHR told OIG that as of February 2019, the Department had authorized an additional 454 positions over the December 31, 2017, employment ceilings to address bureau concerns. DGHR also said that, as bureaus and offices resumed hiring, it needed to closely monitor overall on-board staffing levels in order ensure hiring did not exceed budgetary resources. Furthermore, DGHR said it had to consider other policy and budget requirements in its workforce planning. For example, OMB guidance on reducing the Federal workforce remained in place, and the Department's FY 2020 Congressional Budget Justification still called for a 24.1 percent reduction in the Department's budget.<sup>25</sup>

## EFFECTS OF THE HIRING FREEZE ON DEPARTMENT OPERATIONS

### **Bureaus, Overseas Posts Reported Broadly Negative Effects**

OIG determined that the hiring freeze had a broad and significant effect on overall Department operations, particularly on its ability to address its most serious management and performance challenges. Ninety-six percent of embassies and consulates (139 of 145) and 95 percent of bureaus and offices (35 of 37) that responded to OIG's surveys reported that the freeze had a somewhat negative or very negative effect on overall operations. Survey results are summarized in Appendix C of this report.

Overseas, embassies and consulates reported that the freeze on EFM hiring had detrimental effects on security, consular, and administrative operations. For example, one embassy said that "our EFM Residential Security Coordinator position was vacant for an entire year. With a 300-residence housing pool, the loss had a very negative impact on the safety and security of American chief of mission employees and family members." Domestically, the effect on bureaus and offices varied. Some bureaus and offices reported they were able to manage their workloads by adjusting priorities and finding more efficient ways to perform their work. Others

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<sup>23</sup> The Department develops employment ceilings for each bureau based on Department funding levels and policy considerations. These ceilings typically are lower than the number of authorized positions in each bureau and the number of on-board employees.

<sup>24</sup> Reduced hiring ceilings were based on funding levels provided in the Department's FY 2018 appropriation. In addition, the P.L. 115-141 Joint Explanatory Statement authorized hiring at December 31, 2017 staffing levels and required congressional consultation and notification on staffing increases above that level. The Department, in consultation with congressional committees, subsequently approved the hiring of an additional 454 employees.

<sup>25</sup> The Department reported that the FY 2020 budget request proposes funding to maintain current Foreign Service workforce levels, and would restore most, but not all, of the Civil Service staffing reductions since FY 2016.

said the freeze adversely affected their ability to carry out key programs, particularly new initiatives or activities that arose during the hiring freeze. For example, one bureau said “a lack of mission essential resources, staff, and senior leadership seriously impacted the bureau’s capacity to achieve our goals at required levels of quality. New initiatives could only be moved forward at the expense of other initiatives.” Another bureau said it “was forced to shift from strategic, long-term planning to more tactical, immediate tasks. This loss of focus on the longer-term goals of the organization has essentially slowed everything down, and the bureau is working to recover and refocus as we staff up to critical levels we fell below.”

OIG determined that, in some situations, overseas and domestic staffing issues preceded the hiring freeze, and that these staffing issues may have contributed to the challenges that the Department reported to OIG.

## **Protection of People and Facilities**

Department employees face security threats related to political violence, crime, terrorism, and natural disasters, making protection of U.S. diplomats a top management challenge for the Department. Several bureaus charged with protecting security, health, and life safety reported to OIG that the hiring freeze had significant detrimental effects on their operations. Although Department guidance from March 2, 2017, stated that the Department would prioritize functions such as safety, security, and support to priority staffing and other high-threat posts during the freeze, OIG found that, in some cases, net staffing reductions for these functions nevertheless occurred, as described below.

### ***Bureau of Diplomatic Security Reported Domestic Operations Significantly Affected by Freeze***

The Bureau of Diplomatic Security (DS) is responsible for providing a safe and secure environment for the conduct of U.S. foreign policy. DS employees include Foreign Service and Civil Service special agents, engineers, technical specialists, and diplomatic couriers. According to DS, offices particularly affected by the freeze performed such functions as staffing the bureau’s 24-hour Command Center,<sup>26</sup> delivering training, overseeing physical and residential security programs, and managing security clearances. The bureau’s on-board Civil Service staffing levels declined by a total of 8 percent during the hiring freeze, while Foreign Service on-board staffing levels essentially remained unchanged during the same period. Staffing numbers for personal services contractors within DS declined by more than 16 percent. Domestic DS offices cited concerns such as excessive workload, staff burnout, and an inability to accomplish their mission as general issues that affected most offices. Specific effects included:

- **Staffing of DS Command Center:** DS told OIG it was unable to staff the DS Command Center with the level of personnel recommended by the Benghazi Accountability Review Board. DS said that even staffing the center with the minimum staff needed to operate

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<sup>26</sup> The DS Command Center operates 24 hours a day to monitor and report information regarding threats against U.S. diplomatic missions, the Secretary, and American citizens abroad.

contributed to employee burnout and fatigue and led to coverage gaps that could have significantly affected its ability to respond to overseas security crises.

- **Foreign Affairs Security Training Center:** DS reported that the freeze delayed its ability to hire staff to manage the phased opening of the Foreign Affairs Security Training Center—a \$424 million facility that will be the Federal Government’s second-largest law enforcement training facility when fully operational. The bureau sought exemptions to hire staff required to operate the newly constructed facility, but delays in approval required DS to send teams of 15 or more temporary duty employees at approximately \$15,000 a week in travel costs. The bureau submitted the exemption package for these positions on May 23, 2017; it was approved on April 13, 2018.
- **Overseas Security Operations:** Embassies and consulates reported that the freeze on hiring EFM’s affected their security programs. Specific challenges included an inability to hire cleared American citizens to assist with issuing badges, residential security program management, and administrative duties that required a security clearance, which embassies reported created additional workload for Foreign Service officers and Specialists, diminishing their ability to focus on core security responsibilities.
- **Physical Security Programs:** The bureau’s Project Coordination Division reported that it was unable to complete its goal of conducting 20 residential security evaluation and enhancement reviews, which are important to ensure that embassies comply with Department security standards. DS also stated that staffing gaps reduced the ability of Washington-based staff to conduct required inspections and provide adequate support for overseas physical and residential security.
- **Security Clearance Management:** DS stated that staffing shortfalls in its Office of Personnel Security and Suitability, which is responsible for managing security clearance processes, affected its ability to support increased levels of hiring following the freeze. In addition, DS reported that the freeze negatively affected timeliness for issuing warning letters and permanently revoking security clearances for Department employees who posed a danger to the health, safety, and security of others.

## **Ensuring the Health and Safety of Personnel**

Department employees work in overseas environments that frequently lack adequate local medical care and are at elevated risk for hazards such as fires, motor vehicle mishaps, and workplace accidents. A number of bureaus are responsible for ensuring the health and safety of Department personnel. For example, the Bureau of Medical Services employs regional medical officers, psychiatrists, social workers, and other medical specialists. In addition, the Bureaus of Overseas Buildings Operations and Administration are responsible for overseas and domestic occupational health and safety programs, respectively, and have employees, such as industrial hygienists and fire protection engineers, with safety responsibilities.

OIG found that the hiring freeze resulted in staffing reductions for safety- and security-related job series, which bureaus said reduced their ability to carry out these functions. For example, the Bureau of Overseas Buildings Operations reported that it conducted 22 percent fewer overseas safety, health, and environmental management inspections in 2018 than in 2016 (56 and 72 inspections, respectively), because of hiring freeze-related staffing shortages.

Additionally, an OIG analysis of Civil Service staffing levels for safety-related job series found that on-board staffing declined by 9.7 percent from January 2017 to August 2018 for this series Department-wide. As described below, OIG also concluded that the freeze significantly affected Bureau of Medical Services' domestic offices.

### ***Bureau of Medical Services Reported Adverse Effects on Domestic Operations***

The Bureau of Medical Services reported that its domestic programs experienced significant negative effects during the freeze as bureau Civil Service staffing declined by 10.3 percent from January 2017 to May 2018. An OIG analysis of on-board staffing levels for Civil Service job series found that employment levels for the Department's medical, hospital, dental, and public health series declined by 15.2 percent from January 2017 to August 2018—one of the largest reductions of any series in the Department over this period. Specific effects included:

- **Mental Health Services:** The bureau said that staffing shortages during the hiring freeze affected its ability to provide support services for special needs children of overseas employees, process employee medical clearances, and advise on suitability reviews in cases involving mental health issues, including suitability determinations for law enforcement officers authorized to carry weapons.
- **Reviews of Medical Credentials:** The bureau said that a shortage of staff to review medical credentials such as licenses and board certifications, and to conduct medical malpractice and lawsuit checks, hampered the office's ability to ensure that medical staff were current with required training and medical licensing requirements.

Despite the decline in bureau staffing, the majority of embassies and consulates surveyed by OIG did not report specific effects on their operations related to shortages of medical personnel, though some raised concerns about vacancies or freeze-related staffing delays.

### **Information Security and Management**

The Department annually spends approximately \$2.3 billion on IT and related services. OIG consistently has identified concerns about Department IT security and management in its audit and inspection work. The Department's IT workforce is distributed among bureaus, including DS and the Bureaus of Information Resource Management, Consular Affairs, and Administration, among others. Additionally, the Department employs overseas IT Foreign Service Specialists, EFMs, and LE staff. Civil Service on-board staffing levels for the IT series employees declined by 6.3 percent from January 2017 to August 2018, slightly below the Department's average. Bureaus described to OIG difficulties in supporting new and ongoing IT initiatives, including a Department-wide migration of systems to cloud-based solutions and modernization of existing platforms. Specific effects included:

- **IT Security:** The Bureau of Information Resource Management reported that it had to delay implementation of a data encryption initiative, postpone implementation of an

identity management system<sup>27</sup> by 18 months, and delay information assurance reviews<sup>28</sup> for Department systems during the freeze. The bureau was unable to fill two Senior Executive Service positions responsible for cybersecurity, which it said delayed implementing an enterprise risk management program<sup>29</sup> for IT systems. The DS Computer and Technical Security Directorate reported that staffing shortfalls hampered its ability to develop tools and procedures to react and respond to malicious cyber activity targeting Department personnel and information assets. DS also reported delays in conducting penetration testing<sup>30</sup> of Department networks and providing IT security support for integrating cybersecurity for new and existing systems, which they attributed, in part, to the hiring freeze. A bureau that worked with Top Secret/Sensitive Compartmented Information systems reported that extended vacancies in its information security positions placed at risk highly classified information, as the bureau was unable to assign other qualified personnel to handle those functions. Finally, another bureau said that it was unable to fill an Information Systems Security Officer<sup>31</sup> position for the entire duration of the freeze, which affected its ability to ensure IT security for a major Department system.

- **Bureau IT Management:** The Bureau of Democracy, Human Rights, and Labor experienced a 7-month delay in developing a modernized software platform to conduct human rights vetting of security assistance recipients, which it attributed, in part, to delays in receiving approval to hire additional contractors for this effort. Other bureaus reported delays in modernizing IT systems because of hiring freeze-related staffing shortages.
- **Overseas Operations:** Embassies and consulates cited difficulties related to hiring EFMs for overseas IT support functions, particularly for diplomatic pouch and mail operations. One consulate that supported a diplomatic pouch and mail regional hub said it incurred significant overtime during the hiring freeze because it was unable to hire EFMs to support diplomatic pouch shipments.

## Oversight of Contracts, Grants, and Foreign Assistance

In FY 2017, the Department oversaw \$18.9 billion in foreign assistance and more than \$17.2 billion in operating funds. OIG has identified oversight of contracts, grants, and foreign

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<sup>27</sup> According to the *U.S. Department of State Information Technology Strategic Plan for Fiscal Years 2019 – 2022*, the Department planned to implement an Enterprise Identity Management System to enable users to access business data more efficiently and to strengthen data security.

<sup>28</sup> The National Institutes for Science and Technology defines information assurance as including measures that protect information and information systems by ensuring their availability, integrity, authentication, confidentiality, and non-repudiation. (Special Publication 800-12, *An Introduction to Information Security*)

<sup>29</sup> The FY 2019-2022 IT strategic plan states the Department planned to expand its cyber risk management program to integrate risk management capabilities between the Bureau of Information Resource Management and DS.

<sup>30</sup> As described in 1 FAM 262.9-2(6), DS's Office of Cyber Monitoring and Operations conducts continuous independent penetration testing to identify specific risks to IT systems and develop risk mitigation strategies to protect the Department's IT infrastructure.

<sup>31</sup> Information Systems Security Officers are responsible for overseeing that security requirements are addressed for IT systems throughout their lifecycles, from design through disposal.

assistance as a key agency management challenge for a number of years. The Department's acquisition and program management workforce includes contracting officers, grants officers, and program managers with expertise in specialized areas such as construction, public health, narcotics and law enforcement, and humanitarian relief.

### ***Bureaus Reported Mixed Effects on Contracting and Contract Management***

The Department's main contracting office, the Bureau of Administration's Office of Acquisitions Management,<sup>32</sup> reported that the hiring freeze did not affect its ability to support contracting and contract management. The office said that increased scrutiny of contracting activities and associated staffing requirements during the hiring freeze facilitated its efforts to encourage category management procurements (strategic sourcing)<sup>33</sup> and that it exceeded OMB's goals for use of Government-wide contracting solutions partly because of this scrutiny. OIG analysis of on-board staffing levels for the contract procurement job series found that staffing declined by 9.8 percent from January 2017 to August 2018 Department-wide.

Some bureaus, however, reported they experienced contract oversight difficulties which, in certain cases, delayed the implementation of programs in which third-party contractors played a significant role. Specific effects included:

- **Reduced Invoice Review and Contract Oversight:** In a recent audit, OIG found that three large bureaus experienced staffing shortages that hampered their ability to thoroughly review invoices, a challenge that was magnified by the hiring freeze.<sup>34</sup> For example, during FY 2017, all three permanent Bureau of International Narcotics and Law Enforcement Affairs contracting officer's representatives assigned to oversee programs in Embassy Kabul departed. Replacement representatives sent on temporary duty assignments lacked invoice review training for the contracts they were assigned to oversee.
- **Construction Contracting Delays:** The Bureau of Overseas Buildings Operations reported that the hiring freeze limited the availability of contracting officer's representatives to oversee and manage construction contracts. As a result, the bureau said it experienced an increase in the time it took to award contracts, issue notices to proceed, and review and process contract modifications.

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<sup>32</sup> The Office of Acquisitions Management manages, plans, and directs the Department's acquisition programs and conducts contract operations in support of activities worldwide. The office provides the full range of professional contract management services, including acquisition planning, contract negotiations, cost and price analysis, and contract administration.

<sup>33</sup> Category management procurement enables the Government to eliminate redundancies, increase efficiency, and deliver more value and cost savings from its acquisition programs by identifying core spending areas, leveraging shared best practices, and providing acquisition, supply, and demand management solutions.

<sup>34</sup> OIG, *Lessons Learned from Office of Inspector General Audits Concerning the Review and Payment of Contractor Invoices Supporting Overseas Contingency Operations* (AUD-MERO-19-19, April 2019).

### ***Bureaus, Overseas Posts Reported Reduced Oversight of Federal Assistance Awards***

The Department uses Federal assistance awards<sup>35</sup> for public diplomacy and foreign assistance programs, among other purposes, and employs grants officers and grants officer representatives domestically and overseas. Embassies reported that the freeze on EFM hiring created vacancies in grants management positions, leading to difficulties in ensuring adequate oversight. Bureaus and offices reported that the freeze affected their ability to oversee Federal assistance awards. Specific effects that were reported included:

- **Heightened Risks to Youth Educational Exchange Participants:** The Bureau of Educational and Cultural Affairs, responsible for more than \$1 billion in grants and cooperative agreements, said the hiring freeze contributed to staffing shortfalls in its grants and program offices and impeded oversight of youth educational exchange programs, including those that benefit more than 100,000 young people annually. The bureau told OIG that it was particularly concerned about staffing shortfalls for these exchange programs because they serve populations vulnerable to sexual harassment or assault and thus require additional bureau oversight.
- **Reduced Oversight of Overseas Awards:** An embassy reported that criminal embezzlement of \$6,000 by the recipient of a public diplomacy grant went undetected because of the vacancy in an EFM position responsible for oversight. Another embassy attributed the poor performance of a grant for countering violent extremism to the lack of an EFM coordinator to adequately monitor the award. The embassy said that it plans to close the grant, with a significant portion of the funds unspent.
- **Overreliance on Third-Party Contractors:** A recent OIG inspection of the Bureau of Democracy, Human Rights, and Labor found that the bureau had vacancies in 11 of its 23 authorized positions with grants officer's representative duties.<sup>36</sup> The bureau told OIG that these vacancies were, in part, attributable to the hiring freeze. OIG separately reported that staffing vacancies resulted in reduced oversight of foreign assistance grants and increased the likelihood that third-party contractors were performing inherently governmental functions.<sup>37</sup>

### ***Bureaus Reported New Foreign Assistance Programs Particularly Affected by Hiring Freeze***

Bureaus and offices with increased foreign assistance budgets or new programs reported that they were unable to increase staffing to manage these programs. For example, one office's funding increased from \$20 million in FY 2015 to \$52 million in FY 2017. Although the office created an additional grants officer position in FY 2016 to increase its capacity to oversee these

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<sup>35</sup> Department-managed Federal financial assistance instruments include grants and cooperative agreements, awards to individuals, property grants, awards to public international organizations, and assessed and voluntary contributions.

<sup>36</sup> OIG, *Inspection of the Bureau of Democracy, Human Rights, and Labor's Foreign Assistance Program Management* (ISP-I-19-12, October 2018).

<sup>37</sup> As defined in Federal Acquisition Regulation, Subpart 7.503, inherently governmental functions include the conduct of foreign relations and determination of foreign policy as well as determination of budget policy, guidance, and strategy, among other functions.

funds, the position could not be filled before the hiring freeze began, hampering the office's ability to oversee the new programs. Other specific effects reported by bureaus included:

- **Narcotics and Law Enforcement:** Embassy respondents said that the inability to hire personal services contractors hampered their ability to oversee counternarcotics and transnational crime programs. OIG found in a recent inspection that the hiring freeze prevented the International Narcotics and Law Enforcement Section in Embassy San Jose, Costa Rica, from hiring personal services contractors for its newly expanded aviation and maritime programs, creating an increased risk of mismanagement or unsustainability for these programs.<sup>38</sup>
- **Global Health Programs:** An embassy with a President's Emergency Program for AIDS Relief budget of more than \$65 million said that, because of a combination of the hiring freeze and security clearance-related delays, it lacked a program coordinator for two and a half years. The embassy said the vacancy placed at risk program oversight and performance and contributed to deteriorating interagency relationships at the embassy. The Office of the Global AIDS Coordinator—responsible for overseeing approximately \$6 billion in programs to combat HIV/AIDS—said the hiring freeze stalled implementation of a reorganization plan it deemed important to more effectively manage HIV/AIDS programs. Similarly, the office reported that its inability to hire grants management specialists led the office to transfer management of a \$100 million Federal assistance initiative to another agency because it lacked the capacity to manage the program directly.
- **Leahy Vetting:** Embassies and consulates cited an inability to hire EFMs to process Leahy vetting<sup>39</sup> requests as a challenge that required shifting this workload to direct-hire political officers and office management specialists, which resulted in diminished focus on other portfolios and delays in processing vetting requests. Among other effects, embassies reported that diversion of staff time to manage Leahy vetting requests led to reduced engagement on issues such as human rights reporting and trafficking in persons.
- **Humanitarian Assistance:** The Bureau of Population, Refugees, and Migration reported that staffing vacancies due to the hiring freeze reduced its capacity to manage humanitarian aid programs. For example, the bureau said it decided not to fund certain humanitarian programs in the early stages of the Venezuela crisis in 2017 because it lacked staff to oversee the work.

## Operating in Contingency and Critical Environments

The Department conducts diplomatic operations at posts that face critical threats such as terrorism, political violence, crime, and civil unrest. OIG consistently has found that security and contract management are particularly challenging in these environments. During the hiring

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<sup>38</sup> OIG, *Inspection of Embassy San Jose, Costa Rica* (ISP-I-18-13, April 2018).

<sup>39</sup> The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the Department from furnishing assistance to foreign security forces if the Department receives credible information that such forces have committed gross violations of human rights. See 22 USC 2378d.



freeze, the Department generally prioritized staffing at embassies and consulates located in, or responsible for, Iraq, Afghanistan, Pakistan, Yemen, Somalia, and Libya. Early on, for example, the Secretary exempted some EFMs in Iraq from the freeze. Furthermore, the Bureaus of Near Eastern Affairs and South and Central Asian Affairs said almost all exemption requests eventually were approved. However, embassies and bureaus that supported programs in critical environments reported to OIG that the hiring freeze reduced their capacity to fulfill their responsibilities on issues such as security, management, and policy implementation. Specific examples included:

- **Explosive Remnants of War Removal:** The Bureau of Political-Military Affairs reported that the hiring freeze affected its ability to oversee programs in Iraq and Syria aimed at removing explosive remnants of war, such as landmines and unexploded ordnance. The freeze delayed for more than one year hiring three employees responsible for managing these programs, which were intended to support broader policy goals of countering the Islamic State in Iraq and Syria, and thereby hindered program oversight.
- **Delays in Awarding Iraq Life Support Successor Contract:** The Bureau of Near Eastern Affairs stated that staffing shortages contributed to delays of more than one year in establishing a successor contract for an Iraq life support and administrative services contract, which had an original award ceiling of \$1 billion.
- **Counterterrorism Programs:** Embassies in Africa and the Middle East said that personnel gaps and vacancies caused by the freeze reduced their ability to support security assistance and counterterrorism initiatives. A bureau with counterterrorism responsibilities said that, because of a staffing gap, a key employee was assigned collateral responsibilities that detracted from the employee's ability to oversee a \$39 million counterterrorism-related contract in Africa.

## Consular Operations

The Bureau of Consular Affairs is responsible for the welfare and protection of American citizens abroad, issuing passports, and facilitating legitimate travel to the United States. The bureau employs American citizen services specialists, attorneys, passport specialists, and program analysts, among others, to carry out these responsibilities in the United States. Overseas, Foreign Service consular officers and LE staff provide consular services. From January 2017 to May 2018, on-board Civil Service staffing in the Bureau of Consular Affairs declined by 7.2 percent, near the Department's average for this period. Specific reported effects included:

- **Overseas Operations:** Embassies and consulates consistently reported that the hiring freeze had negative effects on consular operations. Respondents cited the inability to hire EFMs with security clearances<sup>40</sup> as a particular challenge that led to longer wait times for American citizens needing consular services, among other effects.
- **Passport Services:** The Bureau of Consular Affairs reported that it was able to meet demand for passport services during the hiring freeze but said that its passport agencies were critically understaffed at a time when passport issuance increased to an all-time

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<sup>40</sup> Certain visa-related functions must, by law, be performed by U.S. citizens with security clearances.

high of 19.6 million in 2017. To address this surge, the bureau said it used methods that were either more expensive than hiring regular staff or that degraded long-term planning, training, and staff development. For example, the bureau said it relied heavily on student interns to adjudicate passport applications, an approach that required supervisors to work almost exclusively on oversight of the interns' work at the expense of other supervisory duties. The bureau also attributed at least some of the 50 percent increase in processing times for routine passport applications in 2019 to difficulties filling positions after the lifting of the hiring freeze.

- **Visa Services:** OIG determined that the reported effects of the hiring freeze on overseas visa services was moderated by a worldwide reduction in nonimmigrant visa applications of 13 percent from 2016 to 2018. Nonetheless, the bureau reported that the inability to hire staff significantly affected its Visa Services Directorate. The bureau reported backlogs in responding to litigation requests, issuing guidance to posts, and supporting processes related to visa security reviews and inadmissibility determinations, among other challenges.
- **Office of Children's Issues:** The bureau said that the inability to hire staff in the Office of Children's Issues<sup>41</sup> hampered its ability to support parents whose minor U.S. citizen children had been abducted by family members. Staff shortages also complicated efforts to support intercountry adoptions and work with other countries on implementing international agreements related to adoptions and children's issues.

## Policy Implementation

The Department advances the interests of the American people through diplomacy and advocacy. It carries out its core diplomatic functions through embassies, consulates, bureaus, and offices with policy implementation responsibilities. Employees with policy responsibilities include Foreign Service officers in the areas of political, economic, and public diplomacy and Civil Service foreign affairs officers, program analysts, and specialists in areas such as public health, nonproliferation, and counterterrorism, among others.

Respondents to OIG's surveys said the hiring freeze hindered the Department's effectiveness in carrying out its policy responsibilities. Respondents said the hiring freeze resulted in additional workload and diverted the attention of senior bureau and embassy leadership from their focus on policy issues. They noted that the freeze affected their ability to respond to opportunities, address emerging issues, and conduct strategic planning. Specific examples included:

- **Response to Emerging Policy Issues:** Bureaus and offices reported they were unable to hire or transfer staff<sup>42</sup> to meet new needs, such as responding to the Venezuela crisis,

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<sup>41</sup> As described in 1 FAM 255.1-2(c), the Office of Children's Issues formulates policy and provides direction to posts on international parental child abduction cases and intercountry adoption policy issues.

<sup>42</sup> The Department implemented restrictions on lateral transfers of Civil Service employees while the hiring freeze was in effect. OIG's analysis reflects comments from Department stakeholders about the effects of these restrictions. OIG was unable to determine the number of transfers that did not occur as a result of the restrictions on lateral transfers because the Department did not track this information.

addressing energy security issues, representing the United States in international legal tribunals, and meeting legal requirements such as implementation of the Child Soldiers Prevention Act. One bureau noted that staffing shortages and time diverted to manage the hiring freeze prevented it from conducting a robust rollout of a priority Administration security initiative related to East Asia. The bureau concluded that poor public messaging about the policy, which it attributed partly to staffing shortfalls, complicated its interactions with foreign partners. Another bureau stated that it was unable to fill a position to support an urgent need related to counterterrorism efforts in Iraq and Syria.

- **Overseas Policy Implementation:** Embassies and consulates reported that staffing gaps resulting from the hiring freeze diverted political, economic, and public affairs officers to manage tasks normally handled by EFMs, leading to reduced focus in areas such as human rights engagement, political reporting, and development of contacts in foreign governments and civil society to advance U.S. interests.

## **Workforce Management and Training**

OIG concluded that the hiring freeze had a significant effect on training, a key component of workforce management. Bureaus reported they were unable to approve training and other professional development during the hiring freeze because of heavy workloads and Department-wide restrictions on detail assignments, which affected their ability to develop their workforces. OIG found that the total number employees assigned to long-term training at the Department's Foreign Service Institute declined by 17.8 percent from January 2017 to May 2018. In addition, the institute's School of Leadership and Management said it canceled 19 mandatory leadership training sessions due to lack of course instructors. The number of students enrolled in mandatory leadership training declined by 646 students (32 percent) from January 1, 2016, to December 31, 2018. As participation in the mandatory courses is a prerequisite for Foreign Service promotions, the Foreign Service Institute reported that it worked with DGHR to ensure that these course reductions did not adversely impact affected employees.

## **Financial and Property Management**

Embassies and consulates reported they were unable to staff key positions with internal control responsibilities related to property management and procurement, which they said increased the risk of waste, fraud, and mismanagement. Embassies also consistently cited challenges in managing housing programs, general services, and procurement operations because of the inability to hire staff. Domestically, the Bureau of the Comptroller and Global Financial Services said the freeze required prioritizing resources but that it was able to successfully support financial operations despite the hiring freeze. It reports that it was able to do so in part because the bureau had developed extensive standard operating procedures that allowed it to reassign its workload among employees efficiently.

## EFFECTS ON EMPLOYEE MORALE AND WELFARE

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In response to OIG's survey, 100 percent of bureaus and offices (38 of 38) and 97 percent of embassies and consulates (145 of 149) reported that the hiring freeze had either a somewhat negative or very negative effect on employee morale and welfare.

Bureau and office employees told OIG that the hiring freeze contributed to excessive workloads, particularly as the freeze continued and they were unable to fill vacancies. Employees also said the lack of transparency about any objectives intended to be achieved by the hiring freeze and how the freeze would be implemented caused some to be concerned about losing their jobs. One bureau said that "it is impossible to overstate the negative impact of the hiring freeze on employees. Employees felt both overburdened and stuck in their careers, as there was no mechanism for lateral movement or promotion. The hiring freeze conveyed a message from Department top leadership that our work and mission, and the talents and well-being of our employees, were not valued." Another bureau respondent said that "the hiring freeze had a negative effect on bureau morale. The hiring freeze lacked a defined purpose and duration, which made it difficult to rally and 'get the job done' for the immediate future or a specific event. Without a clear end point or resolution of the staff shortage, it became difficult to maintain that higher level of effort in the longer term. Such burnout results in diminishing capability to achieve the mission."

Although bureau and office respondents reported that the hiring freeze had a negative effect on morale, some said that the hiring freeze required leaders to prioritize their organization's workload. For example, one bureau respondent said that although the hiring freeze had the single largest negative impact on morale in that bureau's internal survey, it "forced prioritization and selection—so people who focused on the mission and leaders who delegated tasks well started to succeed, and morale improved, despite the hiring freeze."

Embassies and consulates consistently cited restrictions on EFM hiring as a cause of declining employee morale. One regional bureau stated that "the freeze on EFM employment was a disaster for [this bureau]. Posts were left with hundreds of unfilled positions in critical areas, placing enormous strains on post resources, leaving critical work undone, and severely damaging Foreign Service morale." An embassy respondent said that the hiring freeze "was an unmitigated disaster. EFMs were disappointed, hurt, and angry at anyone and everyone at the same time. They were bored and turned their energy to negativity. They felt as if Department leadership didn't see them as important but as an evil that had to be endured." Overseas posts raised particular concerns about the effects of vacancies in Community Liaison Office coordinator positions, which typically are filled by EFMs. Coordinators carry out functions important to embassy morale, such as emergency preparedness, communication with family members, and newcomer orientation. For example, one embassy respondent stated that the "[Community Liaison Office] coordinator position was vacant for six months...and one of the [assistant] coordinator positions was vacant for 16 months. At a time when the entire community's morale was negatively affected, having such significant gaps in positions dedicated to issues of morale was both further damaging and heavily ironic."

Several indicators of employee morale at the Department, such as the Federal Employee Viewpoint Survey, registered a decline during the hiring freeze. Multiple bureaus reported an increase in the number of employee relations cases or referrals to Employee Consultation Services<sup>43</sup> during and immediately following the hiring freeze. However, it was unclear the extent to which these declines could be attributed to the hiring freeze or reflected factors unrelated to the freeze.

## FINANCIAL COSTS OF THE HIRING FREEZE

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### **Financial Costs of Hiring Freeze Remain Unclear**

OIG was unable to determine the financial costs of the hiring freeze because the Department did not systematically track these costs. Although total Department personnel expenditures increased by approximately \$53 million from 2016 to 2017,<sup>44</sup> Department officials told OIG that the hiring freeze resulted in cost savings because costs associated with salaries and benefits did not climb as much as they otherwise would have. For example, the increase in Department expenditures on domestic personnel fell from 3.68 percent in 2016 to 1.81 percent in 2017. Department officials interviewed by OIG attributed this moderation in increases in personnel costs to the hiring freeze.

OIG could not, however, obtain similar information with respect to the potential costs of the freeze, although OIG received anecdotal accounts of these consequences. For example, multiple bureaus reported instances in which the hiring freeze resulted in increased overtime, additional travel costs to cover staffing vacancies at overseas posts and in domestic field offices, and an uptick in requests for separate maintenance allowance applications,<sup>45</sup> which they said increased because family members, unsure of employment opportunities, chose to remain away from post. OIG also acknowledges that staffing shortfalls could have had an effect on oversight of a range of financial, contracting, and related matters. Accordingly, even though OIG cannot definitively determine these financial costs because the Department did not systematically track them, we do not discount the possibility that such costs occurred.

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<sup>43</sup> Employee Consultation Services, administered by the Bureau of Medical Services, provides crisis intervention, problem assessment, brief counseling, and referral services to eligible employees.

<sup>44</sup> OIG used data provided by the Bureau of the Comptroller and Global Financial Services for personnel expenditure calculations included in this report.

<sup>45</sup> Separate maintenance allowances are intended to offset the additional expenses incurred by an employee to maintain a separate household for his/her family or a member of his/her family. An employee may request a separate maintenance allowance for special needs or hardship prior to or after arrival at post for reasons including but not limited to career, health, education, or family considerations for the spouse or domestic partner, as defined in 3 FAM 1610, children, or other family member.

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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This review was conducted from September 4, 2018, and April 9, 2019,<sup>1</sup> in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the U.S. Agency for Global Media (USAGM).

The Office of Inspections provides the Secretary of State, the Chief Executive Officer of USAGM, and Congress with systematic and independent evaluations of the operations of the Department and USAGM. Consistent with Section 209 of the Foreign Service Act of 1980, OIG's specific objectives for this inspection were to determine:

1. The current status of the hiring freeze and lateral reassignments, including any ongoing effects after the freeze was lifted in May 2018.
2. The impact of the hiring freeze during calendar year 2017 on the day-to-day function and mission of the Department, embassies, and consulates.
3. The impact of the hiring freeze during calendar year 2017 on the safety, morale, and welfare of Department employees.
4. The impact of the hiring freeze during calendar year 2017 on the personnel costs to the Department.
5. The impact of the suspension of eligible family member hiring on embassy and consulate operations and the Department's ability to support other Federal agencies.

For this review, OIG conducted 60 interviews with Department stakeholders, reviewed survey responses from 38 domestic offices and 151 overseas posts, analyzed Department-furnished budget and staffing data, and reviewed classified and unclassified memoranda, files, and records. Finally, OIG used professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings and conclusions.

Arne Baker (Team Leader), Jonathon Walz (Team Manager), Colleen Ayers, Ian Brownlee, Robert Silberstein, Karen Stanton, and Barnaby Walsh conducted this review.

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<sup>1</sup> The issuance of this report was delayed due to the lapse in OIG's appropriations that occurred from 11:59 p.m. December 21, 2018, through January 25, 2019.

## APPENDIX B: OIG SURVEY RESPONSE SUMMARIES

**Table 1: Summary of Survey Results from Overseas Posts (Percentage of Responses)\***

	Very Negative	Somewhat Negative	Neither Positive nor Negative	Somewhat Positive	Very Positive	Not Applicable
<b>Hiring Freeze Effect on Post Operations</b>						
Healthy, Safety, and Security	40.41	39.04	17.81	0.00	0.00	2.74
Oversight of Contracts, Grants, and Foreign Assistance	20.28	30.07	33.57	0.00	0.00	16.08
Information Security and Management	30.77	23.78	28.67	0.00	0.00	16.78
Financial and Property Management	25.18	41.73	19.42	0.00	0.00	13.67
Implementation of Integrated Country Strategy Goals	21.68	53.85	14.69	0.00	0.00	9.79
Employee Morale and Welfare	87.25	10.07	2.01	0.00	0.00	0.67
Overall Post Operations	52.41	43.45	3.45	0.00	0.00	0.69

Source: OIG

\*For this review, OIG developed a survey questionnaire that asked deputy chiefs of mission and principal officers at overseas posts to assess the effects of the hiring freeze on post operations. A total of 151 posts responded to the survey.

**Table 2: Summary of Survey Results from Domestic Bureaus and Independent Offices (Percentage of Responses)\***

	Very Negative	Somewhat Negative	Neither Positive nor Negative	Somewhat Positive	Very Positive	Not Applicable
<b>Hiring Freeze Effect on Organization Operations</b>						
Healthy, Safety, and Security	28.95	13.16	28.95	0.00	0.00	28.95
Oversight of Contracts, Grants, and Foreign Assistance	42.11	42.11	7.89	0.00	0.00	7.89
Information Security and Management	32.43	24.32	21.62	0.00	0.00	21.62
Financial and Property Management	35.14	27.03	16.22	2.70	0.00	18.92
Implementation of Policy Goals	47.37	42.11	5.26	0.00	2.63	2.63
Ability to Support Posts in Contingency or Critical Operating Environments	21.62	32.43	16.22	0.00	0.00	29.73
Employee Morale and Welfare	73.68	26.32	0.00	0.00	0.00	0.00
Overall Organization Operations	56.76	37.84	2.70	2.70	0.00	0.00

Source: OIG

\*For this review, OIG developed a survey questionnaire that asked principal deputy assistant secretaries and equivalents to assess the effects of the hiring freeze on bureau and independent office operations. A total of 38 bureaus and independent offices responded to the survey.



## ABBREVIATIONS

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DGHR	Bureau of Human Resources
DS	Bureau of Diplomatic Security
EFM	Eligible Family Members
LE	Locally Employed
OMB	Office of Management and Budget



# HELP FIGHT

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