



FUNCTIONAL GOVERNMENT  
INITIATIVE



# IS TELEWORK ENABLING FRAUD?

FEDERAL LEAVE USE DECLINED STEEPLY  
DURING MAXIMUM TELEWORK



## SUMMARY

The Functional Government Initiative (FGI) has made investigating key aspects of the federal government's response to the COVID-19 pandemic a key priority in its work. Many of the policies adopted during the pandemic have remained in place, with some now gaining support among lawmakers and senior officials for permanent adoption. Among these policies is the expansion of remote work, or telework, for federal employees. However, there has been little consideration of what effects increased telework during the pandemic actually had on the federal workforce and service to the taxpayers. A key part of those effects that must be carefully reviewed is accountability for employees using leave when not working during their assigned hours.

In this report, FGI reviews data that reveal dramatic reductions in paid leave used by the federal workforce during the pandemic. Trends in the data raise serious concerns about the current remote work policies and whether their effects have been reviewed. Much more data must be analyzed by policy makers if expanded telework will continue as a widespread, permanent policy for the federal bureaucracy.

# INTRODUCTION

In response to the COVID-19 pandemic, the federal government moved suddenly and nearly completely to full time telework in March 2020. Now, two and a half years later, many federal agencies continue mostly working remotely, with no major change in sight. The Biden Administration has been slow to call back federal employees to their offices and seems intent on allowing large numbers of employees to continue full-time telework indefinitely.

This report is not FGI's first investigation into whether telework was reducing the ability of the federal bureaucracy to meet its obligations to provide service to the public during the pandemic. In May 2022, FGI obtained an [internal memorandum](#) from the Department of Health and Human Services (HHS) analyzing computer sign-in data of the department's employees. Commissioned by HHS's then-chief of staff in January 2021, this memorandum disturbingly shows that on any given day, between 20-30 percent of HHS employees were not even logging in to work. As the federal government's failure to anticipate or take timely action to avert crises such as the baby formula shortage were becoming common, the significance of these revelations for a properly functioning government were becoming apparent. The release of this memorandum obtained by FGI also raised questions about whether other federal agencies were experiencing similar levels of inactivity. The revelation of this issue triggered Congressional [oversight](#).

Against this backdrop, FGI sought to understand whether employees across the government were appropriately claiming annual leave (the main leave type) and sick leave (the second most common leave type) during and after the pandemic. Although several agencies remain unresponsive to our requests for information, we have obtained significant amounts of data so far for many federal agencies from 2018 through 2021, which includes the two years prior to the pandemic and the nearly two years since the beginning of the pandemic. The goal of the research was to assess whether employees continued to use accrued leave as most employees were on full-time telework at rates comparable to the years immediately prior to the pandemic.

The records obtained by FGI show a clear and steep reduction in leave usage during the pandemic that in large part did not return to normal in 2021. The trends observed in the data and outlined in this report raise questions of whether large numbers of federal employees are failing to account for time away from work by using the appropriate leave or whether many choose not to work without using leave.

# METHODOLOGY

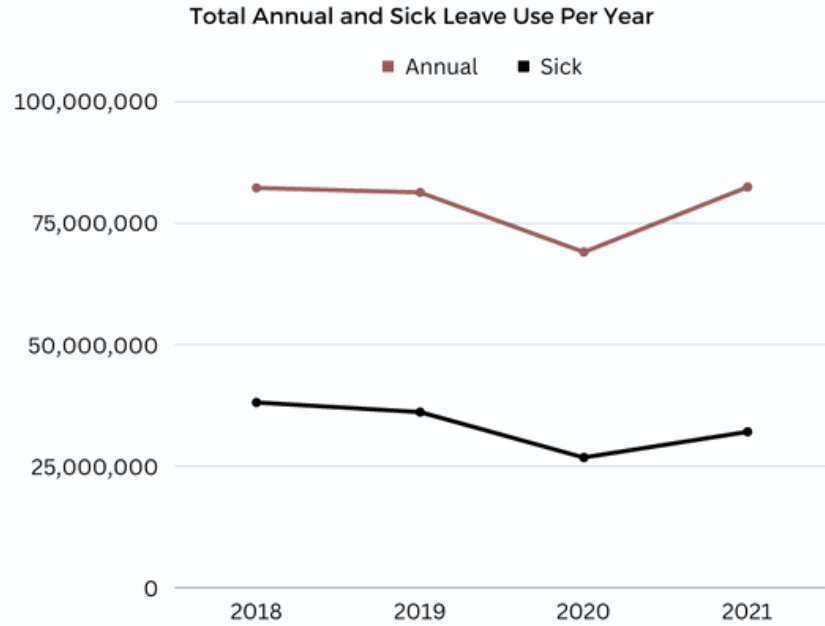
Under the Freedom of Information Act, FGI requested aggregate leave totals for calendar years 2018, 2019, 2020, and 2021 from many federal agencies directly and from federal shared services centers that process payroll for multiple agencies. We requested totals for many different types of leave, but the analysis in this report focuses on the two main categories: annual leave and sick leave.

We analyzed leave data for 24 federal agencies for this report. FGI received leave data in many different formats and styles, and we compiled to show trends in the use of annual and sick leave for each agency and for these agencies combined. In a few cases, information from an agency was different from information provided by the agency's shared services center. Where the data differed, we used data from the shared services center to maintain consistency.

To approximate norms for federal leave, we compared leave used in 2018 to that used in each of 2019, 2020, and 2021. Of the last four years, 2018 had the fewest disruptions in government operations that could have affected the ability of employees to use leave. 2018 ended with a partial government shutdown that continued for most of January 2019. While on furlough, employees at affected agencies could not take leave. The impact was likely minimal for 2018's total numbers, as many of the days at the end of December 2018 were federal holidays when most employees would not have been required to use their leave. However, the disruption would have a significant impact on leave used in 2019 with nearly a full month of furlough for most employees of the affected agencies. For those reasons, 2018 provided the best base year for our analysis.

## **For this report, FGI analyzed leave data of the following federal agencies:**

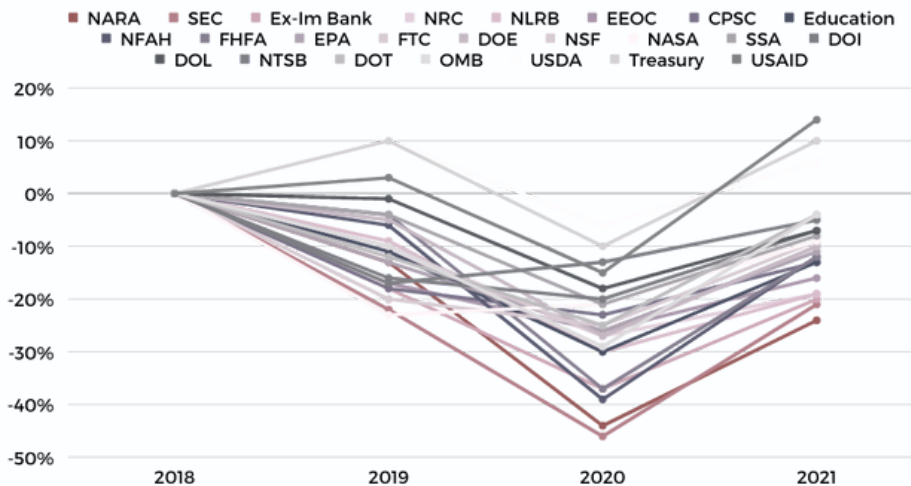
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|--|--|
| 1. Agriculture Department                        | 13. NASA   |
| 2. Consumer Product Safety Commission            | 14. National Foundation on the Arts and Humanities |
| 3. Education Department                          | 15. National Labor Relations Board                 |
| 4. Equal Employment Opportunity Commission       | 16. National Science Foundation                    |
| 5. Energy Department                             | 17. National Transportation Safety Board           |
| 6. Environmental Protection Agency               | 18. Nuclear Regulatory Commission                  |
| 7. Export-Import Bank                            | 19. Office of Management and Budget                |
| 8. Federal Housing Finance Agency                | 20. Securities and Exchange Commission             |
| 9. Federal Trade Commission                      | 21. Social Security Administration                 |
| 10. Interior Department                          | 22. Transportation Department                      |
| 11. Labor Department                             | 23. Treasury Department                            |
| 12. National Archives and Records Administration | 24. U.S. Agency for International Development      |



# REVIEW OF ANNUAL LEAVE

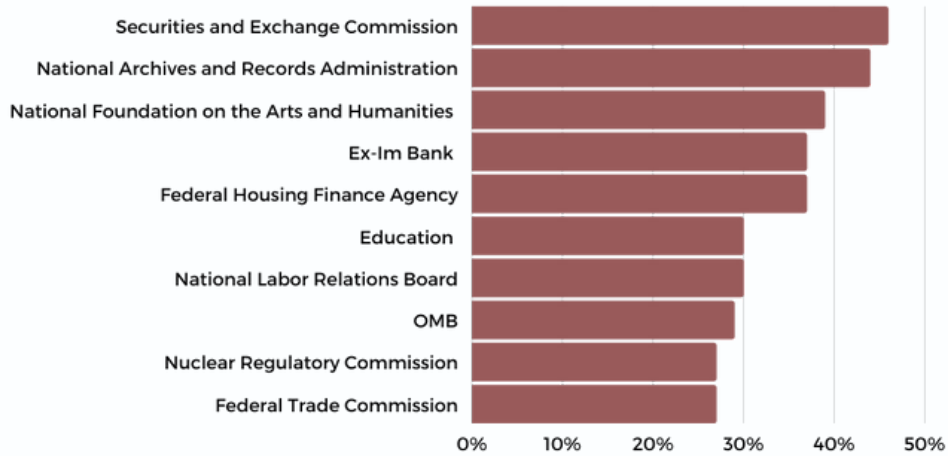
Depending on service time, most federal employees receive between eight and 16 hours of annual leave per month (four to eight hours per biweekly pay period) in paid leave that can be accrued up to an annual cap. Employees with leave above the cap must use the amount above the cap each year or lose it, with limited exceptions to restore that leave if the agency determines that the requirements of an employee’s duties meant the employee could not have used all the “use-or-lose” leave.

Percentage Change In Annual Leave Use Compared to 2018



There was a steep decline in the reported usage of annual leave in 2020 at the 24 agencies FGI analyzed, and the trends did not fully return to pre-pandemic levels in 2021. When all the annual leave hours at the 24 agencies were combined, there was a 16 percent reduction in annual leave used in 2020 compared to 2018.

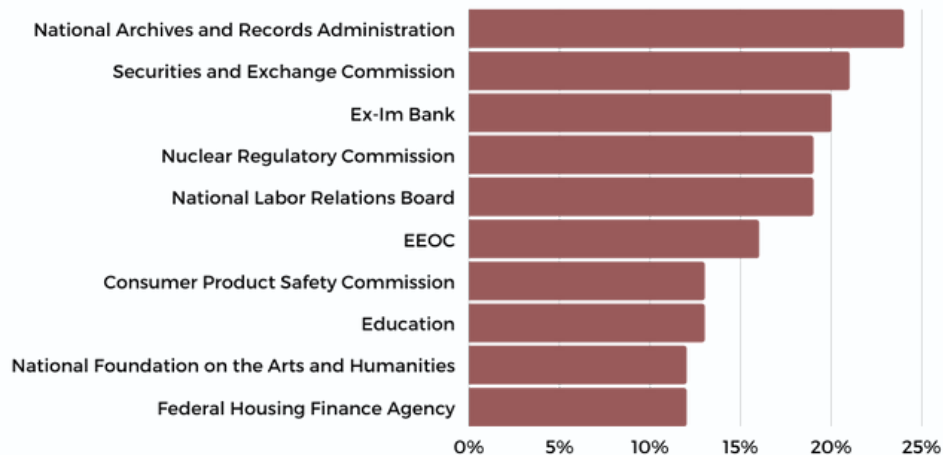
Ten Largest Decreases in 2020 Annual Leave Use Compared to 2018



Considering the agencies individually, the average drop in annual leave used in 2020 compared to 2018 was 26 percent. The largest decline in reported leave usage occurred at the Securities and Exchange Commission with a massive 46 percent reduction. The smallest drop was at the Department of Agriculture (USDA) at six percent.

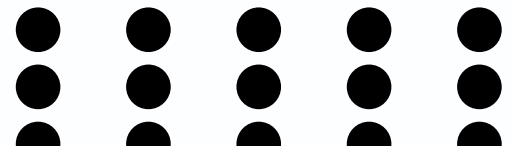
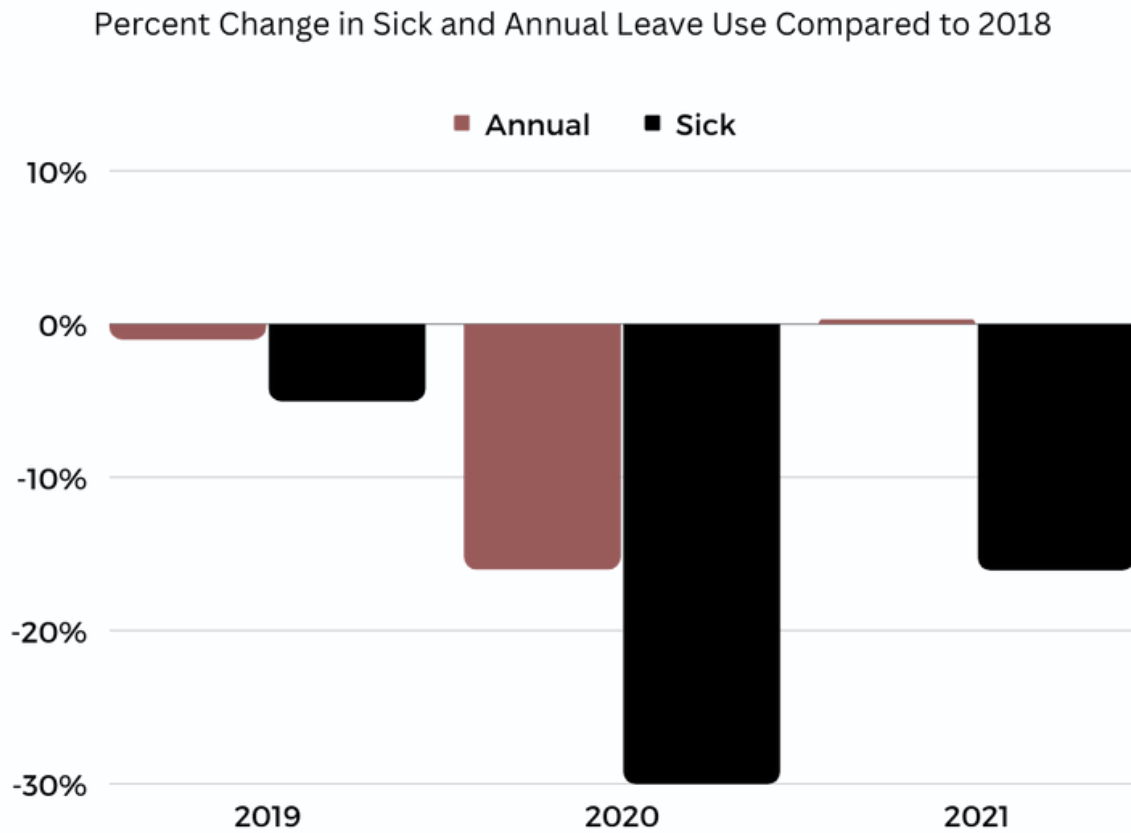
For 2021, the overall use of annual leave for the 24 agencies analyzed was statistically similar to 2018 when totaling all the hours of annual leave for these agencies. However, data from individual agencies tell a different story. Considering the agencies individually, the average drop in annual leave used in 2021 remains at nine percent below 2018.

Ten Largest Decreases in 2021 Annual Leave Use Compared to 2018



Most agencies have not returned to pre-pandemic trends for leave usage. USAID, Treasury, and USDA are the only agencies among the ones reviewed that used more annual leave in 2021 than in 2018, 14 percent, 10 percent, and seven percent higher, respectively. If the hours used by those agencies are removed from the table, annual leave usage in 2021 remains eight percent below 2018 for the other 21 agencies.

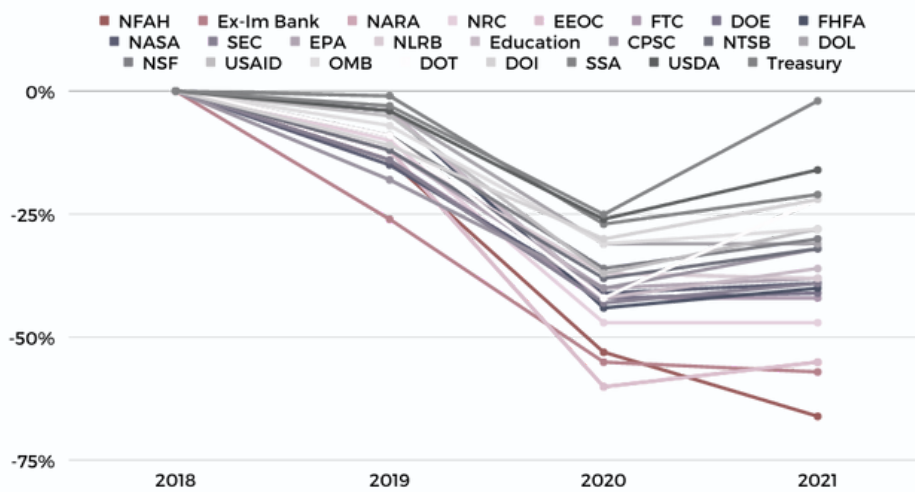
By contrast, employees at the National Archives and Records Administration (NARA) used annual leave in 2021 at a rate 24 percent below 2018. Leave used at the Securities and Exchange Commission in 2021 was 21 percent below 2018.



# REVIEW OF SICK LEAVE

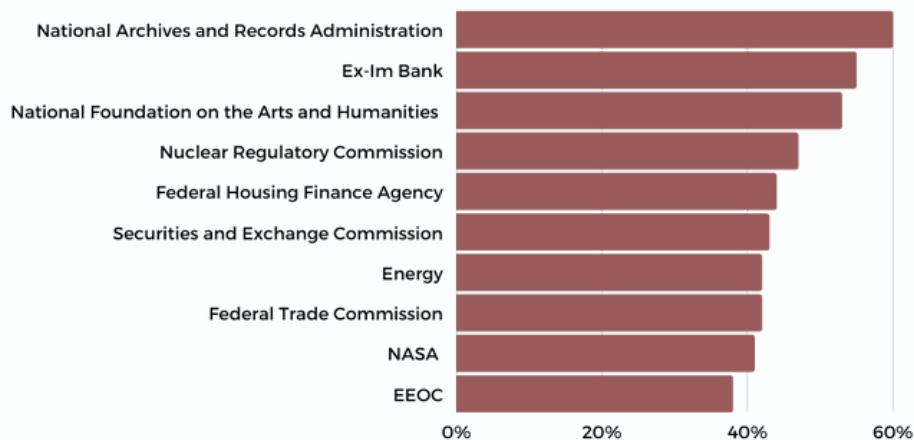
Federal employees generally receive eight hours of sick leave per month (four hours per biweekly pay period) that can be used for illness, medical appointments, care for immediate family members, and a few other situations. Unlike annual leave, there is no cap or necessity for “use-or-lose” for sick leave.

Percentage Change In Sick Leave Use Compared to 2018



The drop in sick leave usage in 2020 and continuing into 2021 is even more pronounced than what the data show for annual leave. In 2020, with sick leave hours combined for all 24 agencies, sick leave used dropped 30 percent compared to 2018.

Ten Largest Decreases in 2020 Sick Leave Use Compared to 2018

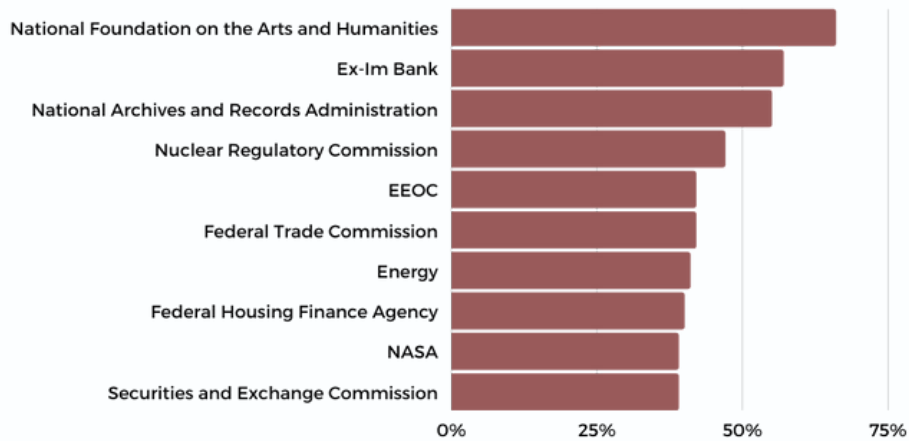




The average decline in sick leave usage for the 24 agencies was 40 percent in 2020 compared to 2018. The largest single-agency drop occurred at NARA, with a staggering 60 percent. The smallest reduction in sick leave came from Treasury, although still 25 percent below the 2018 level.

Even as some federal employees returned to the office in 2021, the drop in sick leave used remained pronounced. With all the hours for the 24 agencies combined, sick leave in 2021 remained 16 percent lower than 2018.

#### Ten Largest Decreases in 2021 Sick Leave Use Compared to 2018



Two of the agencies had sick leave usage fall even further in 2021. The National Foundation on the Arts and Humanities was down 66 percent in 2021 after 53 percent in 2020. The Export-Import Bank dropped 57 percent in 2021 after 55 percent in 2020. On average, sick leave from these agencies was 35 percent lower in 2021 than in 2018.

# ANALYSIS AND CONSIDERATIONS

The leave usage from these agencies prompts serious concerns. When federal employees are teleworking, they remain subject to legal requirements to take leave when they are not working during their scheduled hours, just as they would be if they were working in the office. Over time, annual and sick leave can add up to a substantial quantity of hours and a significant financial benefit to federal employees. Federal workers often enjoy higher pay rates and more generous benefits than many private sector workers receive. These benefits come with high expectations in the form of public service. Beyond the basic concern that taxpayer-funded employees may not be taking leave as required, there are long-term fiscal concerns that must be considered.

When an employee leaves federal service, they can receive payment for unused annual leave, usually up to the annual cap plus leave restored above the cap for extenuating circumstances. Depending on length of service and type of employee, this leave payout can be many thousands of dollars.

Sick leave does not have a use-or-lose cap and therefore can accrue continuously during an employee's federal service. While sick leave may not be directly cashed out upon separation as annual leave can, there are other significant benefits to employees for their accumulated sick leave. If employees return to federal service, all unused sick leave from their prior tenures can be restored. For long-term federal employees who are entitled to a retirement annuity, balances of sick leave can be credited as additional service time, which increases a retiree's annuity permanently. The current situation could provide an unintended financial incentive for some employees to hoard sick leave while still taking sick time unofficially under the cover of maximum telework.

There are additional fiscal costs for which a fuller review is warranted. These comparisons are incomplete due to the availability of only a subset of federal agencies for review, but it seems likely from the trends in the data FGI obtained that these numbers for both years would be significantly larger if data for all federal leave were available for review.

Looking at 2020 compared to 2018, there were 13.2 million fewer annual leave hours and 11.3 million fewer sick leave hours. At an average annual federal pay of \$43.32 per hour (\$90,098 annually), in 2020, that difference in annual leave hours would be worth \$570.8 million. The difference in sick leave hours would be worth \$490.3 million.



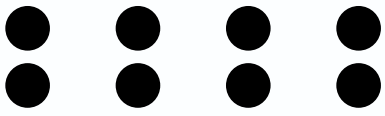
## ANNUAL LEAVE COMPARED TO 2018

	Difference In Hours	Average Federal Hourly Pay Rate	Cost
2019	-930,588	\$41.94	-\$39 million
2020	-13,177,189	\$43.32	-\$570.8 million
2021	+299,867	\$45.08	+\$13.5 million

Similarly comparing the numbers for 2021 to 2018, there were 6 million fewer sick leave hours. At an average federal pay of \$48.08 per hour (\$93,773 annually), the difference would be worth \$272.1 million. There were nearly 300,000 more hours of annual leave, a very small amount given the millions of hours of leave used. This change for our comparison reduces the overall fiscal impact by only \$13.5 million.

## SICK LEAVE COMPARED TO 2018

	Difference In Hours	Average Federal Hourly Pay Rate	Cost
2019	-1,977,476	\$41.94	-\$82.9 million
2020	-11,317,293	\$43.32	-\$490.3 million
2021	-6,035,666	\$45.08	-\$272.1 million



The estimates in the preceding paragraphs include only the costs of employees' average base pay and do not account for federal benefits, which can be quite generous and include health insurance, life insurance, mass transit subsidies, retirement benefits, and more.

In addition to the fiscal ramifications, if employees are simply not working while on the clock remotely instead of taking leave, service to the public would suffer. Effectiveness of the federal government appears to be suffering already under the pandemic adjustments, and the public has noticed. According to the Taxpayer Advocate Service, the IRS languishes with a return backlog that hit unprecedented levels, delaying tax refunds for millions of Americans. In many areas, the baby formula crisis continues, but the initial warnings were lost in the mail for four months. Veterans are waiting for their records as the National Archives and Records Administration has a massive backlog in processing. These crises are likely exacerbated by the lack of employees working in federal offices. They could be further exacerbated by the concerns the leave data show, as well. The data in this report highlight the possibility that the productivity of federal employees may have drastically diminished under permanent expanded telework and possibly lax enforcement of time and attendance requirements.

As public confidence in the efficacy of the government to meet even its most basic responsibilities is eroding, data showing that federal agencies maybe be either unable or unwilling to account for time off actually taken by their workers can only further diminish public confidence.

# CONCLUSION

## VIGOROUS OVERSIGHT IS NECESSARY

During times of pandemic emergency, some federal employees may have been denied requested leave to ensure quicker and more effective government response. However, it is unlikely that this could explain the steep reduction in leave usage shown in the data FGI received. Vigorous oversight and analysis is necessary to determine the cause of such dramatic reductions in leave usage and to ensure that leave policies are not being abused.

Without meaningful supervision, the likelihood of abuse of leave increases when employees engage in telework. To support a functional federal government, federal employees and supervisors should be subject to strict policies while working remotely to prevent abuse of leave policies.

The data analyzed in this report is admittedly incomplete, as not every agency responded to our requests. However, trends are clearly evident in the data that should be concerning to the taxpaying public and those charged with oversight of federal agencies. Already, elected representatives charged with oversight have requested greater analysis of telework policies and their effects on attendance and productivity. These trends should also spur further research, data, and analysis to determine the root causes of these trends.

The Office of Personnel Management and the U.S. Government Accountability Office could conduct a full and transparent audit of time and attendance during expanded telework. Officials responsible for oversight in Congress and agency Inspectors General could investigate the causes behind the dramatic changes in leave use and determine whether policy changes are required. The numbers and dollar amounts involved are stark and American taxpayers deserve assurance that they are not funding abuse by those in public service.



# THE FUNCTIONAL GOVERNMENT INITIATIVE

The Functional Government Initiative is an organization dedicated to improving the American public's awareness about the officials, decisions, and priorities of their government. We do this through investigative research, analysis, and education.



## RESOURCES

Additional resources, including source data for this report, can be found at [functionalgovernment.org/federal-leave-report](https://functionalgovernment.org/federal-leave-report)