

# Issues of Merit

A Publication of the Office of Policy and Evaluation, U.S. Merit Systems Protection Board

April 1999

## Director's Perspective

### Federal HRM Issues for the 21st Century

The Civil Service Reform Act, enacted twenty years ago, was the first comprehensive reform of civil service law in over a century. Among its important reforms was the creation of the Merit Systems Protection Board as a guardian of the merit systems. To celebrate our 20th anniversary, MSPB recently hosted a conference in which MSPB Chairman Ben Erdreich and the heads of our sister agencies—OPM Director Janice Lachance, Special Counsel Elaine Kaplan, and Phyllis Segal and Ida Castro, the Chairs of the EEOC and FLRA, respectively—spoke about the successes our agencies have achieved since the passage of the CSRA, and addressed concerns about the future of the federal workplace. These anniversary discussions as well as the Board's own research of the past two decades evoke a timely question: What aspects of the federal government's civil service and merit systems should we concern ourselves with as we enter the new millenium? Several issues come to mind:

- HRM policies and practices that have served us well for the past two decades will need to be reconsidered in light of the needs and environment of the next century. It will be increasingly difficult to maintain HRM strategies and systems that have routinely depended for their effectiveness on a large corps of personnel specialists spread throughout an agency. This is largely due to the continuing decline in the number of personnel specialists and the increasing consolidation of personnel offices within agencies.

Moreover, the federal workplace is moving from an HRM environment in which supervisors work within fairly rigid personnel systems to one in which they have more options and flexibility. As the need to conserve

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### OPE Focus on the Facts

#### *Belief:*

Typically, more employees resign than retire from the federal government in any given year.

#### **Fact:**

Since FY 93, fewer full time permanent employees have resigned than retired. In fiscal year 1998, 45,700 employees resigned, while over 48,300 employees retired.

Source: MSPB calculations based on FY 1998 data from OPM's Central Personnel Data File

### Pass/Fail a Winner for Some Agencies

Pass/fail performance appraisal systems can work, according to officials of some agencies that use them. In 1998 we visited five agencies that have adopted the pass/fail approach and talked to officials closely involved in administering their performance appraisal systems. We found that these officials—all of whose agencies had moved from the five-level rating system—were generally pleased with the two-level approach to annual ratings. Among the reasons they gave for their satisfaction are that pass/fail allows supervisors to focus on improving performance, it increases supervisor-employee feedback and communication, and it eases the administrative burden on supervisors.

One reason for the success of the pass/fail system in these agencies may be that they have enhanced the rating system with other useful performance management techniques. The enhancements include the de-linking of awards from performance ratings and the development of separate, specific criteria for awards determinations; the use of a 360-degree rating to identify employees' developmental

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resources changes the manner in which personnel services are provided, we'll need to pay a great deal of attention to the role of supervisors and the skills they need. In particular, we'll need to ensure that supervisors are making HRM decisions with the long range future of their organizations in mind.

- Over the last 20 years, as the federal workforce has downsized, an increasing proportion of the government's work has been carried out by contractors. That trend is likely to continue. While this inherently is neither good nor bad, it does raise the question of whether the downsizing of the federal workforce and the increased pace of contracting out has adversely affected the capacity of government to properly monitor the work of

the contractors. Additionally, contract employees are not expected to commit to the public service values required of career federal employees, such as safeguarding the public interest and working within a merit system of employment that prohibits consideration of partisan politics, nepotism, and so on. In determining what work is suitable for contracting out, this latter issue needs to be taken into consideration as well.

- During the last two decades, the federal approach to the recruitment and selection of new employees has gone from a largely centralized approach to an almost completely decentralized system. Under the centralized approach, the development and funding of the best employee selection tools—tools that most effectively predict job success—were the responsibility of the government's central

personnel agency, the Office of Personnel Management. Under a decentralized system, that responsibility is diffused. However, many federal agencies in this new environment lack the resources or the specialized skills needed to develop and administer these tools themselves. As federal downsizing slows and hiring increases, but is done more selectively, there is a strong governmental interest in making the best employee selections possible. This situation calls for a serious reconsideration of some aspects of decentralization. In the final analysis, a better balance may be needed regarding the functions the agencies should handle themselves and those that are more sensibly funded and handled centrally.

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## Pass/Fail *(continued from page 1)*

needs; and the requirement for supervisors to give multiple progress reviews during the rating cycle. The officials we spoke to believe that these added features encourage supervisors to communicate more frequently with their employees, which was one of their objectives in changing to pass/fail.

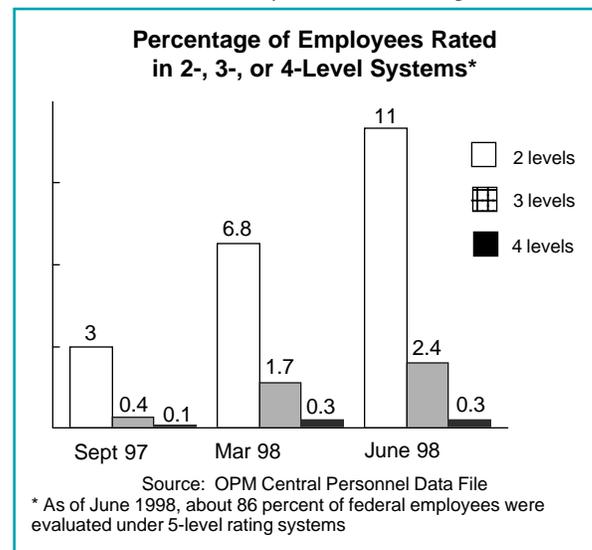
Pass/fail has an additional effect in these agencies—a dramatic decrease in the number of employees grieving their performance ratings. This is probably a reflection of the fact that in the new system, every level of acceptable performance (be it outstanding, adequate, or anything in between) is awarded the same "pass" rating. So, for example, employee objections to ratings of "highly successful" rather than "outstanding" are a thing of the past in organizations that use pass/fail.

The officials also told us that they had decided to go to pass/fail only after extensive research and after making relatively certain that the system would best fit their needs. So far, three of these agencies have completed three rating cycles using pass/fail, and the others have completed two cycles.

The verdict? These officials believe their systems are working for them. Two of the agencies conducted formal evaluations of their systems and found that many employees, both supervisors and nonsupervisors, gave the pass/fail system positive marks. The officials from these two agencies acknowledged that there are still areas that need attention in order to make the system work as

intended. For example, they want to pursue further improvements in the quality and quantity of supervisor-employee communications.

This positive news about the pass/fail system is encouraging to others who are considering such a change, and even to those who've already made the change and



are waiting to see what happens. And the number of employees who are now being rated under a two-level system, though not by any means a majority of federal workers, has increased significantly. As the accompanying chart shows, the 2-level and 3-level systems are increasingly being used to rate performance while use of the 4-level ones appears to have leveled off. (Not shown on the chart are the approximately 86 percent of federal employees who remain under 5-level rating systems.)

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## News from MSPB's Standing Panels

In 1997, we announced the establishment of several standing panels—one of managers and supervisors, one of HR specialists, and one of union representatives—whom we can periodically survey about federal human resources issues. Although not statistically representative of the entire government, the panel responses provide interesting insights into current issues. Past *Issues of Merit* have included results of panel surveys covering supervisors' views on delegation of HR authorities and how supervisors are held accountable for personnel management. Recently, we again surveyed our standing panels, and the articles that follow address some of the issues raised in those surveys.

### Trends in Government Staffing

Although the Government has been reducing the size of its workforce, almost two-thirds of the 963 supervisors and managers who participated in this panel have filled at least one vacancy in their organizations during the past two years.

There were marked differences in how organizations advertised the vacancies they had to fill. For the most part agencies rarely used paid advertisements and almost never

used commercial search firms to find candidates for their jobs. Agencies did use paid advertisements somewhat more often when recruiting for professional and wage grade employees, and sometimes went to college placement centers to recruit for professional positions. Agencies usually used readily available mechanisms such as agency bulletin boards and websites, and OPM's USAJobs website to advertise vacancies. Many agencies also publicized their vacancies through Federal Job Information Centers, although not as frequently as they used bulletin boards and websites. Not surprisingly, the most common way that agencies attempted to reach potential candidates was through word of mouth.

We also asked the managers about who was being referred. As might be expected, most of the time at least one person who already worked in the managers' own agencies was referred. About half the time, applicants from other agencies were referred. There was no difference in either of these tendencies based on the type of job being filled.

In contrast, the type of job under recruitment did make a difference in the frequency with which people not employed by the government were referred. Overall, candidates from outside the government were referred for about half the vacancies. But when the job being filled was administrative, candidates from outside the government were referred less than a third of the time. Managers on our panel may have been less likely to look outside of the government when they were filling these types of jobs. This tendency was also reflected in the fact that managers said that they less often used college career centers, OPM USAJobs listings, and paid advertisements when they were filling administrative jobs as compared to professional ones.

Given these results it was not surprising to find that when asked about the person they ultimately

selected, managers who were filling administrative jobs were considerably more likely to have picked someone from within their agency than were managers who were filling other types of jobs. Managers were more likely to select people from outside the government when filling professional or technical jobs.

### Managers List Their Top HR Concerns

Virtually every aspect of human resources management in recent years calls for more strategic planning. Two critical components of such planning are the articulation of where the organization is heading and the development of a plan for getting there. To obtain greater insight into what HR challenges might lie ahead, we asked our panel of managers and supervisors to identify the five "most pressing HR concerns for the next five years." Here are their responses in order of frequency—beginning with the most frequently mentioned concerns:

- Dealing with a lack of promotion opportunities
- Hiring employees with the right skills
- Improving productivity
- Helping employees keep their skills current
- Managing influx of new technologies and automation
- Providing developmental opportunities for employees
- Reengineering work processes
- Implementing new mission requirements
- Reorganizing the work unit
- Empowering employees

Other concerns, but ones that panel members cited less frequently include:

- Managing a diverse workforce
- Managing an older workforce
- Reducing number of employees in the work unit
- Managing employees working at alternative work sites
- Managing employees on alternative work schedules

- Managing work teams

According to the managers who completed our survey, it is clear that the HR issues directly related to maintaining and motivating a quality workforce are major concerns. The government's job cuts have left remaining employees with fewer opportunities for promotion or development, which traditionally have been powerful motivators. Managers are also beginning to voice concerns that they may not be able to hire the skilled workers needed to replace departing employees. At the same time, managers are under constant pressure to improve unit productivity. While new technologies are one way to help, the speed and magnitude of their influx must be carefully managed to ensure that employees receive the training needed to maintain their specialized skills and use new technologies productively.

This list of concerns strongly suggests that agency leaders should include HR management issues in their strategic plans, focusing particularly on maintaining and motivating the current workforce and on attracting skilled employees for evolving occupations.

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## DEUs Work In Different Ways

**D**elegated Examining Units (DEUs) are organizations within federal agencies, usually part of the agency personnel office, that receive and review job applications, and provide supervisors with lists of candidates for vacancies. Although delegated examining has been around for years, DEUs have become common in government relatively recently.

In 1995, in response to complaints about how ponderous centralized hiring had become, Congress and the administration significantly restructured federal staffing, creating a more decentral-

ized system for hiring candidates from outside the government. Congress effectively required OPM to delegate nearly all of its competitive hiring-related authorities to agencies; at the same time the administration repositioned OPM so that it could help agencies with these new responsibilities. As a result of these changes, today almost all competitive examining and referral of new employees is handled or overseen by agencies acting primarily through their DEUs.

DEUs are staffed by OPM-certified agency personnel officials who have been trained in how to operate a competitive hiring process based upon merit considerations. Agencies and their DEUs determine how a job will be advertised, how the candidates will be assessed, and who among the candidates will be referred for consideration for the vacant positions. In addition, they determine which of these examining functions will be done internally or contracted out—to OPM (the most common choice) or elsewhere.

As part of a study that the MSPB is conducting on outside hiring, we recently interviewed officials from 70 of the government's approximately 500 DEUs. Those interviews highlighted the wide variation that exists in how DEUs accomplish their mission. We learned for example that the Department of the Air Force, with nearly 200,000 employees, is considering having a single DEU handle all of its outside competitive hiring. In contrast, the Department of the Interior has scores of DEUs and some, like the one at Death Valley National Park, service populations of just a few hundred employees. In some agencies DEUs handle nothing but tasks related to outside competitive hiring (the Smithsonian Institution is an example), while in others like NIH or the Commodities Futures Trading Commission, DEU

assignments are just part of the other HR responsibilities handled by the certified staffing specialists.

Among the DEUs we spoke with, the Air Force Reserve Special Examining Unit was a particularly interesting operation. That's so, in part, because that DEU had been exercising its delegated examining authorities for over 20 years—having received the authority from OPM well before the recent blanket delegations occurred. This DEU is also unusual because it serves as the nationwide external recruiter for all Air Force technician positions and because employees in those approximately 15,000 positions hold dual appointments in the Reserve and the civil service, and work in more than 90 occupations ranging from guard to pilot. Most DEUs examine for a markedly smaller range of positions. Moreover, because of the volume of positions it helps fill each year—about 1,500—all of this DEU's postings are kept open continuously. The Special Examining Unit receives a high volume of applications, approximately 1,000 per month. After rating those applications, it inputs the information from those candidates into OPM's computer system in Macon, Georgia, and then draws referral certificates—almost all of which are used—from the standing registers created by that process. A few other DEUs also use OPM's computer system, but none in quite that way.

We plan to share what we learned from our DEU interviews, from survey data, and from other sources in a report to be published later this year.

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## NPR Survey Results Released

**F**or the last few years, MSPB has been an active partner with NPR, OPM, FAA, and others on

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an interagency team developing a survey questionnaire to assess the government's reinvention efforts. The results of that survey, which was administered to a representative sample of federal employees in August, were recently announced by the Vice President.

Among the survey's more positive findings: 75 percent of federal employees see their organizations as customer-oriented, 65 percent said their bosses are understanding of employees' family responsibilities, 62 percent are satisfied with their jobs, and 62 percent believe that their organizations value differences among individuals. On the less positive side, only 25 percent of respondents believe that management and the unions work cooperatively, 28 percent said that corrective actions are taken to deal with employees who don't perform adequately, and 13 percent think their agencies had streamlined the hiring process.

The results of the survey also reveal how the importance of reinvention is related to what federal workers think about the way their agencies treat customers and employees. Responses to questions about putting customers first, empowering employees, and cutting red tape were much more positive among the 35 percent of survey respondents who said reinvention is a priority in their organizations than for the 31 percent who said that it isn't. For example, among respondents employed in organizations where reinvention is an important priority:

- 91 percent indicated that their agencies have service goals aimed at meeting customer expectations (versus 56 percent of those who don't think reinvention is a priority in their agencies);
- 70 percent said their opinions seemed to count (versus 27 percent of those who don't think reinvention is an agency priority);
- 64 percent reported that in

the past two years they have been given more flexibility in how they accomplish their work (versus 35 percent of those don't think reinvention is an agency priority).

The 33-question survey was distributed to some 34,400 employees in 48 organizations throughout the federal government, and over 13,600 employees responded. In addition to being used to assess the impact of reinvention, the survey results are intended as a baseline against which the success of future reinvention efforts can be measured. The survey included items from prior MSPB, OPM, and private sector surveys so that the NPR results can be compared with results from these historical data bases. The survey results are posted on the NPR web-site at <http://www.npr.gov/library/misc/survey.html>. General questions about the survey results may be directed to Dr. Paul van Rijn at [paul.vanrijn@mspb.gov](mailto:paul.vanrijn@mspb.gov) or (202) 653-6772, extension 1339.

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## Career Transition Programs Get Mixed Reactions

As we reported in our last issue, A OPE is conducting a study of the CTAP and ICTAP (the Career Transition Assistance Program and the Interagency Career Transition Program) as well as the Reemployment Priority List (RPL) program. Preliminary results of a survey of employees placed under these programs indicate that:

- The largest number of displaced employees were in secretarial, general clerical, and accounting technician jobs.
- 35 percent of respondents had been separated from the federal government for some time before being rehired—the median time was seven months.
- Over half (55 percent) of

respondents got jobs at the same grade or higher than the job from which they were displaced.

Many of the respondents to our survey provided written comments about their experiences. Among the over 400 employees who volunteered comments were a number who expressed frustration about the lack of information and personal attention they received. These observations summarize their views:

[T]oo impersonal. No phone calls, no status of application—vacuum!

One of the worst things was the waiting and no one telling you anything . . . We don't know, they don't know, you don't know—well then, who knows?!!!

Another theme expressed by employees was the feeling of being ill-treated. One respondent called the experience dehumanizing. Another told of being connected to a personnel specialist's speaker phone and overhearing the specialist and another person making fun of her name. "I found this appalling," she wrote.

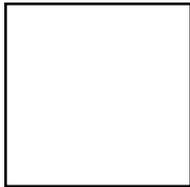
But other respondents told us how pleased they were about the eventual outcome of their displacement:

The Career Transition Program my agency offered was excellent. They provided two months of assistance and did continue to provide phones, computers, etc. after the effective date of the RIF.

Actually, I did better when my job was abolished. For me the RIF was good. I like my present job a lot better than the one that was abolished.

Upon conclusion of this study, we plan to provide some recommendations on whether the CTAP and ICTAP programs should be extended beyond their current expiration date of September 30, 1999, and if so, what might be done to improve them.

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## Selected Publications from the Office of Policy and Evaluation\*

- Federal Supervisors and Strategic Human Resources Management
- Civil Service Evaluation: the Evolving Role of the U.S. Office of Personnel Management
- The Changing Federal Workplace: Employee Perspectives
- Adherence to the Merit Principles in the Workplace: Federal Employees' Views
- Achieving a Representative Workforce: Addressing the Barriers to Hispanic Participation
- Fair and Equitable Treatment: A Progress Report on Minority Employment in the Federal Government
- The Rule of Three in Federal Hiring: Boon or Bane?
- Sexual Harassment in the Federal Workplace: Trends, Progress, Continuing Challenges
- Removing Poor Performers in the Federal Service: An Issue Paper
- Leadership for Change: Human Resource Development in the Federal Government
- Temporary Federal Employment: In Search of Flexibility and Fairness
- Whistleblowing in the Federal Government: An Update
- A Question of Equity: Women and the Glass Ceiling in the Federal Government

## Selected Current Projects

- Dealing with employee performance problems
- Entry level hiring
- Delegated examining units
- Merit promotion

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\* Most of these reports are available for downloading from the MSPB home page: <http://www.mspb.gov>

"Issues of Merit" provides findings and recommendations drawn from MSPB research on topics and issues relevant to the effective operation of the federal merit systems and the significant actions of the Office of Personnel Management.