THE CHAIRMAN

U.S. MERIT SYSTEMS PROTECTION BOARD
1120 Vermont Avenue, N W.
Washington, D C 20419

March 1994

The President
President of the Senate
Speaker of the House of Representatives

Sirs:

In accordance with a requirement of the Civil Service Reform Act of 1978, it is my honor to submit this Merit Systems Protection Board report titled "Entering Professional Positions in the Federal Government."

This report identifies the six methods through which most individuals currently obtain Federal employment in professional and administrative jobs, which represent nearly half of the Federal civil service workforce. More importantly, it discusses how each method affects the quality and representativeness of the Federal workforce.

Especially relevant in this time of "reinventing" government, this report highlights the significant but little-noted evolution that has already occurred in Federal hiring practices in just the last 10 years. It also supports the view that the time is ripe for some fundamental changes in the Federal Government's approach to recruiting and selecting employees.

Building upon lessons learned, we offer recommendations to guide the course of future changes in this important area. We believe you will find this report useful as you address issues affecting the Government's ability to maintain a highly qualified and productive workforce.

Respectfully,

Ben L. Erdreich

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Executive Summary

As part of a larger effort to "reinvent" itself, the Federal Government is undergoing an almost revolutionary change in the way it manages its workforce. This includes some fundamental changes in how the Government recruits and selects individuals for professional and administrative jobs. A key goal of these latter changes is to replace a highly centralized approach with a highly decentralized one in which individual Federal departments and agencies exercise considerable control and discretion in the recruitment and selection process. Frequently overlooked, however, is the fact that similar efforts to decentralize Federal personnel administration were made almost 50 years ago. Moreover, the Federal Government has actually been moving incrementally in this direction for at least the last 10 to 15 years.

To ensure that efforts to improve the process are as successful as possible, it is important to understand how the Government currently selects individuals for Federal employment—both in theory and in actual practice. Also, by understanding how and why this staffing process has changed over the last 10 years, those responsible for current change efforts can build upon previous success and better avoid earlier pitfalls.

To assist in this regard, the U.S. Merit Systems Protection Board (MSPB) reviewed the methods the Federal Government used to fill more than 40,000 professional and administrative jobs in 1984. This was then compared to and contrasted with the methods used to fill over 26,000 similar jobs in 1992. This report contains the results of that review. It discusses the degree to which different approaches affect the ability of Federal managers to attract and hire highly qualified individuals representative of all segments of society. It concludes with some recommendations for further change and some caveats regarding the process of change.

In September 1993 the Vice President's National Performance Review released its report titled "From Red Tape to Results: Creating a Government that Works Better & Costs Less." Among the issues it discusses is the way the Federal Government attracts and hires its employees. Adding its voice to a sizable chorus calling for fundamental changes in the staffing process, a major action called for in the report is to:

> *Give all departments and agencies authority to conduct their own recruiting and examining for all positions, and abolish all central registers and standard application forms.*

The general thrust of this recommendation has roots that go back to the beginning of the competitive civil service system. The Civil Service Act of 1883 delegated to individual Federal agencies the authority to recruit and

examine applicants through agency-run "boards of examiners." Dissatisfaction with some of the early boards resulted in a significant centralization of examining starting in 1924 and continuing until World War II, when the need to quickly expand the Federal workforce almost fivefold dictated a return to a more decentralized "boards of examiners" approach. In 1949, the first Hoover Commission recommended giving primary responsibility for recruiting and examining Federal employees to the agencies. And so it has gone. Attempts at decentralization have been followed by greater centralization which in turn have led to renewed calls for decentralization.

Where are we now in this swing between centralization and decentralization and how do we reach equilibrium? To provide some answers, the Merit Systems Protection Board (MSPB) examined the six primary methods or authorities used to select new entrants for professional and administrative positions in calendar years 1984 and 1992. Those six methods are:

1. **OPM certificates:** Selection by a department or agency from a list of candidates rated and placed in rank order by Office of Personnel Management (OPM) staff.
2. **Agency certificates:** Under a delegation by OPM of examining authority, selections are made from a list of candidates rated and placed in rank order by staff of the employing department or agency using procedures prescribed by OPM.
3. **Direct hires:** An authority granted by the Office of Personnel Management, usually because of evidence of a shortage of candidates, which—under ideal conditions—allows an agency to make a job offer to any candidate they find who meets the qualification requirements for the position to be filled. In practice, however, agencies often must rate and rank these candidates, give deference to veterans preference, and hire from among the top three candidates available.
4. **Outstanding scholars:** An authority that allows employing agencies to hire—without further examination—college graduates whose grade point averages at the bachelor's degree level are at least 3.5 (on a 4.0 scale) or who are ranked in the top 10 percent of their graduating classes.
5. **Co-operative education:** On behalf of one or more of their students, a college or university may enter into a formal work-study agreement with a Federal agency and, upon graduation and successful completion of the work-study program, the student may be appointed to a permanent position by that agency without competition.
6. **Internal placement:** For purposes of this study, this is the movement of a Federal employee from a non-professional or non-administrative job—typically an employee in a lower-level clerical, technical, or support position—into a professional or administrative job through competitive merit promotion selection.

This study also examined selection through a seventh method—the **Schedule B-PAC Authority** which was available in 1984 but was abolished in 1990. This authority provided almost complete discretion to individual

Federal departments and agencies to determine how they would recruit and select new employees. Since experience under this now expired authority may be the closest the Federal Government has had to a completely decentralized hiring system, it was included in this review.

A major focus in this review was on the effect each of the selection methods or authorities had on: (1) the representation of women and minority group members in the Federal professional and administrative workforce; and (2) the quality of that workforce. Clearly, a highly qualified and representative workforce is a necessity if the Federal Government is to effectively and efficiently carry out its many responsibilities on behalf of the American public.

Key Findings

- **When we examine how professional and administrative jobs were filled in 1992 compared to 1984, we see that significant changes have occured.**

  Use of certificates prepared by OPM and by agencies under delegated examining authority declined. Conversely, use of direct hire, internal staffing (merit promotion), the Co-operative Education Program, and the outstanding scholar provision increased. The Schedule B-PAC authority did not exist in 1992 but was used to fill 12 percent of the jobs in 1984.

- **In 1992, the use of OPM certificates accounted for less than one out of every five (19 percent) new placements into professional or administrative jobs—down from almost one out of three (32 percent) jobs filled that way in 1984.**

  The way in which OPM certificates are produced has also changed over time. Rather than being prepared primarily from standing lists of candidates who responded to generic announcements, in 1992 most OPM certificates were prepared after applicants applied in response to notices of specific job vacancies.

  In both 1984 and 1992, when compared to the other selection methods studied, OPM certificates yielded the lowest percentage of minorities hired (15 percent and 16 percent respectively). Moreover, individuals selected from OPM certificates in 1984 tended, as a group, to be "average" in quality when reviewed in 1992 (based on such indicators as number of promotions since entry, number who moved into supervisory or managerial jobs, number and dollar amount of performance awards received, and the average of all performance ratings over a six year period. Women comprised 38 percent of the selections from OPM certificates in 1992, up from 31 percent in 1984.

- **In 1992, agency certificates accounted for 17 percent of new selections into professional and administrative jobs, down slightly from 20 percent in 1984. Agencies reported that use of agency certificates helped them fill their positions more quickly and helped them better coordinate their recruiting and examining activity—but at an increased cost in staff and other administrative resources.**

Overall, when reviewed in 1992, the quality of employees selected from agency certificates in 1984 for entry-level (GS-5 and 7) professional and administrative jobs was below average. The quality improved for selections at grades GS-9 and above.

When agency certificates were used to select employees, minorities accounted for 19 percent of the selectees in 1992 up slightly from 17 percent in 1984. Agency certificates, therefore, were slightly better than OPM certificates in bringing minorities into the Federal workforce. The percentage of women selected from this source in 1992 jumped to 39 percent compared to 23 percent in 1984.

- **The use of direct hire procedures to select employees for professional and administrative jobs increased to 29 percent in 1992 from 22 percent in 1984. Despite the increased usage, however, agencies reported that increased emphasis on the application of strict procedural requirements has made this process less attractive than it otherwise would be.**

  Based on our quality indicators, in aggregate, 1984 direct hire entrants selected at GS grades 5 and 7 rated somewhat above average in 1992; those selected at GS grades 9 and 12 rated about average; and those selected at GS grades 11 and 13-15 rated below average.

  Nearly one-fourth (23 percent) of all direct hire selections in 1992 were minorities, compared to 19 percent in 1984. Representation of women also increased, rising to 38 percent in 1992 from 25 percent in 1984.

- **Use of the outstanding scholar provision as a selection source increased substantially to 9 percent of all selections covered by this study in 1992, up from just 1 percent in 1984.**

  In both study years more than half of all outstanding scholar selectees were women (57 percent in 1991, down slightly from 61 percent in 1984). Intake of minorities through this method was 17 percent in 1992 (about the same as for OPM certificates) down from 23 percent in 1984. This latter point is ironic since this provision was created to provide an alternative hiring means to help address an imbalance in the hiring of African-Americans and Hispanics.

  In aggregate, outstanding scholars selected in 1984 at both GS grades it covers (5 and 7) rated above average when measured by our quality indicators in 1992. This finding is inconsistent with other studies which indicate that Grade Point Average is not a particularly good predictor of future job performance. The inconsistency may result from the relatively small number of individuals selected through this process in 1984.

- **The Co-operative Education Program accounted for 4 percent of the selections for this study in 1992, compared to 1 percent in 1984.**

  Agencies particularly like the facts that (1) the participating schools absorb most of the program's recruiting effort, and (2) agencies gain name recognition on participating campuses. Agencies also identified two OPM requirements concerning this program that they believed

should be changed to make the program fairer and more useful.

Based on our quality indicators, 1984 co-op selectees at GS grades 5 and 7 tended to be about average in 1992. Because of their small numbers, we weren't able to assess the quality of co-op selectees above GS grade 7.

About one-fourth (26 percent) of 1992 co-op selectees were minorities, down from 31 percent in 1984. And in both study years, 47 percent of the selectees were women.

- **Over one-fifth (22 percent) of the 1992 professional and administrative selections covered by this study were made through internal selection (merit promotion) procedures—up substantially from the 12 percent in 1984.**

  Agencies were mixed in their views of the quality of selections made through merit promotion. Overall, merit promotion selectees had above average ratings on many of the seven quality indicators (especially quality step increases earned, performance ratings, and numbers of awards received), but they consistently rated below average or well below average on one important indicator—the number of promotions received since selection.

  The comparatively low promotion rate for employees entering professional and administrative positions through merit promotion may be related more to education level than selection source—when only the merit promotion selectees with college degrees are examined, their promotion rates are similar to promotion rates for other sources.

  Fully one third (33 percent) of all 1992 merit promotion selections were of minorities, up from 21 percent in 1984. And 67 percent of all merit promotion selections in 1992 were of women, down slightly from 71 percent in 1984.

- **The Schedule B-PAC authority accounted for 12 percent of all hiring covered by this study in 1984, but was abolished in 1990. While this special authority gave agencies almost total control of the recruiting and selection process, it also required the use of substantial agency resources.**

  In 1984 this authority had the highest proportion of minority intake. Fully one-third (33 percent) of the selectees were minority. It also was a good source for women, who made up 47 percent of the intake that year.

  Our quality indicators suggest that in aggregate the individuals selected through this process were about as good as, but no better than, those selected through other hiring methods.

Conclusions

As major and highly visible efforts are being made to "reinvent" the way in which the Government recruits and selects employees, a review of the quiet but very significant evolution that has already occurred is quite enlightening.

Clearly, for example, over the last ten years individual Federal departments and agencies

have assumed the lion's share of the responsibility for and control over the recruitment and examination of new employees in the hundreds of thousands of professional and administrative positions within the executive branch. Were OPM's central registers to be abolished tomorrow, that action would have no effect on how over 80 percent of those jobs currently are filled.

Perhaps more significantly, throughout this quiet shift of authority and control to the agencies: (1) there have been no major outcries proclaiming a return to the "spoils system;" (2) fears that we might experience a significant decline in the quality of the Federal workforce appear unfounded, and (3) the Federal workforce has grown significantly more representative of the nation's diversity (although the improvement in representativeness has been uneven among racial and ethnic groups).

Does this suggest that we should leave well enough alone? Has the quiet evolution in Federal recruitment and selection dispensed with the need for a more orchestrated effort to create change in this area? The answer is no. The reason is that the evolution has been uneven and not without its own set of problems.

For example, the current approach to Federal recruitment and selection is very fragmented and there's no clear understanding of how those fragments fit together. One result is that it is still much too difficult for the average citizen to learn about how one gets a job in the Federal Government. In addition, it's clear that not all selection methods yield the same results in terms of quality or workforce representativeness. Many managers, however, pursue what they believe to be the most timely staffing method because they are unconvinced that alternative methods are more effective or they believe—often with justification—that the available alternatives are simply too hard to use.

Our goal, therefore, should be to learn from the experiences of the last several years. We should retain the benefits of the gradual changes that have occurred while eliminating some of the disadvantages and problems that have been experienced. For example:

—**The interaction of two staffing requirements embedded in Federal personnel law--veterans preference and the "rule of three"--is widely viewed as an impediment to good hiring practices.** In fact, a good portion of the evolution in hiring methods that has occured may have been molded by agency reaction to the combined effects of these two requirements rather than by a desire to use the best selection tools available. Ironically, the goals of the veterans preference law may be more effectively met by alternative hiring approaches that do not use a "rule of three" (which requires managers to select from among the top three available candidates referred for employment consideration).

—**The potential usefulness of the written exams results have often been overlooked.** This is largely because written examinations—even when validated and proven effective at making meaningful job-related distinctions among large numbers of candidates—have developed a reputation of being administratively unwieldy and outdated. That reputation,

however, appears to be a consequence of the rather clumsy way in which examinations often have been used.

—**The uneven quality of merit promotion selections made for people initially entering professional or administrative jobs suggests that managers need to use the best possible selection tools when choosing people from other career fields.** Using merit promotion procedures to choose individuals for entry into professional and administrative jobs introduces an important new dynamic to the staffing process. Since these action affect people already in the Federal workforce, merit promotion can be a key part of any agency's effort to broaden employees' career opportunities and provide upward mobility.

—**Care must be taken to ensure that the resources and capacity of the Office of Personnel Management are not diminished so quickly that the office is unable to respond to agency requests for assistance or collaboration in the staffing area.** The value and positive effects of oversight, guidance, and assistance from OPM should not be completely overshadowed by the well-documented problems inherent in the more centralized process-driven examination process used in the past. There was good along with the bad.

The following recommendations should help shape the Federal Government's future approach to examination and recruitment to ensure that it involves decisions based on a conscious strategy designed to achieve the best balance possible among the competing factors of cost, timeliness, and quality results.

Recommendations

The Office of Personnel Management should:

1. Propose legislation leading to creation of an alternative to, or abolishment of, the statutory "rule of three."
2. Place continuing emphasis on development of assessment tools—perhaps on a reimbursable basis—to be used by agencies in selecting candidates for various jobs, and provide assistance in determining how and when the use of those tools would be appropriate.
3. Continue the effort (begun with the ACWA examination series) of finding new and better ways to use existing examination tools to enhance their value as the move to decentralization escalates.
4. Seek court approval to abolish the court-established Outstanding Scholar appointing authority once case examining hiring procedures centering on revised use of the ACWA examinations are in place.
5. Revise the Co-operative Education Program to: (a) extend the "window of opportunity" for conversion to a competitive service appointment following completion of the program; and (b) reduce from 1,040 to 640 the number of hours a co-op student enrolled in a 2-year associate degree program must work to complete the program.
6. Retain the resources and capacity to fulfill its statutory requirement for an oversight program that ensures staffing authorities delegated to agencies are used in accordance with the merit system principles.

7. As the burden for staffing is shifted to agencies, ensure that each agency's system has the structure, expertise, and resources necessary—including an oversight mechanism—to protect the principles of merit.

Federal Departments and Independent Agencies should:

8. Focus attention on strategies for assisting line managers in the exercise of substantially greater authority and responsibility for staffing.
9. Provide line managers and personnel office staff members with a clear understanding of what constitutes good personnel management practices and how those practices contribute to a better, more efficient Government.
10. Ensure the presence of adequate expertise in human resource management to provide training, guidance, and technical assistance to the staffs responsible for the staffing process.
11. Develop and maintain an internal self-evaluation capability to prevent or detect and correct poor personnel management practices, including violations of applicable laws or regulations.
12. Cooperate and collaborate fully with OPM in the development or refinement of candidate assessment methods for jobs common to many Federal agencies.
13. Hold managers and their supporting personnel office staffs clearly and publicly accountable for their staffing actions, and the results of those actions.

Introduction and Background

The Federal Government has more than 800,000 employees in professional and administrative positions. Some of these employees are engineers or scientists; others are law enforcement agents; still others are budget analysts, accountants, librarians, psychologists, nurses, and others in a total of approximately 290 different occupational areas.

The number of first-time entrants into Federal professional and administrative jobs each year is substantial—but declining; for example, in 1984 the figure was 40,610, compared to 26,064 in 1992. On average, a large proportion (about two-fifths in 1992 compared with slightly over half in 1984) start out in entry-level jobs, with the rest filling jobs at midlevel or senior-level grades that currently pay between $27,789 and $86,589 annually.[1]

The Merit Systems Protection Board's interest in knowing more about how the Government identifies, winnows down, offers jobs to, and ultimately hires candidates for professional and administrative jobs led to this study. Knowing that this process can be accomplished several different ways, we set three objectives for this report. They were to learn: (1) whether the various hiring authorities[2] are used equally; (2) what effect each authority has on the current and long-term demographic composition of the Federal workforce; and (3) whether the different authorities lead to the selection of equally qualified individuals.

Methodology

One information source for this report was the directors of personnel for the 23 largest departments and independent agencies,[3] who completed a questionnaire concerning their agencies' use of the employment authorities covered by this report. Through this questionnaire the directors of personnel also provided their opinions about the most positive and negative aspects of each of the authorities, and what changes they would like to see in the authorities.

We also considered supervisors' responses to three questions in MSPB's 1992 Merit Principles Survey. These questions focused on: (1) the quality of applicants for jobs in the supervisors' work groups over the 3 years preceding their receipt of the survey and (2) the candidate source for, and performance of, the professional or administrative candidates most recently employed since January 1, 1990. We received usable responses from 552 supervisors or managers.

From its Central Personnel Data File (CPDF), OPM provided us data tapes that contained

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[1] Minimum and maximum pay rates, respectively, for General Schedule (white-collar) grades 9 and 15 as of January 1994. These rates do not include locality increases authorized in January 1994.

[2] In this report we use "hiring mechanisms," "staffing mechanisms," and "authorities" interchangeably. These terms all refer to mechanisms established by specific civil service laws, regulations, or executive orders. Each serves as the authority for making an appointment under certain conditions or circumstances.

[3] The questionnaires were sent to the directors of personnel of the Departments of Agriculture, the Air Force, the Army, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, the Interior, Justice, Labor, the Navy, State, Transportation, the Treasury, and Veterans Affairs, and of the Agency for International Development, the Environmental Protection Agency, the General Services Administration, National Aeronautics and Space Administration, the Office of Personnel Management, and the Small Business Administration. We received replies from all of them.

employment information about all of the individuals who first entered professional or administrative Federal jobs during 1984 and 1992. We selected 1984 as our comparison year because it was the most distant year for which the CPDF contained most of the information we wanted.

The data in the CPDF tapes permitted analysis of the relative use of the various hiring authorities during the 2 study years, as well as comparisons of the race and national origin (RNO) and education profiles of the people selected during those years. The 1984 data also provided turnover information and included some measures that we used as indicators of quality. Throughout this report we have used rounded whole numbers in the various figures and tables that report the percentage data from the OPM tapes.

We also collected information from: delegated examining units operated by departments or agencies under authority delegated by OPM; OPM Service Centers, including the Macon, GA, Staffing Service Center; Federal Job Information Centers; State employment service offices; and the career services office of one university.

Background

With roughly 1.8 million full-time, permanent, civil service employees (and over 2.1 million total civilian employees[4]), the Federal Government is the largest employer in the United States. Reflecting the nature of much of the work of the Federal civil service, more than one in every three Federal employees (35 percent) has at least a bachelor's degree.[5] Further, as figure 1 shows, almost half (over 46 percent) of all Federal employees are in professional or administrative jobs.

The Three Study Issues

How the Federal Government's hiring process works is the first issue addressed by this report. A common perception about the Government's hiring process is that it always involves three steps: (1) you must take and pass an examination; (2) you are placed on a list of qualified candidates in an order determined by your exam score; and (3) someone contacts you with a job offer. Very often today, this is anything but true.

Within the past 10 years the Federal Government has experienced shortages of qualified applicants in many job fields while also experiencing literally thousands of qualified applicants vying for a relatively few jobs in other job fields. These dynamics, plus recent OPM efforts to expand delegations of personnel authority and to place that authority as close as possible to line managers, have caused many changes in the hiring process and the procedures associated with it.

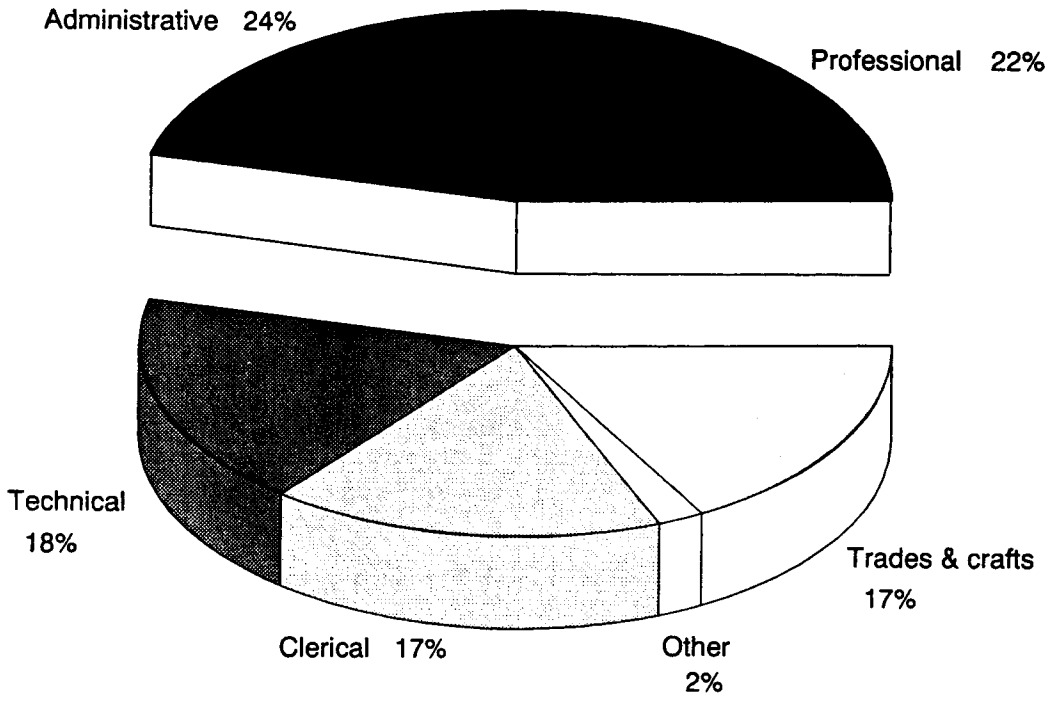
One result is that a variety of hiring procedures are in use and, taken together, they aren't particularly applicant-friendly. While our report is aimed primarily at Federal personnel policymakers, its explanation of the key hiring processes should help all interested readers understand how Federal hiring works.

Our discussion of Federal hiring processes doesn't cover every possible hiring authority.

[4] Both figures are exclusive of the Postal Service, the Tennessee Valley Authority, the judicial branch, most of the legislative branch, and certain intelligence agencies of the executive branch.

[5] U.S. Office of Personnel Management, "Profile of the 'Typical' Federal Civilian Non-Postal Employee, September 30, 1991," by Christine E. Steel, undated. This is also the source for the rest of the information in this paragraph.

Figure 1. Distribution of the Federal Workforce by Occupational Category, September 1991



Source: U.S. Office of Personnel Management

Rather, it concentrates on six key authorities through which the great majority of permanent professional or administrative jobs in the Government are filled. (A seventh authority, now abolished, is discussed where appropriate for comparison purposes.)

The second issue we cover is the effect of the various hiring authorities on workforce demographics. As table 1 shows, the total Federal civilian workforce is similar to the U.S. national civilian workforce in terms of overall representation of various racial and national origin groups. We couldn't find figures comparing only the professional and administrative segments of the Federal and national civilian workforces. Table 2 shows similar information concerning the representation of women in the overall Federal and national workforces.

Introduction and Background

Table 1. Racial/National Origin Composition of the Federal and National Civilian Workforces

Race/National Origin	Percent of 1991 Federal Workforce*	Percent of 1990 National Labor Force+
White not of Hispanic Descent	72.3	85.9
Black	16.8	10.8
Hispanic	5.4	7.7**
Asian-Pacific Islander	3.6	3.3++
Native American	1.9	

* Data are from OPM factsheet "Profile of the 'Typical' Federal Civilian Non-Postal Employee," September 30, 1991.

\+ Data are from U.S. Department of Labor, Bureau of Labor Statistics, "Monthly Labor Review," November 1991, vol. 114, No. 11., p. 33. These figures include noncitizens ineligible for permanent Federal employment.

** Department of Labor data state that "persons of Hispanic origin may be of any race." Consequently, totals for this column exceed 100 percent because Hispanics have also been included in the other RNO groups.

++ The Department of Labor uses the term "Asian and Other," which includes both Asian-Pacific Islanders and Native Americans.

Table 2. Representation of Women and Men in the Total Federal and National Civilian Workforces

Sex	Percent of 1991 Federal Workforce*	Percent of 1990 National Labor Force+
Female	43.3	45.3
Male	56.7	54.7

* Data are from OPM's "Federal Equal Opportunity Recruiting Program Annual Report to Congress, Fiscal Year 1992," Jan. 1993, p. 35.

\+ Data are from U.S. Department of Labor, Bureau of Labor Statistics, "Monthly Labor Review," November 1991, vol. 114, No. 11., p. 41. These figures include noncitizens ineligible for permanent Federal employment.

Despite presenting an overall race and national origin profile roughly equalling that of the national civilian workforce, the Federal workforce isn't representative in all occupations at all grade levels. Further, women are overrepresented in certain occupations and at the lower grades, and underrepresented in other occupations and at higher grades.

Such disparities are of concern because the United States cannot afford to exclude the talent of any individual or group of individuals from the workplace. The public correctly expects Federal jobs to be filled through fair and open competition and selection to be based on relative knowledge and abilities—expectations central to the merit system. Because staffing authorities are the tools through which managers carry out their responsibility to achieve these ends, we wanted to know how the various authorities contribute to achieving workforce representativeness.

The final issue we address is the relative quality of the people selected through the various hiring authorities. Since there are multiple ways to enter professional and administrative jobs in the Federal Government, it's fair to ask whether each entry method yields equally qualified selections. We've used several data elements from the CPDF to offer insights into the relative quality of individuals selected in 1984 through the mechanisms covered in this report.

The Study Workforce

Our focus was on competitive service jobs—those executive branch jobs, found in most departments and agencies, that by law are subject to a competitive examining process. Within this larger group, we concentrated only on individuals who entered professional or administrative jobs through any of the staffing authorities we reviewed. Specifically, for 1984 we reviewed the following seven key authorities:

- OPM certificates (the process through which eligible candidates are referred by OPM);
- Agency certificates (the process through which eligible candidates are referred by agency offices that have examining authority delegated by OPM);
- Direct Hire (procedures applied when there is a shortage of candidates, which are intended to expedite the hiring process by reducing or eliminating the need for ranking eligible candidates);
- Schedule B-PAC (special hiring procedures that were adopted in 1982 and abolished in 1990, and which applied only to entry-level jobs in certain occupations);
- Outstanding Scholar (special hiring procedures established by court order in 1982, which apply to the same occupations that were covered by Scheduled B-PAC authority);
- Co-operative Education Programs (special work-study program that allows program participants to be employed without competition after they successfully complete the program); and

- Merit promotion (the means through which Federal employees compete for advancement within the Federal service).

Since the Schedule B-PAC authority was abolished in June 1990, our 1992 focus was on the remaining six authorities.

Some Basic Rules Concerning Recruiting and Examining

Recruiting and competitive examining are governed both by law and by OPM's implementing regulations.[6] The law concerning recruitment requires adequate public notice of competitive service jobs, including advertising job opportunities through State employment service offices.

Then regardless of its form, the examining system must assign a numerical rating to each qualified applicant because the veterans preference laws require that 5 or 10 additional points be added to the passing scores of individuals eligible for veterans preference. OPM has established a minimum passing score of 70 out of a possible 100 points. All who pass the examination appropriate for whatever job they are seeking will thus be eligible, in the order of their numerical scores, for appointment.

The difficulty of meeting these requirements is apparent when one considers that the Government must examine for more than 175 different blue- and white- collar job categories assigned to 15 different white-collar grades and a similar number of blue-collar grades (each grade represents a different level of work difficulty).

In appendix 1 we provide more detailed information about two overriding rules that affect all Federal hiring. Appendix 2 contains more information about different ways candidates are examined, and explains how candidates are subsequently notified of their eligibility for selection.

Recruiting Terms and Concepts Used In this Report

Readers need to be familiar with certain terms that appear in this report and the concepts that we have used that establish the framework within which Federal managers select and hire employees. We define many of the terms in context as they first appear in the text, and also present the most important ones in glossary form in appendix 3.

[6] The legal basis is 5 U.S.C. Chapter 33 (Examination, Selection, and Placement), Subchapter 1 (Examination, Certification, and Appointment). OPM's implementing regulations are found in 5 CFR Part 332 (Recruitment and Selection Through Competitive Examination). Further implementing guidance was found in the Federal Personnel Manual (FPM), although the FPM—in the form that existed when this study began—was abolished in January 1994. Some implementing guidance has been retained in a different form.

Filling Professional and Administrative Jobs

The Office of Personnel Management is a key player in the staffing process, as are the numerous Federal departments and agencies, whose line managers, supervisors, and supporting personnel office representatives all have significant recruiting and selection roles.

Since 1979, when Civil Service Reform Act (CSRA) implementation began,[7] the staffing process has changed significantly. On the whole, the changes have increased agencies' staffing authority as OPM has delegated examining authority to agencies in many circumstances and has increased the use of "direct hire" authority for hard-to-fill vacancies. Even in situations where OPM remains responsible for examining, in many cases the process has changed.

Overall, the changes have increased managers' involvement in hiring, although managerial control of the system—a goal envisioned by CSRA and more recently reiterated by the Vice President's National Performance Review—remains largely elusive. Still, progress towards the CSRA goal of decentralization has occurred.

In this chapter we discuss seven major authorities (one of which was abolished in 1990) for filling professional and administrative jobs. We also discuss and support an OPM proposal to change how a large number of entry-level professional and administrative jobs are filled.

Figure 2 shows that these authorities are not used in equal proportions. Neither has their relative use remained constant over time. The changes in their relative use between 1984 and 1992 are indicative of three interacting forces: (1) external job market and pay pressures affecting Federal hiring, (2) policy decisions implemented by OPM to meet both those external pressures and other pressures that have originated within the Federal community; and (3) drastic reductions in hiring as many Federal agencies have reduced their employment levels.

1. Selection From an OPM Certificate

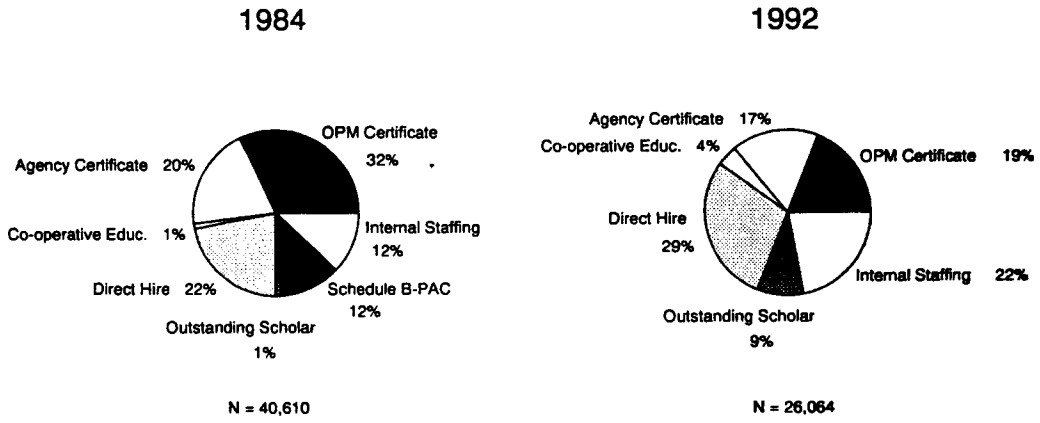
This has long been the traditional civil service hiring method, through which a central examining and referral organization largely controls the process. The rules have been changing, however. "Central control" doesn't mean today what it meant even a few years ago. In addition, Federal use of this hiring method is decreasing.

As figure 3 shows, during 1984 almost one-third (32 percent) of the more than 40,600 jobs covered by this report were filled by selections from certificates prepared by OPM. As the figure also shows, it was the selection source for only about one-fifth (19 percent) of the more than 26,000 jobs filled in 1992.

If, as a consequence of the Vice President's National Performance Review, there's reason

[7]The Civil Service Reform Act of 1978, which was passed at the urging of President Jimmy Carter, represented a major overhauling of the Federal civil service. Among its major goals was the decentralizing or delegation of many personnel authorities so that personnel management decisions could be made at or closer to the managerial level responsible for the decisions. The law was passed on Oct. 13, 1978, with most provisions of the Act to take effect 90 days after that date.

Figure 2. Professional and Administrative Job Intake Sources Covered by This Report



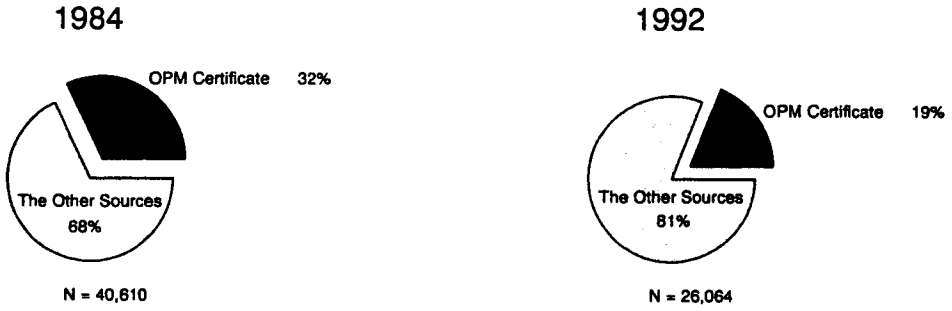
to doubt that hiring from certificates prepared by OPM will remain a means of hiring, **why examine this process?** One reason is that one form of this process (register hiring) represents the most efficient way currently available to conduct large-scale hiring for occupations where large numbers of new hires are needed periodically. Another reason is that the mechanics of hiring through this process are basically the same whether the hiring is administered by OPM or by an agency.

Thus, even if OPM ultimately gets completely out of the business of examining and referring candidates, the offices that replace OPM in performing this task will benefit from an understanding of the strengths and weaknesses of centrally examining candidates, together with knowledge of how the process can be made more attuned to individual agencies' needs. In addition to the discussion in this section, we provide information about the mechanics of this process, and what agencies said about it, in appendix 4.

Under the OPM certificate process, an applicant goes directly to OPM, where the examining subsequently takes place. The application may be in response to a specific job announcement, or may be "blind," in which case passing the examination will lead to the applicant's name being placed on a register for subsequent referral as appropriate. The examination that OPM administers may be an actual written test (assembled examination) or take the form of a review of each individual's qualifications (unassembled examination).[8]

[8] See appendix 1 for more information about these Federal examining processes.

Figure 3. Selections from OPM Certificates



Hiring professional or administrative employees from an OPM certificate can take place at many grades, as table 3 shows. The table also shows that, between 1984 and 1992, OPM certificates increased in importance as an entry source for GS grades 12 and above; decreased in importance for GS grades 7 and 9, and remained proportionately constant as an entry source for GS grades 5 and 11.[9]

When an agency wants to hire someone for a job being filled through the OPM certificate process, it requests a certificate of eligibles from OPM. How that list is developed depends on whether: (1) the job is being filled from a standing inventory, or register[10] (one for which OPM has already conducted examining and has a register in place); or (2) applications have to be solicited because there is no register, or the register has too few names to permit referring sufficient choice to the selecting official.

When the job is filled from a standing register, OPM lists—in rank order (including additional points and proper treatment of preference eligibles)—the names of a small number of top ranked candidates from the register. There should be enough names on the certificate to permit choice from among at least three candidates and, under a "rule of three," agencies are required to select from among the top three candidates available.[11]

[9] The lowest grade level for a professional or administrative job is GS-5. In most instances the even-numbered grades below GS-12 are not used for these jobs. Thus, their normal grade progression (and usual hiring grades) are GS grades 5, 7, 9, 11, 12, 13, 14, 15. The higher the GS grade, the greater the job's difficulty and level of responsibility.

[10] A "register" is a standing inventory of qualified candidates listed in rank order including additional points for veterans preference status. The office maintaining the register refers candidates to agencies for consideration as the agencies request them. As we note later in the text, OPM today maintains registers almost exclusively for entry-level (GS grades 5 and 7) jobs. Agency examining offices may also maintain registers for jobs at all grade levels for which they are delegated examining authority. More information is provided in appendixes 2 and 3.

[11] Information about the "rule of three" and about veterans preference is presented in app. 1.

Table 3. Distribution by Initial Appointment Grade of Individuals Selected From Certificates Issued by OPM, 1984 and 1992

Appointment Grade	Percent 1984	Percent 1992
GS-5	11	10
GS-7	21	16
GS-9	30	22
GS-11	19	19
GS-12	13	17
GS-13 through GS-15	5	17

NOTE: Column totals do not equal 100 percent because of rounding and because some appointments were at GS grades 6, 8, and 10.

Registers may have many or few names. Where they have many names, it isn't unusual for OPM to use veterans preference or daily random numbers, or both, to break ties in determining which candidates to refer. A person's name is placed on only one certificate at a time, so an increase in hiring from OPM registers means that larger numbers of candidates are considered at any one time. Agencies can influence the content of a certificate by asking for a particular candidate under a process called "name request." The examining office will include on a certificate the name of a requested candidate if that person has scored high enough to be listed among the top three eligibles.

Today, certification from an OPM standing register generally occurs only at GS grades 5 and 7. At grades above GS-7, OPM certificates are usually based on case examining.[12] In looking at table 3 it's clear, then, that in 1992 only about one of every four jobs filled from certificates prepared by OPM was filled from a standing register.

When the case examining process is used, the hiring agency provides OPM with information necessary to advertise and fill the job, including how and where to apply, the application deadline, and what, if any, special knowledge, skills, or abilities are required. OPM examines the candidates and issues the certificate.

Some OPM offices use a process called "shared examining." This process involves the hiring agency in virtually every step

[12] The case examining process and other examining procedures are discussed in app. 2.

(often including the rating of the candidates) but OPM retains authority for issuing the certificate. Shared examining increases the hiring agency's workload, but also gives that agency an opportunity to control much of the process. In a further refinement of this concept, OPM's San Francisco Region allows agencies to add criteria to the rating schedule used to score applicants. This allows agencies to focus attention during the rating process on unique aspects of their jobs, and should result in better matches between candidates and job needs.

Agencies fault hiring from OPM certificates on five grounds:

- The process takes too long.
- The applicants referred often aren't available.
- The quality of the applicants referred often isn't very good.
- It's hard to achieve affirmative employment goals when hiring through this source.
- The link between agency recruiting and hiring those whom the agencies recruit is tenuous at best, and often nonexistent, especially when hiring from registers.

OPM has documented that, on average, in Fiscal Year 1991 it took 86.5 days to fill a job by hiring from a "civil service certificate" (which included both certificates issued by OPM and those issued by agencies with delegated examining authority, the process discussed next).[13] That's the longest time required to fill a position through the methods included in the OPM report. Putting this in perspective, the OPM study also found that direct hire appointments (which took the least time, and which also are discussed later) took an average of 61.6 days.

Agencies' quality concerns focus on how much better agency examiners know the specific needs of the hiring organization, and thus how much more able they are than OPM to identify the best qualified candidates for the specific job. Our quality indicators suggest this argument may not hold water at the lower (GS grades 5 and 7) levels, but appear to support the agencies' perception for selections above GS grade 9.

Our study suggests that some of the perceptions agencies hold about hiring from OPM certificates may be inaccurate. As we'll see in more detail later: (a) OPM certificates have contributed reasonably well to the overall race and national origin distribution of the Federal workforce; and (b) candidates selected from OPM certificates in 1984 have measured up reasonably well through the intervening years in terms of our quality indicators.

Agency concerns about the absence of a good link between agency recruiting and OPM referrals for hiring are not necessarily accurate, although they may be for some jobs at some grade levels. It may be more true at the lower levels, and especially when the job is being filled through one of the four heavy-use ACWA (Administrative Careers With America) examinations.[14] Then, sheer numbers of applicants, the broad geographic areas

[13] U.S. Office of Personnel Management, "Federal Staffing Timeliness: OPM Governmentwide Review," October 1992, pp. 12-13. Other staffing processes included in this OPM review and also included in our study are direct hire authority and agency merit promotion processes.

[14] These are: Group 3 (Business, Finance, and Management Occupations; Group 4 (Personnel, Administration, and Computer Occupations); Group 5 (Benefits Review, Tax, and Legal Occupations); and Group 6 (Law Enforcement and Investigation Occupations). Some 13,000 to 25,000 names are on each of these four registers, and approximately 300 to 2,000 individuals have been hired from each since they were established. Group 6 has had the most hiring activity.

covered (region or nationwide), and the general nature of the examination (which focuses on measuring potential for a number of jobs) combine to strongly diminish the value of agency recruiting.

Under other circumstances, however, agency recruiting can pay off, even for jobs being filled from OPM registers. For example, when auditors were being hired from OPM certificates without the benefit of direct hire authority, agencies that had aggressive recruiting programs were able to reach the candidates they wanted, according to a report prepared by the President's Council on Integrity and Efficiency. We quote:

> *Agencies which have had the most success with [the OPM Staffing Service Center at] Macon have identified high quality candidates through active recruiting campaigns, assisted applicants in completing the forms, aided applicants in getting their names on the register, etc. The successful agencies have used name requests (quality was shown to increase when agencies used name request; however, agencies overall have name requested only 11 percent of the time).*[15]

More often than not, agencies' complaints about both quality and the lack of a strong tie between recruiting and referral on OPM certificates for selection come down to complaints about veterans preference and application of the rule of three. Fairly or not, many agencies complain strongly about veterans preference preventing them from reaching the best qualified applicants. (To quote one of the agencies, "Veterans with limited experience can block registers, preventing the appointment of more highly qualified candidates.")

Discussions with agency personnel disclosed that at least some of the time the problem was even more specific: agencies couldn't reach candidates they had recruited.

Two components of the Department of Agriculture are currently operating in the third year of a 5-year demonstration project that tests alternate staffing procedures. This demonstration project is being closely watched because it is widely viewed as a potential model for what Federal staffing should look like in the future.

Two hallmarks of the USDA demonstration project are a different way to rate and rank candidates (which permits the selecting manager to consider more than the top three available candidates), and an alternate way to recognize veterans preference. While generally hailed as an improvement over the current rule of three and veterans preference procedures, the second annual evaluation report of this demonstration project[16] reports that the USDA managers working under the alternate procedures either are <u>not</u> satisfied with, or have <u>not</u> perceived the achievement of, three key expected gains:

- <u>Hiring Speed</u>. On page 13 the evaluation report states that "There is little difference between mean length of hiring speed in the demonstration and comparison sites." This is reinforced on page 15: "For both agencies, the Manager Survey results revealed no difference between demonstration and comparison site managers in the perception of hiring speed." However, further into page 15 we learn "case study interviews indicated considerably more satisfaction with

[15] President's Council on Integrity and Efficiency, "Entry Level Hiring of Auditors by Inspectors General: Evaluation of the Macon Inventory System," Washington, DC, September 1985, p. 12.

[16] Institute for Policy Research and Evaluation Center for Applied Behavioral Sciences, The Pennsylvania State University, "USDA Demonstration Project Second Evaluation Report," April 1993.

reduction in the time to hire new employees [than these other sources indicated].

- Quality Grouping Criteria. On page 23 the report states that during onsite interviews, "many respondents expressed dissatisfaction with the criteria by which applicants were admitted to the quality group (i.e., the group of applicants automatically referred to the selecting official as eligible for selection)." Clearly, substantial agency control over the selection process doesn't guarantee managerial satisfaction.
- Veterans Preference. On page 24 the report states that during interviews "many selecting officials reported dissatisfaction with the demonstration project's provision for absolute veterans preference. This dissatisfaction appears to be largely intertwined with dissatisfaction with the criteria for applicants' entry into the quality grouping. If assignment to the quality group is based on criteria that the manager views as too low or imprecise, candidates whom the manager views as unqualified may be included in the quality group. If a veteran is among such candidates, that individual may block the selection of other candidates viewed by the manager as qualified." This sounds very much like the complaint often raised against selections from OPM certificates, except that the veteran complaint in those cases is linked to the rule of three.

We highlight these three second-year findings from the USDA demonstration project to make a point: **alternate hiring procedures may not really solve what are perceived as problems with the current Federal hiring process.** Good selection decisions should take time, and probably always will take longer than managers want. Managers quite properly want the best persons possible for their jobs, but don't often agree (even among themselves) on how to identify those best persons. And veterans preference inevitably may be labeled as a problem whenever it prevents a manager from reaching a nonveteran perceived by the manager as being better qualified.

Hiring from an OPM certificate derived from a register offers all agencies two strong benefits that are interrelated: access to an expanded applicant pool; and an applicant-friendly hiring mechanism. Because OPM administers major nationwide examinations such as ACWA that are the basis for preparing registers, it's relatively easy for large numbers of applicants to learn about Federal jobs and how to apply for them. This enriches the applicant pool to the benefit of hiring agencies. Then, when agencies are hiring they benefit from a broader pool of eligible candidates because those successful applicants may indicate interest in job locations throughout the country and will be referred accordingly.

The truth seems to be that agencies often have considerable opportunity to influence the content of OPM certificates provided they have and are willing to expend the necessary resources. In every instance they may use the name request procedure (which has been demonstrated to be effective when coupled with agency recruiting, even when hiring from registers). When jobs are being filled through case examining and the OPM office offers shared examining, the agency gains a share of control. Similarly, the process offered by OPM's San Francisco Region provides an opportunity for agency control. And the

value of agency recruiting is enhanced when the hiring is through case examining.

One observer of the Federal civil service recently noted that " * * * it is precisely those managers who take an active role in the [recruiting and hiring] process who face the most conflict with the formal system * * *."[17] We believe that managers have the ability to avoid much of that conflict even when hiring from OPM certificates, if only they will use every staffing flexibility available to them.

2. Selection From an Agency Certificate Based on Delegated Examining

The mechanics of this process and that of selection from an OPM certificate are the same. Veterans preference applies, and the rule of three must be followed. The difference is in who performs all of the steps leading to referral of the eligible candidates. Under delegated examining authority, agency staff under agency control do the work. Agencies with delegated examining can use either standing registers or case examining. Further, they can use unassembled or assembled examinations. To meet a legal requirement concerning adequate advertising of Federal civil service jobs, however, all vacancies currently must be advertised in OPM's Federal Job Information Centers and, through OPM, in State employment service offices. Thus, OPM has remained directly involved in the job announcement stage.

Why is this process worth examining? Given the prospect that OPM will withdraw from direct participation in examining and hiring, it's likely that more use will be made of this hiring process. It's also likely that other procedures—not requiring direct OPM involvement—will be established to meet the requirement for "adequate public notice" of Federal job openings. A review of what has happened under current delegations of examining authority is important, however, since it shows that: (1) the agency workload associated with delegated examining is considerable; (2) a number of agencies with delegated examining authority reported a need for greater, and continuing, OPM assistance to make their examining offices work well; and (3) it's possible for agencies having delegated examining to use the automated examining capabilities of OPM's Macon Staffing Service Center to improve or sustain their own examining and referral services (demonstrating that gains achievable through improved use of technology don't necessarily require major equipment purchases or extensive retraining or hiring of staff).

Figure 4 shows the relative use of hiring from agency certificates in 1984 and 1992.

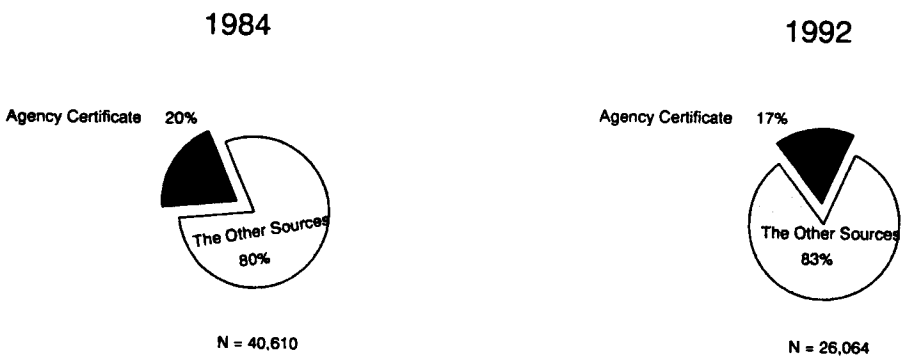
OPM is involved in three other ways: (1) initially delegating the authority to the agency; (2) helping to train the agency staff who will do the work (called delegated examining unit, or DEU, staff), and (3) conducting periodic audits of the DEU's activity. Interestingly, 5 of the 23 agencies responding to our questions characterized OPM's efforts to provide assistance and training to DEU staff as insufficient, and reported a need for both more guidance and more frequent training.

The conditions under which OPM may delegate examining authority are prescribed by law.[18] Examining authority usually is delegated in situations where the agency is the primary or sole employer of the occupation.

[17] Carolyn Ban, "Recruiting and Hiring in the Federal Government: Who's on First?," paper presented at the American Society for Public Administration annual meeting, July 1993.

[18] 5 U.S.C. 1104(a).

Figure 4. Selections from Agency Certificates



Often the delegation is for positions that are widely dispersed geographically, including nationwide or even worldwide. However, it is equally possible for examining authority to be delegated more narrowly, even to cover only a single position. The delegation may cover jobs at all professional and administrative grades (GS-5 through GS-15) or may be for only one or more of these grades. Table 4 shows the grade distribution for selections through delegated examining.

In some instances OPM has delegated examining authority for jobs which, at least on the basis of job title, are common to most or many Federal agencies. The applicable civil service law appears to prohibit this, but OPM staff explained that for these delegations it has determined that for each such specific job the likelihood is high that there are specialized requirements unique to the agency, and even to individual offices within an agency. Delegation of examining authority is thus warranted because the specific job requirements are not common to other agencies. Delegating the examining authority in these cases permits the hiring agency to apply its subject matter expertise in evaluating the qualifications of applicants for its specific jobs. In 1982 the General Accounting Office concurred with this OPM position.[19]

Obviously, accepting responsibility for examining places a greater workload on the agency. The tradeoff for this additional workload is greater control over the process—which should lead to better and more timely selections. Most agencies reported that having delegated examining made the staffing process "more responsive" or provided "more timely service" than was possible when they relied on OPM certificates. Many also said that retaining delegated examining authority requires them to pay a high price in staff,

[19] U.S. General Accounting Office, Letter B-206716, to the Director of OPM from the Director, Federal Personnel and Compensation Division, GAO, Subject: "Better Guidance is Needed for Determining When Examining Authority Should be Delegated to Federal Agencies," GAO/FPCD 82-41, July 1, 1982. GAO's view is summarized on p. 8 of the letter.

Table 4. Distribution by Initial Appointment Grade of Individuals Selected From Certificates Issued by Agencies, 1984 and 1992

Appointment Grade	Percent 1984	Percent 1992
GS-5	9	5
GS-7	35	24
GS-9	30	26
GS-11	14	20
GS-12	7	14
GS-13 through GS-15	4	10

NOTE: Column totals do not equal 100 percent because of rounding and because some appointments were at GS grades 6, 8, and 10.

especially during periods of reduced hiring or even downsizing. Several agencies indicated they are considering giving up their delegated examining authority so the staff resources dedicated to it can be used for other, more pressing, purposes. (Under reorganization proposals being considered by OPM as a result of the Vice President's National Performance Review, this option may not exist in the future.) If agency "givebacks" of examining authority occurred on a widespread basis, the result could be severe strain on the workload capacity of affected OPM service centers, particularly since staffing in many centers has been reduced because of the combined effects of (a) delegated examining reducing their direct examining workloads and (b) OPM gaining examining efficiencies through better use of automation.

Agencies reported that the improved timeliness they expected to gain from delegated examining was sometimes diminished by "disconnects" between the dates they submitted their vacancy announcements and OPM's vacancy-listing printing schedules. The difficulties and delays they encountered were compounded by different established due dates in different OPM offices. OPM informed us that it will soon inform its offices that agency vacancy announcements should not be delayed for this reason. OPM expects that, through utilization of electronic media, agencies should now or soon have their vacancy announcements publicized with 1 or 2 days' notice. This is an example of how changing administrative requirements can improve Government efficiency (in this case, making delegated examining more advantageous to agencies). When fully implemented, this action will reflect favorably on OPM's "customer service" orientation.

Interestingly, OPM's Macon (Georgia) Staffing Service Center provides automated support to several agencies with delegated examining authority. By agreement, the Staffing Service Center uses its automation capability to rate written tests and establish registers for a variety of occupations. While the Center maintains these registers within its computer banks, the agencies retain control over the process. This is an efficiency for the Government since the agencies don't have to duplicate expensive computer equipment and programs.

While many agencies cite improved timeliness as one of the most positive benefits of delegated examining, there is little hard evidence to establish that this process is quicker than hiring from an OPM certificate. As was noted earlier, the only recent OPM study on staffing timeliness included both agency and OPM certificates under the broader heading of "civil service certificates."

Other benefits frequently cited by agencies were: (1) the improved quality of referred candidates that results from the DEU's knowledge of the requirements of the job being filled, and (2) an improved ability to coordinate recruiting and examining activity. While both claims seem reasonable on their face, the first is generally not supported—particularly for hiring at GS grades 5 and 7—by our analysis (presented later in this report) of selections made in 1984.

The improvement in the link between recruiting and hiring that is gained through delegated examining appears to be at least partially offset by some undesirable consequences. The following quotes from three different agencies present the perceived negative costs of this improvement:

*Active recruitment periods drain our agency's resources. * * * Sometimes targeted recruiting efforts still don't produce sufficient candidates who can be hired.*

When DEU activity picks up, [internal] merit staffing usually also is at a peak. At such times, it is difficult to adequately staff both functions.

In some cases, delegated examining results in our managers having unrealistic expectations that cannot be fulfilled.

Despite these concerns and the fact that current events such as the economic downturn and shrinking budgets have generally reduced Federal hiring opportunities, the benefits gained from having delegated examining authority appear great enough to ensure that agencies will continue to seek this authority. Delegated examining represents a logical extension of practical control to agencies without loss of final responsibility for the process and the results by OPM. It is, in short, a positive addition to an agency manager's staffing toolbox.

3. Selection Through the Direct Hire Process

Direct hire authority operates very differently from the two examining processes already described. In addition, the circumstances that permit its use are even more limited than those permitting delegating examining authority. (Despite this fact, more jobs covered by this study were filled through direct hire than from agency certificates in each study year.) Direct hiring is authorized only in situations where there is a shortage of qualified applicants. The shortage may be defined

by geographic area (including nationwide), by occupation, by grade within an occupation, or by any combination of these factors.

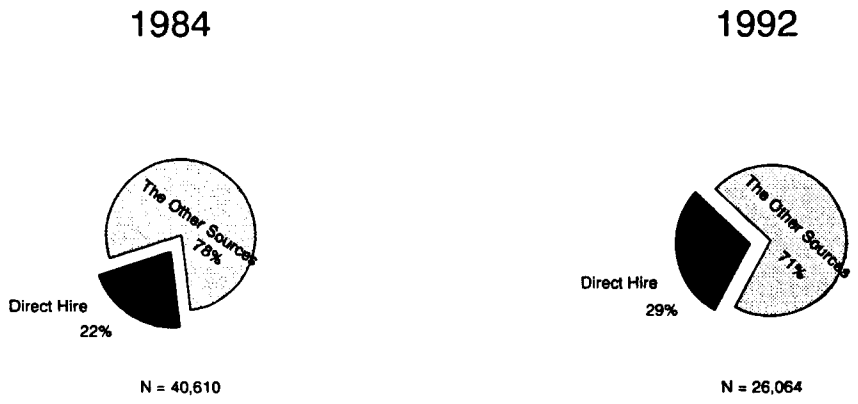
OPM's decision to grant direct hire authority may result from agency requests or may be initiated by the appropriate OPM examining office. In general, the "shortage of qualified applicants" determination is based on the condition of the appropriate OPM register rather than any assessment of the pertinent labor market.

As figure 5 shows, use of direct hire authority increased between 1984 and 1992. In 1992 about 3 of every 10 entrants covered by this study got their jobs through direct hiring, up from slightly more than 2 in 10 in 1984. This increased use of direct hiring shows that shortages in some occupations (e.g., nurses) continue to exist even as the Government experiences large numbers of applicants for many other jobs.

Why include this process in our study? It's hard to predict what effect the National Performance Review's recommendations will have on the use of direct hire authority. It's clear that some other basis for deciding when direct hiring may be used will be necessary if, as is generally expected, OPM registers disappear and OPM stops examining and referring candidates. Conceivably, the "shortage" determination triggering the direct hire decision could be left to the hiring agency, or alternatively some general rule of thumb could be established. Whatever the future holds for direct hiring, it's important to review the current process because of what it shows about: (1) the effect direct hire procedures have had on agencies' ability to fill shortage category jobs; and (2) agencies' negative perceptions of the procedural requirements OPM established to ensure proper consideration of both the rule of three and veterans preference. It's clear that there is no easy way to balance these two legally mandated provisions and the flexibility agencies expect to gain from direct hiring authority.

As with OPM and agency certificates, direct hire authority covers professional and administra-

Figure 5. Selections Through Direct Hire Authority



tive jobs at various grades. Table 5 shows that direct hire took on added importance at the higher grades (GS-12 and above) in 1992 compared with 1984, while its use declined for hiring at grades below GS-12. In 1992 the greatest reduction in direct hiring was at GS-5.

Until August 1991, direct hire authority was so flexible that under certain circumstances agencies could accept applications, determine that applicants met basic qualifications, and then hire without regard to relative ranking. Agencies were inconsistent in their application of veterans preference and the rule of three. The considerable latitude that this authority permitted agencies was criticized in a General Accounting Office report released in August 1990.[20] Partly in response to that criticism, and partly because of misgivings of its own staff, OPM clarified the rules governing direct hiring in August 1991. The changes addressed a three-pronged criticism that direct hire procedures didn't conform to the requirements of (1) the merit principles, (2) open competition, or (3) veterans preference.

The new OPM guidance[21] requires agencies to assure that additional points for veterans preference are granted to individuals selected through direct hire procedures. It also requires a minimal ranking of candidates into "best qualified" and "minimally qualified" groups when "the number of available eligibles makes grouping or ranking necessary."[22] And it requires agencies to maintain records pertaining to all candidates for a minimum of 90 days after selection.

Table 5. Distribution by Initial Appointment Grade of Individuals Selected Through Direct Hire Authority, 1984 and 1992

Appointment Grade	Percent 1984	Percent 1992
GS-5	22	10
GS-7	34	33
GS-9	19	16
GS-11	14	12
GS-12	7	11
GS-13 through GS-15	3	16

NOTE: Column totals do not equal 100 percent because of rounding and some because some appointments were at GS grades 6, 8, and 10.

[20] U.S. General Accounting Office, "Federal Recruiting and Hiring: Making Government Jobs Attractive to Prospective Employees," GAO/GGD-90-105, August 1990, pp. 46-47.
[21] Announced in FPM Letter 332-25, Aug. 1, 1991.
[22] Ibid., par. 5.

In October 1992 OPM announced further procedural requirements for direct hire recruiting and examining as well as increased requirements for reporting and recordkeeping.[23] The purpose of OPM's 1991 and 1992 changes was to establish clear links between direct hire authority and (1) selection based on relative competence as determined through an assessment of skills and abilities, (2) the rule of three, and (3) veterans preference. Agencies see the net effect as undermining the utility of direct hire authority. Although the procedural changes appear to have been necessary to make direct hiring conform to established civil service laws, OPM's action has made direct hire far more like delegated examining, and was not popular with agencies.

Neither did OPM please agencies when it announced revised hiring procedures for two of the more populous direct hire professional and administrative occupations: accountants and auditors at GS grades 5, 7, and 9. These changes are important because they apparently represent the future of direct hiring.

For accountant and auditor jobs at these grade levels, applicants are evaluated on the basis of education and experience (unassembled examination), and must have a score of 80 or higher to be eligible for direct hire. OPM continuously accepts applications for these jobs from individuals nationwide and regularly updates the resulting inventory of candidates as applicants are added.

Agencies may ask for referrals from this inventory when they want to fill jobs. Alternatively, they may recruit for applicants, but they may not appoint individuals they recruit without first requesting from OPM a list of candidates from the inventory. If OPM doesn't produce at least three candidates, the agency may appoint its recruited candidate (with proper consideration of veterans preference). If OPM produces at least three names, the agency must rate its recruited candidate and determine his or her score relative to the candidates on the list from OPM. Only if the recruited individual ranks high enough to be reached under the rule of three, and with proper consideration to veterans preference, may that person be appointed.

Agencies are permitted to consider auditor and accountant candidates that they recruit as qualified with a presumed score of 100 under two alternative qualifying conditions: an undergraduate grade point average of 3.5 or possession of certified public accountant credentials. However, even in these instances, the process described above must be followed before an appointment can be made.

The automated referral system is OPM's answer to criticisms of failure to follow the requirements of rating and ranking, the rule of three, and veterans preference when using direct hire authority. In time, consideration of applicants on a computer-generated list may become an integral part of all—or at least many—direct hire authorizations. Essentially, the direct hire process has been (or will be) turned into a modified selection-from-an-OPM-certificate process under which agencies may try to add the name of a recruited candidate to the OPM certificate before making its selection.

The cumulative effect of these procedures and current job market forces may lead to a reduction in the number of instances where direct hire authority is authorized. As it is expanded to include other occupations, the automated

[23] OPM Bulletin No. 52, Oct. 16, 1992.

referral approach to direct hiring will almost certainly lead agencies to question the payoff they obtain from extensive recruiting to fill shortage-category jobs. And as automated referral systems for other occupations are developed, questions may arise about the appropriateness of direct hiring authority for them. For example, the number of GS-5/7/9 auditing and accounting candidates already on OPM's inventory (more than 6,000) should raise questions about the continuing need for nationwide direct hire authority for these jobs.

As these observations imply, direct hiring is both a boon and a bane to agencies and job applicants. On the positive side, it still offers agencies an opportunity for payoff for recruiting. In responding to our questionnaire, a number of agencies said that their direct hiring recruiting identifies better quality applicants, leading to the selection of better qualified employees. As one agency put it,

> *By recruiting and examining for our own positions, we can ensure that appointees have exactly the skills we need; therefore, the appointees are usually of above-average quality.*

We can't dispute agencies' views of the quality of the selections they make through direct hire, but the analysis we did of individuals selected through direct hire in 1984 and still working for Federal agencies in 1992, compared with all selections from all other sources covered by this study, doesn't support those views at all grade levels. As we show later in more detail, those individuals who entered through direct hire at GS-5 or GS-7 have performed about average or above average on our indicators of quality; those who entered at GS-11 and GS/GM[24] grades 13 through 15 have performed below average on several of our indicators; and those who entered at GS grades 9 and 12 have performed about average on our indicators. These results may reflect on the quality of selections, or they may say something about the quality of those who stayed with Government as opposed to those who left.

A second gain agencies perceive from their direct hire recruiting is an improved ability to target recruiting to meet affirmative action goals. To quote one agency:

> *More first-time appointments to administrative positions are currently made under this authority [in this department] than any other. This program's best features are of course the speed at which appointments can be made, and the enhanced ability to appoint quality candidates while meeting affirmative employment goals.*

Our analysis of 1984 and 1992 hiring data suggests that agency perceptions concerning affirmative action gains attributable to direct hiring are valid with respect to minorities but simply aren't true with respect to women. As we discuss more fully later, in both 1984 and 1992, the proportion of direct hire entrants who were minorities exceeded the proportions hired from OPM or agency certificates. However, direct hire, OPM certificates, and agency certificates were largely indistinguishable in their effect on hiring women during 1992,

[24] "GM" was the pay plan designation for supervisors, managers, and management officials at GS grades 13, 14, and 15. It identified them as subject to the Performance Management and Recognition System (PMRS), a pay-for-performance system that was abolished by law on October 31, 1993. Although PMRS has been abolished, the GM designation has been kept for the time being for individuals who were assigned to it when it was abolished.

although in 1984 a higher proportion of women were selected through OPM certificates than through either direct hire or agency certificates.

Many agencies believe that the gains they make through direct hire are largely offset by OPM's strict enforcement of the statutory requirements for honoring veterans preference and the rule of three and by OPM's increased requirements for recordkeeping and reporting. While we understand what the agencies perceive they have lost as a result of OPM's insistence on "strict enforcement," in fairness we don't see that OPM had any latitude to do otherwise. The 1991 and 1992 changes were introduced to make direct hiring procedures conform to existing legal requirements. Future implementation of procedures similar to those used before the 1991 and 1992 changes would seem to require changes in the applicable laws.

For applicants, the process offers the promise of quick employment, but doesn't easily fulfill that promise. To begin with, there is no single, simple way to identify where vacancies are. Applicants must find the vacancies and apply for them. OPM may simplify this task by sponsoring job fairs, if a need for these has been established.

Advertised by OPM in advance, job fairs bring representatives of numerous hiring agencies together in one place, and offer the opportunity to quickly match agency needs and job seekers' availability. Although theoretically job fairs provide opportunities for agencies to make quick job offers, on-the-spot job offers are possible only if the number of applicants is extremely small and none (or all) claim veterans preference. In most cases the procedural requirements discussed above create delays, and substantial frustration for the agency and the applicants, before job offers can be made.

OPM's study of staffing timeliness supported what most agencies told us: of the current competitive staffing authorities covered by this study, direct hire is the quickest way to make permanent appointments. "Quickest" is relative, however; the average time for filling a job through direct hire was still more than 61 days[25] during OPM's study period. This is about 25 days quicker on average than hiring from a civil service (OPM or agency) certificate. However, OPM's study was based on hiring conducted between October 1, 1989, and December 31, 1990, before the new direct hiring procedures went into effect. It's likely that the timeliness gain has been reduced since OPM's study was conducted.

The following agency comment is typical of how agencies summarized their feeling about direct hire:

> *The current requirements to utilize rating and ranking procedures (e.g., the rule of three and veterans preference, etc.) have removed much of the flexibility and other benefits associated with this authority. In effect, the term "Direct Hire" is now something of a misnomer. Given the requirements placed upon the personnel office, the current process is somewhat closer to a "case examining" delegation agreement. Even with the additional requirements, some of our offices have observed that Direct Hire still permits greater flexibility and timeliness than is typically possible from a certification request to OPM.*

What is the future of direct hire authority, given that (1) the authority is limited to shortage-category situations, and (2) agencies see it

[25] U.S. Office of Personnel Management, "Federal Staffing Timeliness: OPM Governmentwide Review," October 1992, p. 12. The exact figure was 61.6 days.

as less useful and attractive because of OPM's insistence on proper procedural processing?

Current job market realities suggest the prospect that OPM may withdraw some direct hire authorities. It seems unlikely, however, that this will occur universally: some jobs, at least in some areas, will remain in short supply. In addition, OPM's director has made it clear that he sees value in direct hire procedures, saying in response to prehearing questions for his confirmation: "I have serious questions about whether any examination-based hiring system can compete effectively with direct-hire authority."[26] Finally, despite their rhetoric about procedural roadblocks, we consider it unlikely that agencies would willingly give up direct hire authority.

4. Selection Through the Former Schedule B-PAC Authority

We've included this now-defunct authority in our study because: (1) it was the only source for entry-level new hires for many jobs during its lifespan; (2) it operated under very special rules, and its strengths and weaknesses may prove instructive to policymakers considering other approaches to staffing; and (3) its inclusion permits us to examine the relative quality of its portion of 1984 entrants, which may provide insights into how further changes in staffing processes could affect the quality of the Federal workforce.

OPM established this authority to fill the hiring mechanism void created on September 1, 1982, by the abolishment of a written examination called the PACE.[27] That examination had been used to establish registers covering 118 entry-level (GS-5 and 7) professional and administrative, or PAC, occupations.[28] The Schedule B-PAC authority, which was implemented effective upon the abolishment of the PACE, was an interim measure to be used until appropriate competitive examinations could be developed. In June 1990 it was abolished in response to a court directive. Concurrently, OPM implemented the ACWA examination series discussed earlier.

In a May 1982 news release, the Director of OPM announced the impending abolishment of the PACE and establishment of the Schedule B-PAC authority. He described the new authority with these words:

> *This is not an ideal solution for filling professional and administrative positions in the Federal Government * * *. We will not be selecting individuals by means of the best merit-hiring procedures * * *. Merit selection is wounded, but not dead.*[29]

"Schedule B" refers to a an employment category, or "schedule," in the excepted service. The excepted service is comprised of executive branch jobs excluded from the competitive service. More information about the excepted service is found in appendix 3.

[26] "Statement of James B. King Before the Committee on Governmental Affairs, United States Senate, March 30, 1993," Pre-Hearing Questions, p. 7.

[27] The PACE (Professional and Administrative Career Examination) was abolished by OPM under a consent decree entered into in a case alleging that the examination discriminated against, and had an adverse impact on, Hispanic and African-American applicants based on test bias. This consent decree was negotiated during a civil court case known as Luevano v. Devine.

[28] When the challenge to PACE was initiated, the examination covered 127 occupations. By the time the examination was abolished, that number was down to 118. In the intervening time, OPM had removed nine occupations from the PACE through implementation of new, occupation-specific examinations.

[29] Statement of Dr. Donald J. Devine, Director of OPM, in an OPM news release dated May 11, 1982, announcing OPM's intention to abolish the PACE.

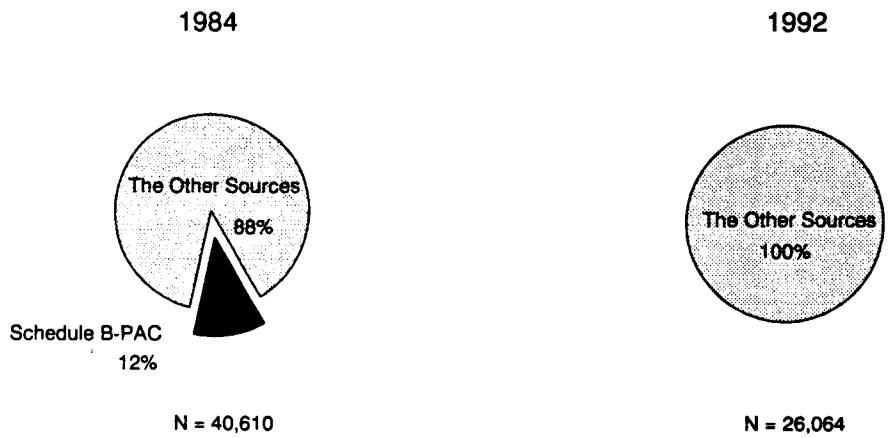
As figure 6 shows, the Schedule B-PAC authority was heavily used in 1984, when almost 5,000 new employees were hired through it.

Agencies had to get specific approval from OPM to use this authority. Once the authority was received, agencies developed and used their own recruiting, assessment, and selection procedures except that they were required to "observe veterans preference as far as administratively possible."[30] The "rule of three" didn't apply. In addition, OPM allowed agencies to use adjective ratings instead of numerical scores, and to refer candidates for selection by categories. (Both of these practices normally are prohibited in the competitive service, but they are allowed in a current Department of Agriculture demonstration project. Since 1990, these practices have also been permitted for all excepted service hiring.)

Agencies perceived that this hiring authority had essentially the same strengths as direct hiring but none of its constraints. For example, they said that the Schedule B-PAC authority:

- Forged a strong link between agency recruiting and subsequent hiring. Several agencies emphasized that this authority allowed them to recruit college seniors who really wanted to work for the particular agency.
- Allowed agencies to hire quickly, an attribute that they found particularly valuable when they recruited on college

Figure 6.
Selections Through the Schedule B-PAC Authority



[30] Federal Personnel Manual (FPM) Chapter 213, Appendix F, Section III, at B.2 (now abolished).

campuses, since they could offer jobs on the spot.

- Improved agencies' ability to target recruiting and hiring to meet affirmative employment goals.
- Led to the selection of high-quality employees.

We found no firm data to verify agencies' recollections that the Schedule B-PAC authority permitted speedy hiring, but common sense supports their claims. Freedom from virtually all competitive hiring procedural requirements must have saved time.

Our 1984 data support the agencies' recollections that this authority gave a boost to affirmative employment efforts. Nearly one-third of the Schedule B-PAC selections were minorities, and more than two-fifths were women.

Our analysis of quality indicators for 1984 entrants indicates that these selections were about as good as, but not better than, selections made through other sources. Based on the quality indicators we used, Schedule B-PAC entrants who were hired as GS-5's in 1984 and who were still employed by Federal agencies in 1992 were very average when compared with GS-5 entrants from the other sources. Those who were hired as GS-7's fared no better. Unless a disproportionate number of top-performing Schedule B-PAC 1984 entrants left Federal service before 1992, or unless 1984 was an atypical year, this suggests that the Schedule B-PAC authority was neither better nor worse than other studied authorities in producing high-quality employees. We discuss this point in greater detail later.

There were some merit system vulnerabilities associated with the control over the hiring process that agencies gained through this authority. One lay in the lack of structure within agencies with regard to their recruiting pools. As we noted in a 1987 report,[31]

> *MSPB sees the "targeted recruiting" aspect [of the Schedule B-PAC authority] as "a double-edged sword." While it offers opportunity to meet social policy goals (e.g., targeting minorities and/or women), it also could be a means to restrict recruiting to sources that do not improve the representativeness of the Federal employee population, or even to specific individuals.*

Although in aggregate the figures we have for 1984 suggest this didn't occur, there is no way of knowing in that year—or any other year during the life of this authority—if there were incidents of such unfair hiring practices.

The second merit system vulnerability lay in the fact that the use of ad hoc selection procedures in the sudden absence of virtually any mandated procedures didn't ensure selections based on merit. In responding to our questionnaire, one of the agencies addressed this concern well:

> *Different criteria were used at different times. Not all applicants [for similar jobs] were selected under the same criteria. With no test, there was no national measure of quality to compare candidates against.*

The Schedule B-PAC authority was a "quick fix" solution to a pressing problem. We agree fully with the judgment rendered in 1982 by the then-director of OPM: Schedule B-PAC was not an ideal solution, and did not lead to

[31] U.S. Merit Systems Protection Board, "In Search of Merit: Hiring Entry-Level Federal Employees," Washington, Sept. 1987, pp. 11-12.

the best merit-hiring selection procedures. As the Government proceeds toward a more decentralized staffing system, the lessons of Schedule B-PAC shouldn't be forgotten. One of those lessons should center on the extent to which exposure to abuse can be minimized; another should focus on what steps should be taken to achieve the goals of merit-based hiring.

5. Selection Through the Outstanding Scholar Hiring Provision

The Outstanding Scholar hiring provision is a special court-ordered hiring authority that applies only to entry-level hiring for occupations that were covered by the now-defunct PACE (discussed in the preceding section). It was established by the 1982 consent decree that settled the *Luevano* civil court challenge to the PACE, and has remained in effect under court sponsorship despite the advent of the ACWA examination series.

Use of this authority has increased since 1984, when just over 400 appointments were made through it. In 1992 the figure was over 2,300. This is a large increase over 1984, but the 1992 total is nonetheless much lower than the more than 5,500 new hires that OPM reports were made through this authority in 1991.[32] The proportionate increase in hiring through this authority is reflected in figure 7, which shows that in 1992 it was used to hire almost 1 out of every 10 new entrants into professional and administrative jobs.

How significant is this authority to the future? We don't foresee the National Performance Review's recommendations directly affecting this particular authority. Rather, the Outstanding Scholar authority's continued existence is more likely to be determined by a court judgment of whether it continues to effectively represent a simplified way to increase hiring of well qualified African-Americans and Hispanics, coupled with a determination of whether other staffing approaches (either now existing or subsequently established) can achieve that purpose as well or better.

Selection under the Outstanding Scholar provision is limited to college graduates who meet either of two scholastic criteria when they complete work on their bachelor's degree:

a. An overall grade point average (GPA) of at least 3.5[33] on a 4.0 scale for all undergraduate course work; or

b. Graduation in the top 10 percent of their class, without regard to GPA.

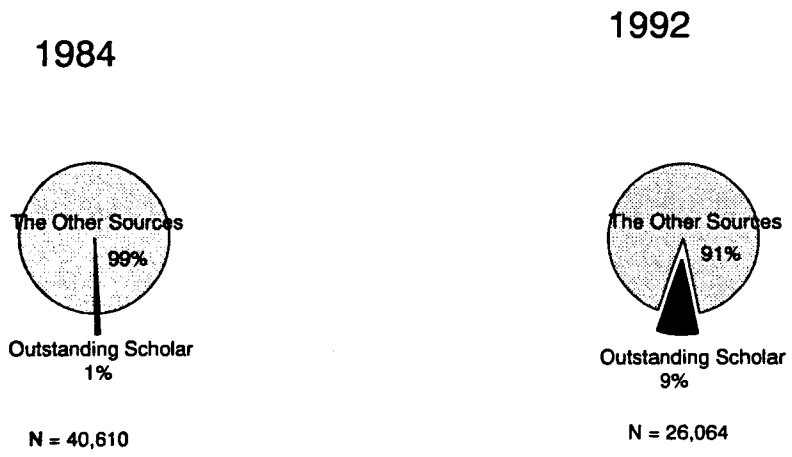
In effect, the court-ordered Outstanding Scholar hiring provision is a special form of direct hiring authority that significantly reduces the constraints that apply to a hiring agency's activity. Quite simply put, it represents the one time in competitive service hiring when a Federal agency has virtually total control over the recruitment, selection, and appointment of new hires. Veterans preference and the rule of three don't apply. Students' scholastic achievement substitutes for any other examination process, and agencies are able to make on-the-spot job offers to those who qualify.

Every student selected through this authority may be appointed as a GS-7. This is because

[32] Telephone conversation with OPM Assistant Director for Staffing Policy and Operations, Jul. 28, 1993. In a telephone discussion on Apr. 16, 1993, the OPM Associate Director for Career Entry stated that the large decrease between 1991 and 1992 reflects the general decrease in Federal hiring that occurred between those 2 years.

[33] Actually, under OPM's guidelines, a 3.45 or higher GPA is rounded up to 3.5.

Figure 7. Selections Through the Outstanding Scholar Authority



the Outstanding Scholar academic requirements exceed the requirements for initial appointment at GS-7 under a qualifications standards provision known as Superior Academic Achievement. Offering the advanced (GS-7) grade at the time of employment is at the employing agency's discretion. However, this additional pay flexibility may be the edge a Federal agency needs to compete successfully against non-Federal employers when recruiting top scholars under the Outstanding Scholar provision. Initial appointment was at GS-7 just over 90 percent of the time for Outstanding Scholar selections in 1992, compared to about 20 percent of the time in 1984.

The Outstanding Scholar authority clearly represents one of the least process-encumbered ways to hire at the entry level. It's also probably one of the quickest. However, it's application is limited for two reasons: (1) only a relatively small proportion (which OPM estimates to be at least 10 percent) of graduates at the baccalaureate level meet its requirements; and (2) the authority applies only to jobs now covered by the ACWA examination series.

Nonetheless, this is a hiring authority that offers agencies a good opportunity to benefit from recruiting on college campuses, a point stressed by 17 of the agencies in response to our questionnaire. This authority permits agencies to offer top bachelor-level graduates an opportunity for Federal employment without requiring those graduates to take tests or wait a long time between being interviewed and receiving a job offer. And this authority's

value isn't limited to oncampus recruiting. The authority may be used with equal effect to hire a college graduate whose diploma is 5 or 10 (or more) years old. The key is the 3.5 GPA or graduating in the top 10 percent of the class.

Several concerns have been raised about the wisdom of using GPA or class standing as an examining alternative. Both are sensitive to variations in how professors grade as well as to the grading systems that exist among colleges and universities. Also, some programs of study are harder than others. Thus, while using GPA or class standing as an alternative examining instrument appears to provide this authority with a uniform assessment tool, that gain may be more illusory than real.

More to the point, there's evidence that GPA isn't a particularly strong predictor of subsequent job performance,[34] further raising questions about GPA's acceptability as an alternative test for entry-level hiring. As a consequence of all of these concerns, the increase in the number of appointments under this authority is troublesome, especially since a selection instrument that is a better predictor of job success (the ACWA examination series) has existed since June 1990.

Nonetheless, agencies were nearly unanimous in citing the high quality of their selections as one of the strengths of the Outstanding Scholar provision. Some support for this view is found in our quality indicators comparison of 1984's Outstanding Scholar entrants still federally employed in 1992 versus entrants who came in through other sources. Those outstanding scholars who had been selected as GS-5's measured above average on four of the seven indicators and average on the rest, while those who had been selected as GS-7's measured above average on two indicators, much higher than average on a third, and average on the rest. We give this more attention later in the chapter on quality issues.

The *Luevano* civil case charged that OPM's PACE examination unfairly discriminated against Black and Hispanic job applicants. Since the Outstanding Scholar authority was created as a result of the *Luevano* consent decree, it seems reasonable to expect it to contribute to eliminating the selection imbalance that the alleged discrimination created. Agencies were somewhat split in their view of how well this authority contributes to meeting affirmative employment goals. Ten agencies reported that it serves this purpose well. Here is a typical comment:

> *The Outstanding Scholar hiring provision has proved its potential as a useful tool for addressing minority underrepresentation and attracting college graduates of high quality, especially those from Historically Black Colleges and Universities and the Hispanic Association of Colleges and Universities. This department is only now beginning to realize the full potential of this authority.*

However, three agencies reported quite the opposite. The following quote captures their view:

> *The worst feature of this appointment provision is that it is NOT, in our experience, addressing adequately the remedy that was intended in the PACE consent decree.*

The difference in views may reflect differences among agencies, or may reflect yearly variations in results. In 1992 fewer than 17 percent of all Outstanding Scholar selections were

[34] See U.S. Merit Systems Protection Board, "Attracting and Selecting Quality Applicants for Federal Employment, April 1990, especially the discussion on pp. 24-30, under the heading "Direct-Hire Authority Based on GPA."

minorities—about the same as the proportion hired from OPM certificates and below all of the other covered authorities. However, in 1984 about 23 percent of all Outstanding Scholar selections were minorities, which made it one of the best sources for minorities that year.

Although improving the hiring of women wasn't a goal of the *Luevano* case, it's worth noting that in both 1992 and 1984 the Outstanding Scholar authority was proportionately among the best entry sources for women. The 1992 figure was 57 percent; for 1984 it was over 61 percent. These proportions may be a product of the relative number of women candidates for the occupations that this authority covers (i.e., the ACWA occupations). If so, they must also reflect the high percentage of those women who have demonstrated high academic achievement.

Agencies like this authority because of the flexibility it gives them. In their survey responses, many told us that they would like to see the qualifying GPA lowered so that even more graduates could be considered under its umbrella. Some would like a similar hiring provision for occupations other than those covered by the ACWA examinations.

It's unfortunate that the advantages of this authority highlight what is perceived to be a disadvantage of the ACWA examination series: an agency that recruits one or more candidates often finds that it can't subsequently reach the recruited individual(s) for selection from the ACWA registers. (This latter is primarily because of the very high number of eligible candidates on ACWA registers, many of whom apparently are high-quality candidates.) The ACWA exams provide a proven national point of reference against which to judge all candidates. If agencies could regularly make the connection between their recruiting and this assessment tool, there might be no need for the Outstanding Scholar authority. Immediately below we favorably review an OPM proposal to change the current way the ACWA exams are used—a proposal that conceivably could substitute for the Outstanding Scholar hiring authority as well.

6. OPM's Proposed Change in ACWA Examination Usage

In this section we digress from our description and analysis of present or past staffing authorities to review a proposed future one. OPM officials believe, and MSPB agrees, that there is a need to change how the ACWA series of examinations is used. Without such change, the series represents an underused and expensive tool that serves largely to raise unfulfillable expectations among thousands of job applicants. With change, ACWA may become a key force—rather than a marginal one—in making merit-based selections for the more than 100 occupations the examination series covers.

OPM proposes to allow jobs covered by the ACWA examinations to be filled through case examining (announcing each vacancy or group of basically identical vacancies individually). We believe this is an excellent way to retain the assessment benefits of this proven examination series while opening up the link between agency recruiting and subsequent selection that is almost always missing presently in ACWA hiring.

Instead of administering the ACWA examination first, and then referring candidates from the appropriate register when an agency has an opening, individual job openings would be

announced and applicants would apply directly for them. Agencies could choose to use any or all of the following three assessment techniques to evaluate candidates: (1) rating schedules (which measure candidates against occupation-specific criteria) : (2) structured interviews; or (3) written examinations (the appropriate ACWA examination).

Under one possible scenario, all candidates would be rated by OPM against rating schedules, a step that OPM envisions could be accomplished by machine reading and scoring forms in a matter of minutes. Ideally, OPM would like to score applicants in a manner that potentially would lead to referral of a relatively large number of candidates whose qualifications for the broad occupation make them good candidates for the specific job. Following referral the agency would complete assessment of the referred candidates for the specific job. The agency would use assessment tools that focus on the specific job and job setting to determine the final ranking order of the candidates. The appropriate ACWA examination could then become one of the tools used.

OPM is planning to make use of the ACWA exam optional at the agency's discretion. MSPB agrees with giving managers discretion on the use of the examination but believes that the decision should not be arbitrary. Rather, it should be rationally based on the number of candidates referred and the number of vacancies to be filled.

Use of the exam should always be permitted, and should at least be strongly encouraged as the number of applicants being considered increases. The ACWA examinations are the best tools available to Federal agencies for measuring reasoning ability for these jobs, and those tools should be used to distinguish among relatively large numbers of candidates. However, the test score should be only one of the criteria used by agencies to determine the candidates' relative ranking. Essentially, this would provide the U.S. Civil Service with a process used successfully by the Public Service of Canada, upon which we reported favorably in our 1992 report comparing staffing in the national civil services of the United States and Canada.[35]

This revised approach to using ACWA would give it new meaning to employment candidates as well as to agencies. Currently the examinations are hurdles that candidates must clear simply to get on lists of eligibles for possible employment consideration, regardless of the odds of actually getting a job offer. The revised approach would make the exams part of the process of assessing individuals for specific jobs for which they had applied. Coming later in the assessment process, instead of at the beginning, being asked to take the examination would signal tangible interest in the candidate by the agency.

For agencies with large numbers of ACWA jobs to fill periodically (such as the Internal Revenue Service or the Immigration and Naturalization Service), OPM has offered to maintain registers if the agencies wish it to do so. Thus, in these situations, a pool of rated and ranked candidates would be available to meet those periodic needs.

OPM's proposal represents a major departure from how the Federal Government now hires any employees, much less those for ACWA

[35] U.S. Merit Systems Protection Board, "To Meet the Needs of the Nations: Staffing the U.S. Civil Service and the Public Service of Canada," January 1992, pp. xii and 23-27.

jobs. The approach is not without its costs or risks. It has some potentially high initial investment costs for agencies, primarily in helping to develop the rating schedules for measuring candidates against occupation-specific criteria, and in determining and developing the additional tools that would be used to conduct the job-specific assessment. Beyond the start-up costs, conducting the job-specific assessments will add a continuing agency cost.

Further, care will have to be taken to ensure that the vehicles used to announce the job vacancies provide realistic information in a timely manner. The process for filling each job will have to be simplified and streamlined. Administration and scoring of the appropriate ACWA examination will have to be accomplished quickly, as will reporting of the scores to the agency.

The potential gain from this revised approach is substantial: a real link between agency recruiting and hiring; a good merit basis for selections; and a better use of a proven selection tool than is now the case.

Although OPM hasn't presented this proposed approach as one that would justify terminating the Outstanding Scholar authority, we see case examining for ACWA jobs as having the potential for that result. Given our reservations about using GPA or class standing as a selection tool, we believe that termination of the Outstanding Scholar authority would be appropriate once there is a better way to fill ACWA jobs through "normal" competitive procedures.

With proper streamlining of its procedures, the proposed case examining approach to staffing ACWA jobs: (a) could offer agencies many of the perceived good features of the Outstanding Scholar authority; (b) would lead to selections based on criteria that are objective and job-related; (c) would allow agencies to recruit, consider, and reach a large candidate pool, including the many potential applicants who don't have the academic standing required to be designated as Outstanding Scholars; and (d) would represent a staffing process that satisfies the specific statutory requirement for adequate public notice as well as the statutory merit system principles of fair and open competition and selection based on relative merit.

OPM's proposal seems to be a fitting answer to the current challenge to "reinvent Government." We believe it should be developed and implemented, even if initially only on a test basis. It seems likely that successful implementation of this proposal could set the stage for similar revisions in the use of other examinations now administered by OPM.

7. Selection Through the Co-operative Education Program Authority

Like the Outstanding Scholar hiring authority, the Co-operative Education Program, or Co-op program, focuses on students. However, it differs from the Outstanding Scholar provision in five fundamental ways:

a. Individuals are included in the program while they are students, not upon graduation;

b. Co-op appointments are initially Schedule B excepted service appointments rather than appointments in the competitive service;

c. Co-op authority extends to virtually all Federal Government occupations, not just those previously covered by the PACE;

d. The Co-op program extends to a far wider range of educational levels, including: college or university students pursuing graduate degrees, bachelor's degrees, and associate degrees; students pursuing certificates or diplomas from accredited colleges or from accredited trade, technical, business, or vocational schools; and students pursuing high school diplomas; and

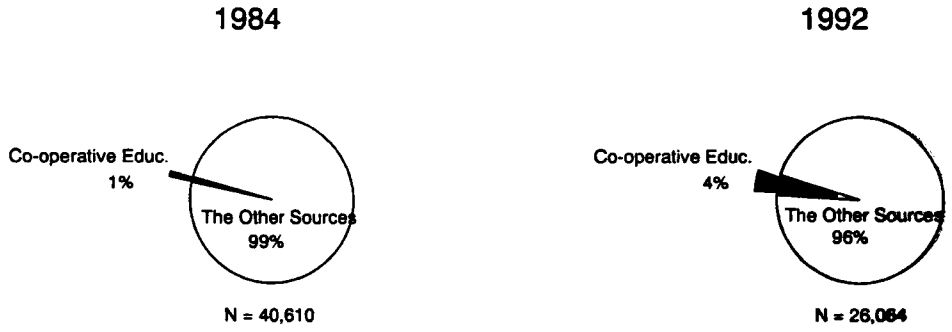
e. Upon successful completion of the program (including both the work and academic requirements), the agency may give the individual a competitive service appointment without competition.

Figure 8 shows that, proportionately, this program represents one of the lowest intake sources covered by this report. Nonetheless, it was the means through which over 1,000 new professional or administrative employees entered Federal service in 1992. And despite its relatively low level of use, for the reasons discussed below, most agencies regard it highly.

Why include this program in our study? It's unlikely that any of the staffing changes recommended by the National Performance Review will affect the Co-operative Education Program. However, the recommendation to reduce overall Federal employment will likely reduce co-op opportunities in many agencies. Our review does identify some changes that could be made in conversion eligibility to make this good program even better.

The Co-op program combines academic study and on-the-job work experience. The many private and other public employers who offer co-operative education opportunities in a number of educational settings find that the program offers a great return for their invest-

Figure 8. Selections Through Conversion of Co-operative Education Program Participants



ment. Federal agencies are no exception. Because our study's focus was on filling professional and administrative jobs, our discussion is limited to its application on college and university campuses.

Agencies wanting to offer co-operative education opportunities must first enter into a written agreement with the college or university. That agreement spells out the obligations of the agency, the school, and the student. The basic agreement generally includes information about whether the student will receive academic credit for the work periods and, if so, what documentation and progress reports the employer will provide. It states the nature of the work to be performed, where the work will be performed, the number of work hours required to satisfy the program, and the field(s) of academic study that will make students eligible for the agency's Co-op program.

Once the agency and school have agreed on the terms, the school assists the agency in announcing the employment opportunities and recruiting students. Neither veterans preference nor the rule of three apply.

The following comment from one agency summarizes some of the positive aspects of this authority:

> *[Co-op] is a win-win arrangement for both students and agencies. * * * An added long-term benefit is that even students who are not in the Co-op program are introduced to the idea of working for the Federal Government. This makes the program a good public relations tool for establishing long-term relationships with schools.*

Students selected for this program receive salary and benefits for their periods of work. At the agency's option, they may also receive training, tuition assistance, and payment for transportation between school and the worksite. Students' work schedules may be such that they work one semester and go to school the next, or they may work part-time while maintaining at least a half-time academic load. Such details are worked out between the employing agency, the school, and the student.

The students gain an opportunity to learn first-hand about working in their chosen academic field or area of work interest. Work responsibilities increase as they grow in knowledge and practical experience. Ideally, the academic and practical portions of their program complement each other. During all this, the students are not only learning about the nature of work in their chosen fields, but also are learning about whether they really want to work in those fields.

For some students, a Co-op appointment means the difference between being able to afford a college education and not being able to afford one. Finally, in an era when many college graduates are finding job hunting difficult after graduation, successful Co-op graduates have an inside track for permanent employment (although not a guaranteed job) with the employing agency.

Agencies using the Co-op program benefit in a number of ways. First, they stretch their recruiting dollars because they are able to use the participating school to do the actual recruiting. And, according to several agencies, participating in the Co-op program has a strongly positive effect on an agency's oncampus image, which directly affects their ability to interest other students in working for them.

Then too, agencies are able to train prospective employees on the job and observe their performance at an annual salary cost well below that of a full-time permanent employee. They benefit from the work performed by Co-op participants without having to have "FTE ceiling" against which to charge them.[36] In those occupational fields where technology or knowledge is changing quickly, agency permanent employees benefit from the new perspectives that the students bring into the workplace, and in many occupations and job settings there may be a boost in energy introduced by the presence of young talent.

If a student is attracted to the agency because of its mission, organization culture, and how it treats the student during the Co-op period, it is easier for that agency to attract that student permanently upon graduation. This is doubly so because under Co-op, after the student completes all program requirements, the employing agency may (but is not required to) convert the student without competition from the Schedule B excepted appointment to an appointment in the competitive service.

Half of the agencies that received our questionnaire reported that the Co-op program contributes positively to their affirmative employment efforts. Our analysis of 1992 and 1984 entrants support this view: just over one-fourth of all Co-op entrants into professional or administrative jobs in 1992 were minorities, while the figure for 1984 was almost one-third. Interestingly, almost half of the Co-op entrants each year were women.

It shouldn't be surprising that almost half of the agency responses to our questionnaire called attention to the high quality of the permanent employees they hired through the Co-op program. After all, the student work periods give agencies considerable opportunity to observe performance and decide if the individual would be a good addition to the permanent workforce. Our analysis of 1984 entrants still in the workforce in 1992 indicates that the Co-op contingent who entered Federal service as GS-5's or GS-7's measured slightly better overall on our seven quality indicators than did individuals selected from most other sources. We also found that Co-op entrants who were selected as GS-9's measured "average" on all seven quality indicators, but the number of such selections was so small that these results are of questionable value.

Even a good hiring mechanism isn't without problems, and Co-op is no exception:

- Because of the annual nature of the Federal budget process and because agencies may undergo changes in their mission priorities, many managers find it difficult to plan for intake of Co-op students.
- Many managers also find it difficult to plan for the students' utilization during work periods, especially since the work schedules can vary significantly.
- Agencies may lose their investment in training and mentoring of Co-op students if the students decline job offers after graduation. (However, agencies are no more obligated to offer jobs than students are to accept them.)
- Conversion to a competitive service job is dependent upon having a vacant position for the individual upon completion of all program requirements. If a job offer can't be made within 120 days of the student's

[36] Federal agencies are subject to a management control called "FTE ceiling," which is a maximum number of full-time, or full-time equivalent, positions that may be filled each fiscal year. Co-op students are not counted as part of this limit.

completion of degree requirements, the "window for conversion" is irrevocably closed. This point was the focus of the most frequent agency suggestion concerning changing Co-op rules. Eight agencies suggested that OPM should either extend the time limit or delegate to agencies the authority to extend it on a case-by-case basis.

Two agencies suggested reducing the number of hours that must be worked by Co-op students pursuing 2-year associate degrees, some of whom would be qualified for jobs covered by this study. These two agencies pointed out that students in 2-year associate degree programs must work the same minimum 1,040 hours under the Co-op program that are required of students in 4-year bachelor's programs. However, they noted, Co-op students in other degree or certificate programs of less than 4 years' duration are required to work only 640 hours to satisfy the program's requirements. These agencies believe that applying the 640 hour requirement to students in 2-year associate degree programs would be equitable.

We believe that the agency suggestions concerning both extending the "window for conversion" and reducing the number of hours that must be worked by Co-op students pursuing 2-year associate degrees address valid concerns that warrant attention by OPM.

8. Selection Through Internal Placement (Merit Promotion)

In contrast to the other staffing mechanisms covered by this report, merit promotion applies only to individuals who already are (or who previously have been) Federal employees. It's also important to note that for purposes of this study, our focus was on internal selections that result in first entry into the professional or administrative career fields. Our discussion, therefore, is limited to those instances where the selected individuals enter their first professional or administrative jobs from jobs that were not professional or administrative. In most instances, the movement would have been from a clerical or a technical job. We were not concerned in this study with the normal competitive promotion of individuals within their career fields.

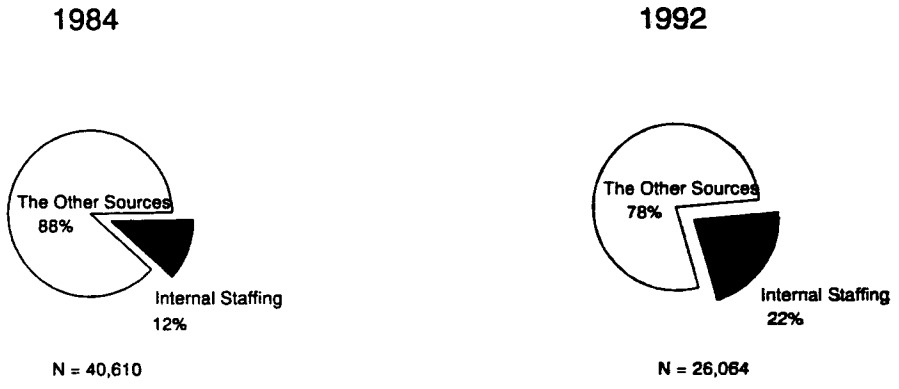
Figure 9 reflects the extensive use of merit promotion procedures as a means of entry into professional or administrative jobs. Translated into real numbers, over 5,600 individuals entered their first professional or administrative jobs through merit promotion processes in 1992, up from over 4,800 in 1984.

Although it's possible for an individual to enter his or her first professional or administrative job through merit promotion at any grade between GS-5 and GS-15,[37] more than 9 of every 10 such selections in 1984 were at or below GS-9. Nearly two-thirds were at the entry-level GS grades 5 and 7. This shouldn't be surprising, since it is difficult to qualify for a professional or administrative job above the entry level when seeking to move from a technical position and even more so when trying to move from a clerical one.

It is surprising that in 1992 the proportion of merit promotion selections who entered at higher grades rose. Only about three-fourths of 1992 merit promotion entrants were selected at or below GS-9, and only about one-

[37] For example, some technical jobs reach GS grades 12, 13, or 14 and are filled with individuals qualified to hold professional (primarily engineering) jobs in the same field. Some internal (merit promotion) movement from technical to professional jobs takes place annually at these higher grades.

Figure 9. Selection of Internal Candidates Through Merit Promotion Procedures



third of the total were at GS-5 or GS-7. We have no information that helps explain the increased use of merit promotion procedures to select employees at the higher grades.

Under OPM's regulations, agencies develop their own merit promotion procedures, generally called merit promotion plans. In some instances, specific provisions of agencies' merit promotion plans may be determined through negotiations with unions. However, each agency plan must meet five broad OPM requirements that collectively are intended to ensure fairness and equity in the plan's application.

One of those five requirements grants managers the discretion to decide whether to (1) consider only internal candidates (which generally means using only merit promotion procedures) or (2) consider both internal and external candidates (thus using merit promotion procedures and appropriate external hiring mechanisms concurrently). Thus, in staffing decisions Federal managers are free to decide whether to limit consideration to current employees or to go outside for "new blood," or to do both. (Realistically, this decision may be influenced or dictated by such considerations as budget constraints or hiring freezes.)

Selection through merit promotion procedures gives the agency a greater degree of control over the candidate pool than is found in outside hiring through registers. And in almost all agencies, the number of candidates which the manager can consider is greater than the "top three available" required by the

rule of three for new hires. Finally, veterans preference has no effect, since for hiring purposes it applies only to initial entry into the Government.

OPM regulations establish controls on eligibility for promotion consideration. Internal applicants must meet the appropriate OPM qualification standards for the job, and they must have served for a minimum time in their current grades. Collectively, these requirements now limit the applicant pool, although action on recommendations of the National Performance Review may reduce these limits in the future.

Typically, candidates are evaluated through a process that resembles "case examining," with the candidate evaluation process often being carried out by a promotion panel composed of one or more people. The selecting manager may participate only indirectly in this first evaluation by taking part in preparing the assessment instrument, called a crediting plan, which determines both the knowledge, skills, and abilities (KSA) factors that are important to the job and the kinds of experience, training, or other activities that will be credited as meeting the KSA factors.

Once the initial screening is completed the selecting manager receives a promotion certificate, which serves the same purpose as a "certificate of eligibles" from OPM or a delegated examining unit for outside hiring. The number of names on this promotion certificate may vary; it would not be unusual for five or more to be included. Following the agency's merit promotion plan requirements, the manager conducts whatever further assessment he or she considers necessary (usually in the form of record review, reference checks, and interviewing of candidates), and then may select anyone on the certificate.

Unfortunately, the quality of the tools used to conduct the initial and final screens of candidates isn't always very good. Particularly when used to assess individuals who are trying to change career fields, merit promotion screening tools tend to be less objective—and less predictive of future work performance—than the tools generally used for initial hiring.[38] In most instances, candidate selection through merit promotion could be strengthened by the application of standard assessment tools (such as written tests or standard rating schedules) that are generally available when agencies hire individuals from outside the Government.

The merit promotion process was included in OPM's study of staffing timeliness mentioned in earlier sections of this chapter. According to that study, the competitive merit promotion process is not very fast. With an average "fill time" of more than 77 days,[39] it is second only to "civil service certificates" in the average amount of time required to fill a job. While it is likely that lower-graded jobs often can be filled more quickly than higher-graded ones, it is still clear that the potential control agencies gain from using merit promotion procedures comes at a timeliness price.

With one of every three 1992 merit promotion selections being a minority, selection through these procedures was the best means that year

[38] For a discussion of how this affects a specific occupation, see MSPB's report titled "Workforce Quality and Federal Procurement: An Assessment," July 1992. In that report the effect of selecting support personnel for professional procurement jobs is discussed beginning on p.25, and a recommendation concerning the need to improve internal selection processes is found on p.52.

[39] U.S. Office of Personnel Management, "Federal Staffing Timeliness: OPM Governmentwide Review," October 1992, pp. 12-13. The exact figure was 77.3 days.

for achieving affirmative employment goals. In 1984 the figure was about one out of every five selections. This was by far the best means both years for women to enter professional or administrative jobs. For both years the figure was about 70 percent. It should be remembered, however, that these were not additions to the Federal workforce, but redistributions upward of current employees, which is itself very significant.

Why is merit promotion popular with managers as a means of filling professional or administrative jobs? One reason they like this method, particularly in recent years, is related to the lack of growth—or actual decline—in the number of positions and employees in most Federal agencies. When dollar or personnel ceiling constraints prevent hiring new employees to replace ones lost over time, agencies turn to the existing workforce to provide these replacements. Although this ultimately creates vacancies in support jobs that may go unfilled, it provides a way to staff professional and administrative jobs.

A second reason that managers may find this source attractive is the apparent richness—in terms of experience and education—of the supply of applicants in these support jobs. Managers have the opportunity to observe the competence of these employees and to identify those who demonstrate the potential to perform in the higher-level jobs. Yet a third reason is that merit promotion is a proven vehicle through which to meet affirmative action goals.

This mechanism has long been viewed as a "back door" way for college graduates to enter Federal professional and administrative jobs. In many locations a shortage of qualified applicants has led OPM to authorize direct hiring for clerical and secretarial jobs. College graduates applying for those jobs are often snapped up by agencies. After working long enough to demonstrate their capabilities (and to avoid violating OPM restrictions on changing jobs within 90 days of selection), many of these applicants are selected through merit promotion procedures for professional or administrative jobs.

The "back door" label is applied to this approach because the individuals initially enter Federal service by being examined for aptitude or abilities appropriate for one kind of work and subsequently gain their actual target jobs through competition that is restricted to Federal employees only. Most move from clerical to administrative jobs. Three large departments specifically identified this approach as a key value of the merit promotion process.

The 23 agencies that received our questionnaire were more divided on the pros and cons of merit promotion than any of the other staffing mechanisms covered by this report. In many instances, what several agencies viewed as a strength was viewed by others as a problem or was seen as causing a related problem. Table 6 reflects the scope and strength of these differences.

The quality question raised in the preceding table by eight agencies calls attention to a phenomenon we noted during our data analysis: overall, 1984 merit promotion selectees generally had ratings above average on many of our seven quality indicators (especially on quality step increases earned, performance

Table 6. Agency Views of the Strengths and Problems of Using Merit Promotion to Select Individuals for Their First Professional or Administrative Jobs

Factor or Attribute Mentioned	Number of Agencies Saying "Is a Strength"	Number of Agencies Saying "Is a Problem"
1. a. Agency has control over the process	8	0
but		
b. Process places heavy time and/or resource demands on the agency	0	10
2. Imposes limits on applicant pool	0	8
3. Quality of candidates referred	15	8
4. Individuals selected already know organizational culture and how Government functions	10	0
5. a. Boosts morale for existing workforce	14	0
but		
b. Perceptions of preselection cause dissention	0	4
6. a. Allows development of existing staff	13	0
but		
b. Takes more effort to retrain the people who are selected through this process	0	2

NOTE: Rows may not total 23 because some agencies viewed the factor or attribute as neither a strength nor a problem.

ratings and numbers of awards given), but they consistently rated below average or well below average in the number of promotions received since selection. To the extent that merit promotion is a prime source for thousands of selections each year, the implications of this observation are significant. We discuss this point more fully in the chapter on quality issues.

Despite the problems that the merit promotion process may cause agencies when using it to select employees for their first professional or administrative jobs, it's clear that this process is a valuable tool for managers. It's equally clear that it's valuable to the internal applicant pool from which the agency managers draw.

Effect of the Authorities on Minorities and Women

In this chapter we consolidate and highlight information about how the staffing authorities have affected the mix of (a) nonminorities and minority group members, and (b) men and women in the Federal professional and administrative workforce. Because initial intake and retention over time both affect workforce representation, we discuss both. Our intake discussions focus on 1992 (using 1984 only for comparisons where appropriate), while our retention discussions focus on individuals who were appointed in 1984.

Effects on Minority Representation

Intake During 1992

There are clear differences in the effect of the six still-current authorities on minority group intake. These differences are highlighted by tables 7 and 8. Table 7 shows minority intake in 1984 and 1992 (and therefore for 1984 includes the now-abolished Schedule B-PAC authority), while table 8 refines the 1992 information to provide information for Race/National Origin groups.

Selection from OPM certificates made the least proportional contribution to affirmative employment in professional and administrative jobs in both 1984 and 1992. Even so, the 16 percent minority intake in 1992 is about the same as the roughly 14 percent of the 1990 national civilian labor force that is outside the "white not of Hispanic descent" group shown earlier in table 1.

One key point highlighted by tables 7 and 8 is that, in 1992, the difference in the minority intake rates for selections from OPM certifi-

Table 7. Effect of Each Appointment Source on Minority Intake, 1984 and 1992

	Percent of Selections Who Were Minorities	
Appointment Source	1984	1992
OPM Certificate	15	16
Agency Certificate (Delegated Examining)	17	19
Direct Hire	19	23
Schedule B-PAC Authority	33	*
Outstanding Scholar Authority	23	17
Co-operative Education Program	31	26
Internal Selections (Merit Promotion Program)	21	33

* Authority was abolished in June 1990.

Effect of the Authorities on Minorities and Women

Table 8. Effect of Each Appointment Source on Intake of Specific RNO Groups, 1992

Appointment Source	Percent White Not of Hispanic Descent	Percent African-American	Percent Asian/Pacific Island American	Percent Hispanic	Percent Native American
OPM Certificate	84	8	4	4	1
Agency Certificate	81	9	5	4	1
Direct Hire	77	8	8	5	2
Outstanding Scholar	83	8	3	5	*
Co-operative Education	73	11	6	7	1
Internal Selections (Merit Promotion Program)	67	21	3	7	2

* Less than .5 percent.

NOTE: Rows may not total 100 percent because of rounding.

cates, agency certificates, and the Outstanding Scholar authority was small. On a proportional basis, all three of these mechanisms were less effective in bringing minority group members into professional and administrative jobs than either direct hire or the Co-op program. However, all five of these external selection authorities paled by comparison to selection from within the Federal workforce through merit promotion procedures.

In 1992 one out of every three individuals selected through merit promotion for initial entry into a professional or administrative job was a minority group member, up from one out of five in 1984. Since there were more than 5,600 merit promotion selections that moved individuals into professional or administrative jobs in 1992, this mechanism was clearly a major source for new professional or administrative employees. Because merit promotion involves moving Federal employees from other career fields (typically clerical or technical where minority employees often are clustered), it's also clear that this mechanism is a key to upward mobility.

A comparison of the selection profiles resulting from OPM certificates and the Outstanding Scholar authority is interesting. Since Outstanding Scholar is a court-approved alternative hiring procedure established by the *Luevano* consent decree, we anticipated finding that it would bring in a relatively high proportion of minorities in general and African-Americans and Hispanics (the two groups who brought the suit leading to the consent decree) in particular.

In 1984, when the authority was relatively new, 23 percent of the Outstanding Scholar hires were minorities. Fifteen percent were African-Americans; 5 percent were Hispanic-Americans; 2 percent were Asian-Pacific Island Americans; and 1 percent were Native Americans. On a percentage basis, these figures made Outstanding Scholar one of the three best entry means for all minority groups in 1984. However, this authority accounted for only 1 percent of the 40,610 selections in 1984. This translated into a total of only about 400 appointments through Outstanding Scholar in 1984, so the actual numbers in the various minority groups hired through this authority were small.

Total Federal professional and administrative selections dropped to 26,064 in 1992. However, use of Outstanding Scholar increased substantially that year, accounting for 9 percent of the selections (about 2,345 selections). But as we've already noted, in 1992 Outstanding Scholar was one of the three authorities least likely to bring minorities into the professional or administrative workforce. African-American hiring accounted for virtually all of the percentage decrease in minority group hiring in 1992 (8 percent compared to 15 percent in 1984). Hispanic-Americans held steady at 5 percent; Asian-Pacific Island Americans increased to 3 percent, and Native Americans dropped to less than one-half of one percent. Because of the much larger number of Outstanding Scholar hires in 1992, the actual numbers of hires for each minority group increased compared to the 1984 numbers, even in cases where the percentages dropped.

The proportional decrease in minority hiring through Outstanding Scholar may be a product of three interrelated dynamics: (1) agencies have increased their use of an authority that, by its strict qualifications requirements, limits the number of potential applicants in the selection pool; (2) there is already a relatively small proportion of minority students on many campuses; and (3) with the passage of time, in many agencies emphasis on focusing on minority groups when using this authority may well have declined.

Whatever the reasons, at least in 1992, the plain fact is that agencies didn't use the Outstanding Scholar authority in a way that would make it a major contributor to improving minority employment Governmentwide. Minority group applicants that year were more likely to enter professional or administrative jobs in higher proportions through all other mechanisms studied except OPM certificates.

Retention of 1984 Entrants

Table 9 provides a summary comparison of the class of 1984's retention rates for minority and nonminority employees appointed through the various staffing authorities, as well as an overall figure for all of the authorities combined.

As table 9 shows, the retention rate for minority group members is as high as (or higher than) the retention rate for nonminorities. The exception, Co-op, accounts for such small numbers of hires that its effect on the overall retention rate is negligible.

In some instances we noted interesting patterns within the various authorities. For example, minority retention increased slightly (from 66 percent for selections at GS-5 or GS-7

Effect of the Authorities on Minorities and Women

Table 9. Retention of Minority and Nonminority Employees, by Appointing Authority and Overall, for Individuals Appointed in 1984

	Percent Still Federally Employed in 1992 Who Are:	
Appointment Source	Minority Group	Nonminority Group
OPM Certificate	68	65
Agency Certificate (Delegated examining)	72	69
Direct Hire	71	64
Schedule B-PAC Authority	69	68
Outstanding Scholar Authority	76	65
Co-operative Education Program	71	74
Internal Selections (Merit Promotion Program)	79	76
ALL OF THESE SOURCES COMBINED	71	67

NOTE: Table is based on 36,347 employees for whom RNO data were recorded.

to 73 percent for selections at GS-13 and above) as the grade at which the employees were selected increased, but no similar pattern was found for nonminorities. However, when direct hire was examined by grade, we found that the retention rate decreased for both minority and nonminority employees as the grade at which employees were selected increased. Retention rates for merit promotion selections were generally very similar regardless of grade of the job for which the employees were selected or the minority/nonminority status of the selected employees.

When we looked at the RNO subgroups by authority, we found only a few trends. For example, within the Schedule B-PAC authority the four subgroups (African-American, Asian-Pacific Island American, Hispanic, and Native American) all had retention rates about equal to the rates for nonminorities.

When the various minority groups and the nonminority group were examined without regard to either the grade at which selected or the selection authority, we found that their retention rates were remarkably similar. They all clustered around an average rate of 68 percent.

Effects on Representation of Women

Intake During 1992

Women fared better overall in 1992 than in 1984 in entering professional and administrative jobs through the authorities we looked at. In the aggregate, 40 percent of the 1992 selections were of women, up from 35 percent in 1984. As they did for minority groups, the various authorities differed (with the exception of Co-operative Education) between 1984 and 1992 in their effect on bringing women into professional and administrative jobs. These differences are shown in table 10.

As was the case with minorities, women made their best gains through merit promotion. In 1992 nearly 7 of every 10 merit promotion selections were women. Most likely, this is largely because women comprise the majority of the clerical and technical pools from which most of these selections are made. The three authorities least likely to lead to selecting women in 1992 (OPM certificate, agency certificate, and direct hire) achieved rates of close to 40 percent. The two other external hiring mechanisms—the Co-op program and Outstanding Scholar—achieved rates of close to 50 and 60 percent respectively. Clearly, merit promotion is an important upward

Table 10. Effect of Each Appointment Source on the Intake of Women, 1984 and 1992

	Percent of Selections Who Were Women	
Appointment Source	1984	1992
OPM Certificate	31	38
Agency Certificate (Delegated Examining)	23	39
Direct Hire	25	38
Schedule B-PAC Authority	46	*
Outstanding Scholar Authority	61	57
Co-operative Education Program	47	47
Internal Selections (Merit Promotion Program)	71	67
ALL OF THESE SOURCES COMBINED	35	40

* Authority was abolished in June 1990.

mobility path in the eyes of both selecting officials and employees seeking to break out of more limited career fields.

At 46 percent in 1984, the Schedule B-PAC authority was a good entry source for women that was no longer available in 1992. The increase in 1992 over 1984 in the percentage of women selected through OPM certificates may be partially explained by the demise of Schedule B-PAC. The ACWA examination series replaced that special authority, shifting many applicants to exams that lead to OPM certificates.

Sometimes percentages tell only part of a story, as in the case here for the Co-op program. When rounded, the percentages of women selected was identical for both 1984 and 1992. However, 457 women were selected through Co-op in 1992, compared with only 212 in 1984. This difference occurred because the total number of Co-op selections in 1992 was more than double the number in 1984.

Retention of 1984 Entrants

Table 11 provides a summary comparison of the retention rates of men and women by the various staffing authorities, as well as an overall figure for all of the authorities combined.

Clearly, Federal agencies retained proportionately fewer women than men from the more than 40,000 member class of 1984. Interestingly, however, the retention rates for merit promotion selections (from within the Federal workforce) are identical for both sexes. At least in part, this may reflect a commitment to Federal employment these individuals made even before they were selected for their profes-

Table 11. Retention of Men and Women, by Appointing Authority and Overall, for Individuals Appointed in 1984

	Percent Still Federally Employed in 1992 Who Are:	
Appointment Source	Women	Men
OPM Certificate	55	70
Agency Certificate (Delegated Examining)	63	71
Direct Hire	52	77
Schedule B-PAC Authority	67	69
Outstanding Scholar Authority	70	65
Co-operative Education Program	68	83
Internal Selections (Merit Promotion Program)	77	77
ALL OF THESE SOURCES COMBINED	67	71

sional or administrative jobs. That reasoning may also contribute to this group's relatively high retention rate. The same argument may help account for the relatively high retention rate for individuals selected through the Co-op program (since they had an opportunity to explore—and presumably find that they liked—working for the Government during their work periods before completing their degree requirements).

Although six of the seven authorities lead to selection from outside Federal service, four of them accounted for 96 percent of the hiring of women and over 98 percent of the hiring of men into professional or administrative jobs in 1984. These four authorities are OPM certificate, agency certificate, direct hire, and Schedule B-PAC. For three of these authorities, there is a strong imbalance in the retention of men and women. Each of these three—OPM certificate, agency certificate, and direct hire—is an entry vehicle for professional and administrative occupations at all grade levels. In contrast, the Schedule B-PAC authority, from which men and women entrants were retained at about the same rates, was an entry path for a wide range of predominantly administrative jobs only at GS grades 5 and 7. It's possible that the Schedule B-PAC authority's more limited occupational and grade coverage contributed to the differing retention rates between it and the other three authorities.

Although the Outstanding Scholar provision actually led to higher retention of women than men, in 1984 it was a minor intake source. Since total hiring through this source has increased in recent years, it potentially represents a key source for long-term women employees.

While workplace-related dynamics may contribute to retention differences between men and women, as well as to differences among authorities for men and women, it appears likely that other dynamics are also involved. Whatever the causes, there are two key points to note: (1) among authorities that lead to hiring from outside Government, the ones that accounted for two-thirds of 1992 hiring (OPM certificate, agency certificate, and direct hiring) had the lowest retention rates for women appointed in 1984; and (2) selection through merit promotion led to the highest retention rate of women, and balance in the retention of men and women.

Representation Issues Summarized

When intake and retention are factored together, it's clear that the various authorities have different effects on the representation of minorities and women in the Federal professional and administrative workforces.

White males had higher intake rates than any other category selected through OPM certificates in both 1984 and 1992, and the highest retention rates. While minority intake and retention from the OPM certificate category were roughly level during the study period, women in that group made some gains in intake in 1992 over 1984. These gains will translate into meaningful improvement in the representation of women only if retention of women hired in 1992 improves over the 1984 figure.

Minorities fared about as well under agency certificates as under those issued by OPM. Women again made gains in hiring in 1992 over 1984. However, they will again have to show improvement in retention over the class of 1984 rate for agency certificate selections for those gains to be real in the long term.

Minority intake under the direct hire authority was somewhat better in 1992 than in 1984, and their retention from 1984 was better than for

entrants through either OPM or agency certificates. Women made very good gains in being hired through direct hire in 1992, but their relatively low retention rate from 1984 under this authority again raises questions about the long-term effect of those gains.

The percentage of minorities hired through the Outstanding Scholar authority declined in 1992 over 1984, but the high retention of minorities from 1984 suggests they may not actually lose ground through this mechanism. The combination of a high percentage of women being hired both years through this mechanism and their high retention rate from 1984 combine to suggest that this is a good avenue for women.

The Co-operative Education Program was a good source for both minorities and women, but the number of hires through this source each year was (and remains) so small that its effect on overall representation was minimal.

For both minorities in aggregate and for women, internal selection (merit promotion) appears to offer the best opportunity for growth in representation. Although the effects varied by ethnic and racial group, minority selection overall through this vehicle increased in 1992 over 1984, and minority retention rates for 1984 entrants were actually slightly higher than for nonminorities. Even though the percentage of women selected through merit promotion declined slightly in 1992 over 1984, a far higher percentage of women entered their first professional or administrative jobs through this source than any other authority in 1992. And their retention rates were equal to men's.

As we noted earlier, selections through merit promotion don't add to or detract from the diversity of the total Federal employment pool. Rather, they contribute to a redistribution of that pool because the individuals selected were already part of it. This redistribution is important because it provides an opportunity for upward movement of the individuals concerned. The merit promotion selections covered by this report reflected movement into new, more challenging career fields, with clerical or technical employees moving into professional or administrative jobs. The new job fields offer opportunity for further growth, almost always to grades higher than were possible in the old jobs.

A recent MSPB report[40] highlights the importance of agencies focusing greater attention on expanding "their efforts to develop and advance the careers of minorities in order to achieve full representation at all grade levels" as well as intensifying their recruitment of Hispanic men and women. Data from this study show that merit promotion is a good way to advance the careers of capable current employees, and that this approach has a positive effect on minority group members. At the same time, both the previously referenced MSPB report on the procurement profession[41] and the quality data that are discussed next show how critical it is to use the best available assessment tools when making selections through merit promotion.

[40] U.S. Merit Systems Protection Board, "Evolving Workforce Demographics: Federal Agency Action and Reaction," November 1993, pp. 39-40.
[41] See Footnote 38.

Quality in Relation to Selection Source

In this chapter we look at quality measures for the class of 1984. To do this, we use as indicators of quality seven data elements drawn from OPM's Central Personnel Data File. These are: number of promotions since entry, current supervisory/managerial status, number of quality step increases since entry, number of performance awards since 1987, average dollar amount of all performance awards, the most current performance rating, and average performance rating received between 1986 and 1992. (Starting years for some indicators differ because OPM began collecting CPDF data for them at those times.) We also collected information on individuals' education at the time of selection.

Our seven indicators aren't all of equal importance; neither can any one of them tell the whole "quality" story. For example, performance ratings are a measure of how well a person has performed in the current job, but they don't necessarily offer insights into that person's potential to perform work in a different work setting, at a higher grade, or in a different occupational field.

Since our seven indicators depend on judgments made by numerous supervisors and managers scattered throughout the Government, these quality measures aren't entirely objective. Additionally, it's possible for these measures to be influenced by factors that are beyond the control of the employees they affect, such as the occupational field or agency in which the individuals work. Nonetheless, these measures can provide some indication of how successful employees have been in their Government jobs. And, when we track members of the class of 1984 by these measures, certain patterns related to (if not dependent upon) entry source do appear. Thus, these indicators add information about the individuals selected through the sources covered by this report.

We supplemented the CPDF indicators with responses from 552 supervisors and managers who, in completing MSPB's 1992 Merit Principles Survey, indicated that they had selected a professional or administrative employee for a job at GS grades 5 through 15 since 1990. The survey asked this group of respondents to: identify the source through which their most recent selection was made; indicate the grade and occupational category of that selection; and rate the performance of the selected person on a scale ranging from excellent to poor.

Because entry grade seems to play a key part in how well employees do during their careers, we organized this chapter by groups of entry grades and drew comparisons by different entry authorities within each entry grade grouping. The grade groupings are: (a) GS grades 5 and 7 (entry-level grades); (b) GS grades 9, 11, and 12 (midlevel grades); and (c) GS and GM grades 13, 14, and 15 (senior-level grades). Where important to the analysis we also provide information about each separate grade.

This chapter should not be read as necessarily arguing that selecting officials should choose one hiring authority over another when filling a job. Since different authorities apply to different jobs (and sometimes job levels), the choice of selection mechanism is usually dictated, at least insofar as outside hiring is concerned. The clear exception is for occupations covered by ACWA examinations, where selecting officials have a choice between OPM certificates and the Outstanding Scholar authority. Agencies with Co-operative Education Programs also can select individuals from that program for appropriate professional or

administrative jobs after those individuals complete the program's requirements.

Where this chapter may be particularly instructive is in alerting selecting officials to quality measurement differences that we found between selections through outside hiring authorities and selection from within the Government through merit promotion procedures. This outside/inside choice is theoretically available for every selection, although factors such as hiring freezes may bar choice by preventing outside hiring. Similarly, the kind of job being filled (or its grade level) may serve as a practical bar to using merit promotion to select from within. When they have the choice of hiring from outside or from within, selecting officials should consider both the potential long-term effects of the choice and its contribution to meeting their immediate job needs. Our findings should help them in viewing the potential long-term effects of their decisions.

Selection at GS Grades 5 and 7

These are entry-level grades for professional and administrative jobs. GS-5 is the basic trainee level, while GS-7 is the advanced trainee. All seven of the authorities covered by this report apply to entry-level selections. Two apply only to entry-level hiring. Two tables in this section highlight differences among the seven authorities. Table 12 shows the major differences for selections at GS-5, while table 13 provides the same information for selections at GS-7.

Table 12. Average (Mean) Values of Quality Indicators and Variance From the Average for Each Entry Source for 1984's GS-5 Entrants

Entry Source	Number of Promotions Beyond GS-7	Current Performance Rating	Average Performance Rating 1986-91	Annual Number of Awards per Person 1987-92	Average Dollar Amount of Each Award	Annual Number of Quality Step Increases per 100 Employees 1984-92	Percent Who Are Now Supervisors or Managers
Average value for each quality measure—all sources combined:	3.07	3.85	3.79	.41	$180.23	1.63	14
How each entry source varies from the average:							
OPM Certificate	0	0	0	-	0	0	0
Agency Certificate	-	-	-	—	—	0	-
Direct Hire	+	0	0	0	+	0	+
Schedule B-PAC	0	0	0	0	0	-	0
Outstanding Scholar	0	+	+	+	+	0	0
Co-operative Education	0	-	-	+	+	0	+
Merit Promotion	—	0	+	0	0	+	0

KEY: ++ Much higher than average; + Higher than average; 0 "Average"; — Much lower than average; - Lower than average

Table 13. Average (Mean) Values of Quality Indicators and Variance From the Average for Each Entry Source for 1984's GS-7 Entrants

Entry Source	Number of Promotions	Current Performance Rating	Average Performance Rating 1986-91	Annual Number of Awards per Person 1987-92	Average Dollar Amount of Each Award	Annual Number of Quality Step Increases per 100 Employees 1984-92	Percent Who Are Now Supervisors or Managers
Average value for each quality measure—all sources combined:	3.66	3.82	3.80	.46	$228.76	2.18	19
How each entry source varies from the average:							
OPM Certificate	0	0	0	-	-	0	0
Agency Certificate	+	-	-	0	0	-	-
Direct Hire	+	+	0	0	+	0	0
Schedule B-PAC	0	-	-	+	0	-	0
Outstanding Scholar	0	++	0	+	0	0	+
Co-operative Education	+	0	0	+	0	0	0
Merit Promotion	—	+	+	+	0	+	0

KEY: ++ Much higher than average; + Higher than average; 0 "Average"; — Much lower than average; - Lower than average

Some explanation of the tables found throughout this chapter may be useful. First, they report what has happened to the entrants in terms of our quality indicators between 1984, when they entered their first professional or administrative job in the Government, and late 1992, when the quality snapshot was drawn. In reporting, we use the mean, or average, value for each of the seven quality measures we used. That average value is shown on the top line of each table.

Using table 12 as an example, we see that the average number of promotions beyond promotion to GS-7 (which is still in the trainee category) for all GS-5 entrants was just over three. Thus, in late 1992 the average grade for 1984's GS-5 entrants was slightly above GS-12 (GS grades 6, 8, and 10 are not normally part of the grade progression for professional and administrative jobs). The average current (when the file was extracted) performance rating was 3.85 (on a 5-point scale where 5 is the highest rating), and the average performance rating for the period between 1986 (as far back as OPM's records went for this element) and 1992 was 3.79 on the same 5-point scale.

The average number of awards annually per employee during the 8-year period 1984-92 was just under one-fourth, or just about one

award annually for every four employees, and the average value of each award was a little over $180. Over the same 8-year period, 1.63 quality step increases were earned annually for every 100 employees. (Some employees may have received more than one.) Finally, table 12 shows that 14 percent of 1984's GS-5 entrants were supervisors or managers in late 1992.

The tables in this chapter also show how, and by how much, entrants through the different sources varied from the average values. Statistical tests identified the statistically significant differences.

To keep from cluttering the tables, we express the differences symbolically rather than as actual values. For example, in table 12 the "much lower than average" symbol was assigned to the number of promotions that merit promotion entrants received during the study period. While the average number of promotions beyond GS-7 for merit promotion entrants was 1.76, all GS-5 entrants' average was 3.07.

Because of how the other entry sources clustered relative to the average, the 1.76 promotions figure was "much lower than average". By comparison, agency certificate entrants rated "lower than average" with 2.78 promotions, while direct hire entrants were "higher than average" with 4.09. Similarly, the .25 average awards earned annually by individuals selected from agency certificates was "much lower than average" compared with the .41 average for all selection sources, just as their $115.28 average value per award was much lower than the average value of awards to all of 1984's GS-5 entrants. We use this same reporting approach in all tables in this chapter.

Analysis of table 12 raises some questions about agency certificates as a selection means. In all but one of the seven quality measures, individuals selected through this mechanism rated "lower than average" or "much lower than average." To some extent these results may have been influenced by the occupations involved or by the organizational culture of the agencies that had delegated examining authority in 1984. Or they may reflect tight labor markets in 1984 for jobs where agencies had delegated examining authority, with agencies having limited choices in their selections. Whatever their reason, they raise a challenge to agency perceptions that the control over staffing that delegated examining gives them leads to better selections.

It's interesting to note that entrants through the now-defunct Schedule B-PAC authority do not appear to have measured very differently from individuals selected from OPM certificates, despite the less rigorous selection process associated with the Schedule B authority. Outstanding Scholar entrants, however, exceeded entrants from both of these sources in terms of awards and performance ratings over 8 years, and in terms of current performance ratings. This suggests that the academic achievement requirements of Outstanding Scholar offer some assurance of quality selections.

Until we consider the effect of education when selected, merit promotion entrants present somewhat of a paradox—higher than average performance ratings over past years and higher than average numbers of quality step increases, but much lower than average promotions. We know that almost all merit promotion selections are made from the clerical and technical ranks, and that more than two-thirds are women. We also know that this group has the lowest percentage of college graduates among the seven authorities covered by this study—which is not necessarily surprising, given that college degrees

aren't necessary for the clerical or technical jobs from which these entrants typically come. (About 70 percent of the merit promotion entrants had at least a bachelor's degree, compared with about 84 percent for the next-lowest group. Even allowing for the college graduates who use clerical hiring for "back door" entry to their goal of professional or administrative jobs, this 70 percent seems surprisingly high.)

Further analysis suggests that the low promotion rate for this group is related to education at time of selection. Significantly, when we focused only on merit promotion entrants who had at least bachelor's degrees when they were selected for the professional or administrative jobs, we found that their promotion rate was equal to the average for all groups. This is a very important point for managers to note, since merit promotion is the "select from within the workforce" alternative to hiring from the outside.

We're still left with the paradoxical relationship between merit promotion entrants' higher than average performance ratings and quality step increases but much lower than average promotion rates. Can it be that persons selected through merit promotion are known to be steady and hard-working, but because of their total backgrounds too often prove unable to make the complete transition from their former occupation to their new one, and thus, on average, have not moved up the career ladder as high as have the individuals selected through other means? Can it also be that supervisors are using performance ratings, awards, and even quality step increases (QSI's) as alternative forms of reward for the internal candidates they selected to enter professional or administrative jobs—and to whom they feel considerable loyalty—in lieu of promotion, which is the ultimate reward?

The patterns for GS-7 entrants for most of the hiring authorities varied somewhat from those who were selected as GS-5, as table 13 shows.

In most cases the GS-7 entrants displayed small quality measurement improvements over those who entered through the same authority at GS-5. For external hires, this is probably related to either additional experience before being selected, or superior academic achievement as an undergraduate, since one or the other would be necessary for individuals to qualify for hiring at GS-7. Individuals selected from OPM certificates did not uphold this pattern. Neither did selections through Outstanding Scholar, a surprising finding because every person selected through Outstanding Scholar was eligible for appointment at GS-7. Finally, the findings for agency certificate hires at GS-7 raise almost as many questions as they did for GS-5's with respect to their lower than average ratings.

The unusual pattern found in GS-5 merit promotion selections was even more pronounced in the GS-7 entrant group. As table 13 shows, GS-7 entrants were higher than average in four of the seven measures, but were still much lower than average in the number of promotions received.

Selection at GS Grades 9, 11, and 12

In most instances these midlevel jobs represent the full-performance, or journeyman, grades for professional and administrative jobs. Generally, then, individuals who enter Federal service at these grades already have moderate to substantial related work experience.

Table 14 displays the quality measures information for 1984's GS-9 entrants. The Outstanding Scholar and Schedule B-PAC authori-

Quality in Relation to Selection Source

Table 14 Average (Mean) Values of Quality Indicators and Variance From the Average for Each Entry Source for 1984's GS-9 Entrants

Entry Source	Number of Promotions	Current Performance Rating	Average Performance Rating 1986-91	Annual Number of Awards per Person 1987-92	Average Dollar Amount of Each Award	Annual Number of Quality Step Increases per 100 Employees 1984-92	Percent Who Are Now Supervisors or Managers
Average value for each quality measure—all sources combined:	2.35	3.98	4.00	.43	$214.89	3.64	13
How each entry source varies from the average:							
OPM Certificate	0	0	0	0	0	0	0
Agency Certificate	0	0	0	-	-	0	0
Direct Hire	+	0	0	0	0	0	0
Merit Promotion	-	+	0	+	+	++	0

KEY: ++ Much higher than average + Higher than average 0 "Average" — Much lower than average - Lower than average

ties don't apply at this grade level and are omitted from the table. Co-operative education does apply at this grade level, but the number of Co-op conversions at this level was so small that the numbers couldn't be used, so that authority has also been omitted.

Perhaps the most interesting point evident from table 14 is the small number of differences among the three external hiring sources. This may indicate that, once selection decisions are based on measuring experience rather than potential, the candidate evaluation processes for hiring from OPM certificates, from agency certificates, and through direct hiring are generally equal in their ability to distinguish among applicants.

A second interesting point is that the merit promotion (internal selection) entrants continued to vary the most from other entrants. They continued to be higher than average in terms of performance ratings, awards, and quality step increases, while also continuing the pattern of having received a lower than average number of promotions. At the GS-9 level, however, the extent of difference in the number of promotions was less than at the lower grades.

Table 15 provides similar information for entrants at GS-11. The "leveling" trend among GS-9's entering through outside hiring sources first noted in table 14 is even more pronounced for GS-11's, as indicated in this table. However, the distinction between merit promotion entrants and those selected through outside hiring procedures continues to be notable.

Table 15. Average (Mean) Values of Quality Indicators and Variance From the Average for Each Entry Source for 1984's GS-11 Entrants

Entry Source	Number of Promotions	Current Performance Rating	Average Performance Rating 1986-91	Annual Number of Awards per Person 1987-92	Average Dollar Amount of Each Award	Annual Number of Quality Step Increases per 100 Employees 1984-92	Percent Who Are Now Supervisors or Managers
Average value for each quality measure—all sources combined:	1.12	3.99	4.03	.45	$257.30	4.18	14
How each entry source varies from the average:							
OPM Certificate	0	0	0	0	0	0	0
Agency Certificate	0	0	0	0	0	0	0
Direct Hire	+	-	-	-	0	0	0
Merit Promotion	-	0	0	++	++	++	+

KEY: ++ Much higher than average + Higher than average 0 "Average" — Much lower than average - Lower than average

Table 16 completes the view of entrants at the midlevel grades by showing the information for selections at GS-12.

At this level the uniform tendencies noted among the three external hiring sources is somewhat less visible. Employees selected from agency certificates rate higher than average on four of the seven indicators, which makes them stand out somewhat compared to the other external sources, and which contrasts greatly with the lower quality picture for agency hires at GS-7 and GS-9.

The distinctive pattern relating to merit promotion selections continues at GS-12, with some of the differences (higher or lower than average) being even more pronounced. At this grade level this group is rather small (76 employees).

Selection at GS and GM Grades 13-15

The Federal Government calls jobs at GS and GM grades 13 through 15 "senior-level jobs." The GM pay plan designation is used for managerial or supervisory jobs at these levels, but their pay ranges are identical to the GS ranges. Because relatively few individuals entered their first professional or administrative jobs in 1984 at these levels, and not all of them[42] were still in Federal service in 1992, we've combined all of the individuals at these grades for this analysis.

[42] The number still on board in 1992 was 701. They had been selected as follows: OPM Certificate--385; Agency Certificate--190; Direct Hire--92; Merit Promotion--34.

Quality in Relation to Selection Source

Table 16. Average (Mean) Values of Quality Indicators and Variance From the Average for Each Entry Source for 1984's GS-12 Entrants

Entry Source	Number of Promotions	Current Performance Rating	Average Performance Rating 1986-91	Annual Number of Awards per Person 1987-92	Average Dollar Amount of Each Award	Annual Number of Quality Step Increases per 100 Employees 1984-92	Percent Who Are Now Supervisors or Managers
Average value for each quality measure—all sources combined:	.80	3.99	4.01	.52	$355.54	3.78	16
How each entry source varies from the average:							
OPM Certificate	0	0	0	0	0	0	0
Agency Certificate	+	0	0	+	+	+	0
Direct Hire	+	0	0	-	0	0	0
Merit Promotion	—	+	0	+	++	++	0

KEY: ++ Much higher than average; + Higher than average; 0 "Average"; — Much lower than average; - Lower than average

Table 17 shows the results obtained from this group of employees. Individuals selected through both OPM and agency certificates were remarkably similar. Individuals selected through direct hire procedures vary from them strongly in three of the seven measures, always in the unfavorable direction. The fact that fewer than 100 individuals selected at GS or GM grades 13, 14, or 15 through direct hire in 1984 were still federally employed in 1992 may influence these figures. Alternatively, this pronounced difference may indicate that the more "freewheeling" direct hire procedures that were permitted in 1984 were less successful in distinguishing high-quality candidates than were the procedures that applied to OPM and agency certificates.

The pattern of higher than average performance ratings and higher than average numbers of awards but lower than average promotion rates held true for merit promotion selections at these grades. Interestingly, however, a higher than average proportion of these senior-level merit promotion selections are now supervisors or managers, and the merit promotion selection group had a much lower than average number of quality step increases.

Quality Issues Summarized

Certain overall themes or patterns concerning the class of 1984 deserve highlighting in this last section. These are observations not easily

Table 17. Average (Mean) Values of Quality Indicators and Variance From the Average for Each Entry Source for 1984's GS/GM Grades 13-15 Entrants

Entry Source	Number of Promotions	Current Performance Rating	Average Performance Rating 1986-91	Annual Number of Awards per Person 1987-92	Average Dollar Amount of Each Award	Annual Number of Quality Step Increases per 100 Employees 1984-92	Percent Who Are Now Supervisors or Managers
Average value for each quality measure—all sources combined:	.97	4.08	4.17	.68	$632.60	2.50	19
How each entry source varies from the average:							
OPM Certificate	0	0	0	0	0	0	0
Agency Certificate	0	-	0	0	0	0	0
Direct Hire	—	0	0	—	—	0	0
Merit Promotion	-	+	+	++	++	—	+

KEY: ++ Much higher than average; + Higher than average; 0 "Average"; — Much lower than average; - Lower than average

captured in the previous discussion organized by grade groupings. Further, some are based on information not presented in the previous discussion. For example, minorities typically did less well when compared with nonminorities, regardless of the means of entry and regardless of the grade at which they entered. In addition, although possession of at least a bachelor's degree appears important to promotion, possession of an advanced degree doesn't necessarily ensure higher promotion rates than are obtained with a bachelor's degree. The effect of advanced degrees on promotion is probably related more to occupation than to entry method.

We noted a significant pattern consistent with a finding reported in MSPB's "glass ceiling" report.[43] That is, for selections below GS-12, there were distinct differences in the promotion rates of men and women regardless of the source through which they were selected. Up to this level, women were promoted less frequently. With regard to the other quality measures, however, the results suggest that women's performance was equal to, if not better than, men's. For men and women selected at or above GS-12, promotion rates and the other measures were generally equal.

Not surprisingly, as grade level increases, fewer individuals are hired into Federal service. The bulk of professional and adminis-

[43]U.S. Merit Systems Protection Board, "A Question of Merit: Women and the Glass Ceiling in the Federal Government," October 1992.

trative hiring is at the entry-level or early midlevel grades (primarily below GS-11). Most selections at the higher grades are made through promotions of individuals already in Federal service and already in the appropriate career field (individuals and actions that were excluded from this study).

The significance of this observation is that it points to the importance of GS grade 5-7 and 9-12 selections on the long-term, as well as the immediate, quality of the organization. Even though flat (or flattening) organizations are becoming the general rule, managers should consider the effect of their selections on both the immediate and long-range needs of the organization. And obviously, managers should have and use the best possible selection tools.

This leads to a final summary observation, which is based on information presented in the earlier sections. Regardless of the grade at which they were selected, 1984 merit promotion entrants received on average a lower than average number of promotions compared with individuals selected through other mechanisms. These promotion rate differences were most pronounced for GS-5 and GS-7 entrants. (This occurred despite the fact that, regardless of grade at entry, merit promotion entrants received higher than average numbers of awards, and merit promotion entrants below GS or GM grade 13 received higher than average numbers of quality step increases.) When controlled for education, merit promotion entrants did as well as entrants through other sources so long as they had at least a bachelor's degree. However, merit promotion entrants are the group with the highest proportion of nondegree members. Overall, the proportion without a degree accounted for the lower than average promotion rate for the entire merit promotion group.

Merit promotion was a key means for first entering professional and administrative jobs in both 1984 and 1992 and probably will remain so in the future. However, our quality indicators data for 1984's entrants through this source highlight the importance of managers' using careful assessment—and thus the best possible selection tools—when drawing on this source. When filling ACWA occupations through merit promotion, this argues strongly for using the appropriate ACWA examination as one of the assessment tools, since the ACWA examinations have been shown to provide valuable insights into the candidates' reasoning ability—a particularly important ability for successful performance in professional and administrative jobs.

Conclusions and Recommendations

Conclusions

Where are we now? There is widespread agreement today that the Federal hiring system is broken and needs fixing. Trumpeting the theme of a popular book calling for the reinvention of Government, the report of the Vice President's National Performance Review prescribes major changes in the process of recruiting and hiring Federal employees.

What appears often today to be overlooked—or at least minimized—is that the Federal hiring system has already undergone substantial change. For example, while anecdotal information frequently cites hiring from OPM registers, or standing inventories of candidates, as a key problem, little attention is given to the fact that use of this mechanism has declined. Only about one out of every 20 professional or administrative employees (4.75 percent) hired in 1992 was chosen from a register controlled by OPM.

Between 1984 and 1992, increased use was made of direct hiring, the Outstanding Scholar provision, the Co-operative Education program, and internal staffing as sources for professional and administrative employees, while selections from agency certificates decreased slightly. These are all selection processes largely run by agency personnel.

These points aren't intended to minimize the need for change, because change is needed. Instead, we offer them to help balance the understanding of where Federal staffing is today. A Federal hiring approach built largely on delegation and decentralization is closer to existing today than is generally acknowledged. This point isn't often emphasized because, no matter who has control of the hiring process, that process often is burdened with procedural requirements which individually or in combination are widely viewed as impediments to good staffing practices. Some, such as the "rule of three" and veterans preference, are statutory. Others, such as the processes used to distinguish among candidates, are the result of Governmentwide and agency regulations, negotiated labor-management agreements, and ossification of agency past practices. Taken together, these requirements form a shell intended to protect the civil service from actions not based on merit. However, their practical effect may be closer to preventing the civil service from maturing and developing beyond its current state.

Where do we want to go? In 1989 we reported on the effects of an OPM "simplification" initiative[44] that had begun several years earlier. We said then that "simple" was unlikely to ever be an appropriate adjective for the civil service system, but that decentralization and delegation of authority could make the system more responsive and effective.[45] Now, 4 years later, we believe the evidence supports that finding. While still anything but simple—and certainly not yet where managers and job applicants would like it to be—the hiring system is more responsive to the needs of both than it was 10 or more years ago.

[44] U.S. Merit Systems Protection Board, "Delegation and Decentralization: Personnel Management Simplification Efforts in the Federal Government," Washington, DC, October 1989.

[45] Ibid., p. 1.

Having seized the attention of the country, the Administration is now moving quickly to initiate and implement further Federal human resource management changes it believes are necessary to create a more responsive—and better—Government. This urgency is understandable, since time often is the enemy of change. However, the present unprecedented rate of change in Federal personnel management creates a vulnerability to error that must be taken into account.

Learning from what others have done offers an opportunity to build on their successes while avoiding the risk of reinventing their mistakes. With regard to staffing changes, we believe the Federal Government would benefit from the experience of the state of California, which has substantially revised its state civil service system. The following quote from the Executive Officer of the California State Personnel Board is instructive:

> *The task of government is to find a suitable balance or accommodation in its civil service processes for these often conflicting interests or values. * * * One person's perceived "red tape" is another person's preferred accountability system. In California we believe we have approached a reasonable balance between these competing values. However, the changes have been evolutionary and incremental rather than a cataclysm of reform.*[46]

The seven staffing methods we have discussed represent varying degrees of agency control over selection processes. They also have yielded different—sometimes very different—results in terms of two important workforce considerations: quality and representativeness. Such disparate results from staffing authorities subject to substantial guidance from a central authority should raise concerns about what can be expected if all agencies are granted total, or even substantial, freedom in their recruiting and examining processes. This is a part of the vulnerability that requires careful attention.

How do we get where we want to go? The title chosen for the report of the National Performance Review, "Creating a Government that Works Better and Costs Less," signals two goals that at times may be mutually exclusive. Sometimes—at least in the short term—improvements come only at higher cost. For example, agencies that have accepted responsibility for delegated examining report improvements in the selection process, but those improvements came at an increased cost of scarce agency resources. This could well be the case where "reinventing" Federal personnel management is concerned.

Agencies receiving the authority to conduct their own recruiting and examining for all positions will require the necessary resources and expertise. Agencies presently vary considerably in their examining expertise. Reason suggests that they will similarly vary greatly in how well they perform if given greater freedom: some will do a very good job and others will do very poorly. Further, since some agencies reported that they find operating their current delegated examining offices so resource-demanding that they are considering returning examining authority to OPM, there is a need to examine the implications of a decision to grant all agencies even more hiring authority. Finally, while some agencies are pressing for total control of the staffing process, others don't appear eager to take on this task.

[46] "Hard Truths/Tough Choices: An Agenda for State and Local Reform," The First Report of the National Commission on the State and Local Public Service, Albany, NY, 1993, p. 26.

The prospect of agencies allocating additional resources to personnel offices appears unlikely. How, then, will agencies manage the additional workloads inherent in accepting greater responsibility for staffing? Recent experience suggests that some gains can be made through more sophisticated use of modern office technology, and that those gains can be magnified through partnership activities such as those that currently exist between OPM's Macon Staffing Service Center and several agencies with delegated examining authority. Perhaps agencies will combine their resources, or offer their capabilities to others for a fee. Or perhaps they will have to take resources from other programs to supply the needs for this new or expanded task.

Further decentralization, whether accelerated or not, requires common expectations among all players. The National Performance Review has articulated a series of principles to guide the change it contemplates for Federal human resource management. Those principles quite properly stress the increased responsibility agency managers and their personnel staffs will bear for the revised way they staff and manage the workforce. Although the final report on reinventing Federal human resource management wasn't available as this report was completed, a draft version of that report which we saw reiterated those principles, demanding of agencies much that isn't typically present today: individual managerial authority for personnel management decisions, coupled with individual accountability for those decisions and the results of them; a collaborative/co-operative relationship between the line managers and their supporting personnel staffs; a "partnership" relationship between agencies and the unions and employee groups that represent those agencies' employees; and merit-based systems and procedures tailored to the uniqueness of each agency. These are important since a Federal merit staffing system operated almost solely by the many agencies will be only as strong as its weakest partner.

In June of 1993, OPM began addressing the question of its future role by issuing a statement of "Vision and Guiding Principles."[47] OPM's vision appears clearly consistent with the goals of decentralization and empowerment of managers. Exactly how OPM will participate in ensuring operation of the envisioned system is still undecided, but it's clear that OPM must remain a key player. One example of how OPM can fulfill its revised role is visible in the efforts it is currently making to change how the ACWA examination series is used. Its proposal to change the hiring of candidates for ACWA occupations through case examining, with the appropriate ACWA examination being used to help determine the final ordering of the top group of candidates rather than being used as a "gateway" that must be passed through to gain employment consideration, will both speed up the hiring process and give agencies more control over it. As further changes in the staffing system progress, it's reasonable to predict similar changes in the use and administration of other examinations developed by OPM.

MSPB applauds the goal of creating a more effective, simpler, and less rule-bound system for attracting and selecting Federal employees. We applaud the goals of making that system ultimately cost less to administer and giving "ownership" of it to the agencies where the

[47] U.S. Office of Personnel Management, "Vision and Guiding Principles," paper presented at a conference on "Partners for Change: Steering Federal HRM Into the 21st Century" held at the National 4-H Center, Jun. 2-3, 1993.

work of Government is done. We caution again, however, that as a practical matter major change almost always requires an initial investment which carries with it an expectation of later return—and the risk of that return being less than was anticipated. Although the risk of not achieving the expected return on the investment costs should not impede change, it does represent a very good reason for approaching that change with great care.

When all is said and done, if the resulting staffing system is to meet the expectations and needs of our Nation, it must be fair (and perceived to be so) and understandable. It must also conform to all legal requirements, and must include an oversight mechanism for ensuring accountability, focused largely on end results. With these expectations in mind, we offer the following recommendations.

Recommendations

The Office of Personnel Management should:

1. Propose legislation leading to creation of an alternative to, or abolishment of, the statutory "rule of three."
2. Place continuing emphasis on development of assessment tools—perhaps on a reimbursable basis—to be used by agencies in selecting candidates for various jobs, and provide assistance in determining how and when the use of those tools would be appropriate.
3. Continue the effort (begun with the ACWA examination series) of finding new and better ways to use existing examination tools to enhance their value as the move to decentralization escalates.
4. Seek court approval to abolish the court-established Outstanding Scholar appointing authority once case examining hiring procedures centering on revised use of the ACWA examinations are in place.
5. Revise the Co-operative Education Program to: (a) extend the "window of opportunity" for conversion to a competitive service appointment following completion of the program; and (b) reduce from 1,040 to 640 the number of hours a Co-op student enrolled in a 2-year associate degree program must work to complete the program.
6. Retain the resources and capacity to fulfill its statutory requirement for an oversight program that ensures staffing authorities delegated to agencies are used in accordance with the merit system principles.
7. As the burden for staffing is shifted to agencies, ensure that each agency's system has the structure, expertise, and resources necessary—including an oversight mechanism—to protect the principles of merit.

Federal Departments and Independent Agencies should:

8. Focus attention on strategies for assisting line managers in the exercise of substantially greater authority and responsibility for staffing.
9. Provide line managers and personnel office staff members with a clear understanding of what constitutes good personnel management practices and how those practices contribute to a better, more efficient Government.

10. Ensure the presence of adequate expertise in human resource management to provide training, guidance, and technical assistance to the staffs responsible for the staffing process.
11. Develop and maintain an internal self-evaluation capability to prevent or detect and correct poor personnel management practices, including violations of applicable laws or regulations.
12. Cooperate and collaborate fully with OPM in the development or refinement of candidate assessment methods for jobs common to many Federal agencies.
13. Hold managers and their supporting personnel office staffs clearly and publicly accountable for their staffing actions, and the results of those actions.

Appendix 1.
Two Key Rules Affecting Federal Hiring Practices

The following two broad legal requirements are central to most Federal hiring:

1. Veterans Preference

An exception to the strict order of relative merit in Federal hiring is made for individuals —called "preference eligibles"—who are eligible for veterans preference.

There are two ways to qualify as a "preference eligible."[48] One way is to be an armed forces veteran, which means the individual qualified for a campaign medal for active duty service during periods specified by law and subsequently was separated from the military under honorable conditions. Those judged to be armed forces veterans are "5-point" preference eligibles because 5 points are added to their passing exam scores. Except under certain conditions, members of the armed forces who retire at the rank of Major (O-4) or above cannot qualify as 5-point preference eligibles.

The other way to qualify is to be: (1) a disabled veteran with a service-connected disability who was separated under honorable conditions; or (2) under certain conditions, (a) the unmarried widow or widower of a veteran; (b) the wife or husband of a service-connected disabled veteran; (c) the mother of an individual who lost his or her life under honorable conditions while in the armed forces, or (d) the mother of a service-connected permanently and totally disabled veteran. Persons qualifying under these conditions are "10-point veterans" because 10 points are added to their passing exam scores.

There are some differences in how the two groups are treated. In part, the difference is based on the nature and grade level of the job being filled. If the job is a scientific or professional one at or above grade GS-9, all preference eligibles are placed on the list of eligibles based on their augmented scores. They always are listed ahead of persons without such eligibility who have the same rating.[49] For all other jobs, disabled veterans with a service-connected disability of 10 percent or more are placed at the top of the list of eligibles in order of their augmented score, which is called "floating to the top." Their names are then followed by the names of all other qualified applicants, in the order of their scores, including their augmenting points.

The importance of veterans preference to hiring is easy to explain: by law no person who is not a preference eligible may be selected over a preference eligible with an equal or higher score unless OPM agrees with the agency's reasons to "pass over" the preference eligible. The presence of preference eligibles at the top of a register creates a situation known as "blocking the register."

[48] The criteria for qualifying as a preference eligible are found at 5 U.S.C. 2108.
[49] 5 U.S.C. 3313.

Appendix 1. Two Key Rules Affecting Federal Hiring Practices

2. *Candidate Selection and the "Rule of Three"*

The Federal Government also has laws that govern both the number of names that are referred to the selecting official and the number of referred candidates who may actually be considered for the job.[50] First, OPM is required to refer at least three names on the certificate of eligibles.[51] Second, the selecting official must select from among the highest three eligibles available for the position unless he or she makes an objection to one of those top three candidates and OPM accepts that objection.

The prevailing view today is that the "rule of three" imposes too great a limitation on managerial discretion. This view is based in large measure on the belief that the examining tools presently used lack the capability to make fine distinctions among all highly qualified candidates. Under this reasoning, the determination of the "top three available candidates" is suspect.

The managerial discretion granted managers by the "rule of three" often is effectively eliminated by veterans preference. Since a veteran must be selected over a nonveteran with an equal or higher score unless OPM agrees with the reason for passing over the veteran, the presence of one preference eligible at the top of a certificate of eligibles effectively presents a selecting official with a "rule of one" situation, while two preference eligibles create a "rule of two" condition.

[50] The requirements are found at 5 U.S.C. 3317 and 3318.

[51] Often, more than three names need to be referred so that the selecting official will have a choice of at least three available candidates.

Appendix 2. How Candidates are Examined and Notified of Their Eligibility for Federal Jobs

Some Federal employment examinations involve written tests; others rely on evaluating an individual's education and work experiences against specific job requirements. Understanding the examining processes is important because the process used determines what steps the job applicant must follow to be considered for employment. The examining process may also affect how the job opportunity is advertised. The examining process also determines what the applicants do when they are notified of their eligibility for employment. For example, may they subsequently seek out job opportunities in Federal agencies, or must they wait for an agency to contact them with job offers?

1. The Examining Processes

a. Assembled Examinations

In plain English, an "assembled examination" is a written test. Typically, these are used to develop standing inventories ("registers") of qualified applicants who may then be considered for appointment as jobs become available. These written examinations may be administered by OPM or by an agency with delegated examining authority.

Written tests are often an efficient way to fill large numbers of jobs located in worksites scattered throughout the country. When taking these tests, applicants are asked to state their preferred geographic job locations, and then are referred (in rank order) on the basis of that preference.

Lists of eligibles, based on exam scores, can be established nationally, regionally, or on the basis of organizational structure (a whole agency or a component of one). The examination used to identify successful applicants can be scheduled at whatever frequency ensures that an adequate number of candidates are always available. Sometimes examinations are closed (not offered) for periods of time because the registers contain far more candidates than the anticipated number of available jobs can reasonably support. In these cases the examinations are reopened only after the existing register is (a) depleted or (b) purged or declared void because of its age. If either of the latter steps is taken, all persons then on the register are so notified and informed of what they must do to remain eligible for consideration (which may mean affirming their wish to stay on the register or may require retaking the examination).

On its face, the assembled examination is applicant-friendly in the sense that, once information about the examination is publicized, applicants can take it and know that a high enough score (they receive information about their scores through a "notice of results" form) offers the opportunity to be considered for appropriate jobs without further effort on their part. And it provides a large pool of new talent for managers to consider—something very important to managers, especially those in locations remote from densely populated areas.

In particular, properly developed written tests are useful in determining the relative quality of

candidates who have little or no previous work experience. In most cases such candidates are considered for entry-level (GS-5 trainee and GS-7 advanced trainee) jobs, and it is more appropriate to judge them on their relative ability to learn how to do the job than it is to judge what they already know about doing the work.

For the job seeker, however, there is a negative aspect to these written exams. The applications are essentially "blind," since they are not for any specific job or location. Thus, candidates don't know from where, much less if or when, a job offer will come. Further, there's no way candidates can discuss the status of their applications with a selecting or appointing official, since candidates don't know they're being considered for an actual job until someone contacts them.

The Government's most widely used assembled examination today is the Administrative Careers With America (ACWA) examination. This examination comes in 6 versions and is used to test for 96 different entry-level job categories (the job categories are combined into 6 occupational groups with shared attributes). There is a seventh ACWA group, involving 16 job categories which require possession of specific education. Instead of a written examination, examining for this seventh group follows the process discussed next under "unassembled examinations."

b. Unassembled Examinations

This term is used for the process of examining applicants through review of their qualifications against the requirements of the job to be filled. Before filling a job, the examining office establishes a "rating schedule." A rating schedule breaks the job into its key elements and assigns points for candidates' various levels of education or experience relevant to those key elements. Since interested individuals submit applications for a specific job, their applications are expected to show the extent to which they are qualified for that job.

Today, most jobs above the entry level are filled through the use of unassembled examinations. This examining process can be used: (1) to develop a standing inventory of qualified applicants (a register) who may then be considered for jobs at various locations or at various times; and (2) to fill one job or a number of similar jobs all at the same time. When unassembled examinations are used to create registers, candidates are treated like candidates in assembled examinations.

When an unassembled examination is used to fill a single job or a few similar jobs (as opposed to filling a job from a standing register), the process is called "case examining." In many respects, the process of case examining offers each candidate the best opportunity to show why he or she should be selected. This is because the application is for a specific job, and the individual's application is expected to be tailored to show how he or she matches the job's requirements. Additionally, the fact that the application is for a specific job means the applicant can reasonably expect to learn the outcome of the competition for the job—and knows where and to whom to address an inquiry if such information isn't received. This usually isn't possible for a job being filled from a standing register, since being placed on a register isn't the same as receiving a job offer.

There is also a negative aspect for job applicants: case examining means being considered only for the specific job advertised. Under case examining, applicants who want to be considered for many jobs are responsible for identifying each job opportunity and applying separately for each one.

2. Notifying Candidates of Eligibility for Selection

In many instances, the first thing qualified applicants get after applying for a Federal job isn't a job offer.[52] Instead, it's likely to be the "notice of results" mentioned earlier.

For applicants whose scores are based on examinations that lead to being placed on registers, the "notice of results" informs them of their scores and provides information about those scores. While the normal maximum exam score is 100, the absolute maximum (with 10 preference points added) is 110. An individual's likelihood of being referred to an agency with a job opening, and thus of being offered a job, will depend on: (a) his or her score; (b) what the lowest score is that the examining office is referring for selection; (c) whether he or she is a preference eligible; and (d) the number of preference eligibles with scores equal to or above his or her score. An individual's chances change as eligibles are added to or removed from the register over time. Even when an individual is within reach on a certificate, a job offer isn't assured, since the agency may decide not to fill the job from the certificate.

Unfortunately, the notice of results doesn't provide applicants with any sense of what their scores mean for their chances of being referred for a job. Two useful pieces of information that are not now, but would make good sense to be, included with the notice of results are: (a) the lowest score (or average score) referred to an agency for some preceding period of time (with the time period determined by how active the register is); and (b) the average score of all selections made during that same time period. A third useful piece of information would be the number of selections that agencies have made during the referenced time period.

In some shortage category situations where registers are kept, a notice of results is used to establish an applicant's basic employment eligibility. In some instances the notice of results could then be viewed as a "license to hunt" for a job. Armed with the notice of results, the applicant is free to apply directly to agencies for jobs. However, unless the agency has direct hire authority (for shortage labor market occupations) the applicant must still be within reach on a certificate of eligibles before the agency may make a job offer.

[52] This discussion is true for most, but not all, authorities governing full-time permanent employment. Exceptions are noted in the text, as appropriate.

Appendix 3. Key Federal Human Resource Management Terms and Concepts

Assembled Examination. A written test used to determine how well an applicant is qualified for a job.

Blocking the Register. The term used to describe the situation when the name of a preference eligible (defined below) appears on a register ahead of the names of persons who are not preference eligibles. Unless the preference eligible declines the job or fails to respond to a job offer, no one below that preference eligible on the register may be offered the job.

Certificate of Eligibles. A list, prepared by an examining office, identifying individuals who may be considered for selection for a job. Individuals are listed in the order of their examination scores, including augmenting points awarded for veterans preference.

Competitive Service. Jobs in the Federal executive branch, and not in the Senior Executive Service, that by law are subject to examining processes intended to ensure selection based on relative merit. This includes most jobs in most departments and independent agencies.

Eligibles. Individuals who, on the basis of an examination, have been determined to meet the qualifications for appointment to a job.

Excepted Service. Jobs in the Federal executive service that by law are specifically excluded from the competitive service and that are not in the Senior Executive Service. These jobs are grouped into three "schedules" defined as follows: Schedule A— Positions other than those of a confidential or policy-determining character for which it is impracticable to examine; Schedule B— Positions other than those of a confidential or policy-determining character for which it is not practicable to hold a competitive examination; Schedule C— Positions of a confidential or policy-determining character. Jobs in the excepted service are filled through procedures different from—and generally less stringent than—those required for jobs in the competitive service.

Notice of Results. The means through which an examining office notifies successful applicants about their examination scores and provides other information about their results as appropriate, such as that their eligibility for employment is limited to a specific job or group of jobs at one or more specific grade levels.

Objection. The term used to describe the process by which a selecting official can decline to select one of the top three eligibles on a certificate. The objection must be made to, and sustained by, OPM. An objection permits the selecting official to consider the next eligible and available candidate.

Appendix 3. Key Federal Human Resource Management Terms and Concepts

Office of Personnel Management. The central Federal civil service personnel office, responsible for determining Governmentwide personnel policies and practices.

Pass Over. The process of objecting to selecting a preference eligible in order to select an individual who is not a preference eligible. OPM must determine that the pass over is for acceptable reasons, and the pass over reasons must be made part of the record pertaining to the preference eligible. In certain cases, the preference eligible has a right to respond to the reasons for the proposed pass over, and OPM must consider that response in determining the sufficiency or insufficiency of the proposal.

Preference Eligible. An individual eligible for veterans preference.

Recruiting. The seeking out of candidates to fill jobs.

Register. An inventory of qualified applicants ("eligibles") from which an examining office prepares certificates of eligibles for referral to selecting officials.

Rule of Three. A legally established requirement that a selecting official must select from among the top three available candidates listed on a certificate of eligibles.

Selecting Official. The term used to identify a supervisor or manager authorized to decide who will be offered a job.

Staffing. The processes of recruiting, examining, and referring individuals for selection into jobs, and subsequently placing selected individuals into the jobs. Also called "hiring."

Superior Academic Achievement. A special provision that permits (but does not require) agencies to appoint individuals hired as trainees in professional and administrative jobs at the GS-7 (advanced trainee) level instead of the normal GS-5 (basic trainee) level. This applies to individuals selected through competitive procedures. Application of this provision is based on academic achievement at the bachelor's degree level. Individuals can qualify based on class standing, grade point average, or membership in any of several national scholastic honor societies.

Unassembled Examination. The process of examining applicants through review of their qualifications against the requirements of the job to be filled, instead of through a written examination.

Appendix 3. Key Federal Human Resource Management Terms and Concepts

Veterans Preference. An advantage granted by law to individuals who meet certain criteria related to military service performed by themselves, their spouse or deceased spouse, or their child. The qualifying conditions are listed in 5 U.S.C. 2108. This preference takes the form of 5 or 10 additional points being added to the passing score on the appropriate examination for the job to be filled.

Working a Certificate. The term used to describe the process of contacting referred candidates and determining their interest in the job; determining (through interviews, reference checks, and similar methods) how well the candidates fit the job and work setting; and making a selection.

Appendix 4. The Mechanics of Hiring from an OPM Certificate

OPM may issue a certificate of eligibles drawn from a register, or standing inventory of candidates. The certificate may also be created as a result of examining candidates who applied for a single job (or group of similar jobs) advertised under the case examining approach. In this appendix we provide more detail about what happens under either situation.

1. OPM Referrals Based on Registers

Some registers contain very large numbers of names. In such cases many candidates may have identical scores. OPM then uses veterans preference or daily random numbers (keyed to the last digit of the candidates' social security numbers), or both, to break ties in determining which candidates to refer. This is particularly the case in instances where the number of candidates with tied, high scores is large relative to the number of requests for certificates.

Sometimes numerous requests for certificates from a single register may be received and processed by OPM in a relatively short time. When this happens, the names of a fairly large number of candidates may be under consideration by agencies at any one time, because each candidate is included on only one certificate at any given time. OPM permits agencies to use a process called "name request" when requesting a certificate of eligibles. This means the agency may ask OPM to include on the certificate the name of a specific individual if that individual's score is high enough to be ranked among the top three eligibles. "Name request" is one way agencies can influence the content of OPM certificates.

2. Referrals Based on Case Examining

If the job is filled through case examining instead of from a standing register, then the agency provides OPM with information necessary to announce the job opening(s), including information about how and where to apply and the application deadline. OPM issues the certificate of eligibles after completing the examining process.

Some OPM offices make use of a special case examining situation called "shared examining." This is used where OPM retains authority for issuing the certificate, but allows the hiring agency substantial involvement in all steps leading up to that point.

Under shared examining, the agency prepares the job announcement, receives all applications, and determines the basic eligibility of the applicants. Once the closing date for the announcement is reached, the agency sends the applications of all qualified individuals to the OPM office for ranking. In many cases, however, subject matter experts from the hiring agency will actually perform the ranking for OPM. Once the applications are ranked, OPM prepares the certificate and gives it to the agency so that a selection can be made.

Appendix 4. The Mechanics of Hiring from an OPM Certificate

Although shared examining increases the hiring agency's workload, it also gives that agency an opportunity to control much of the process. This involvement typically speeds up the process and leads to a better job-applicant match.

OPM's San Francisco Region offers client agencies another opportunity to be heavily involved in the case examining process leading to selection from an OPM certificate. In this situation the region permits the hiring agency to add criteria to the rating schedule against which the applications are scored. The basic rating schedule (which OPM applies to all similar jobs regardless of agency) is counted as 90 percent of the total examining score, and additional (agency-unique and clearly job-related) criteria prepared by the agency are counted as 10 percent of the score.

Carefully developed additional rating criteria permit the hiring agency to focus attention on the unique aspects of the job (or job setting). While they shouldn't affect an individual's basic eligibility for hiring, these additional criteria may alter the order in which the candidates are ranked. Thus, these additional criteria may improve some individuals' opportunity for employment, and should lead to a better match between applicants and the agency's needs.

This effort by OPM's San Francisco Region is a step towards giving managers greater control over the hiring process. While still a long way from the level of hiring control exercised by managers in the Public Service of Canada (about which MSPB reported favorably in a 1992 report),[53] this is a positive step in the U.S. Civil Service worth noting.

3. Agency Concerns About the OPM Certificate Process

Agencies complained more about the OPM certificate process than any of the other processes we studied. Five broad complaints which deserve airing surfaced repeatedly, although they were not voiced by all agencies:

- The process takes too long.
- The applicants referred often aren't available.
- The quality of the applicants referred often isn't very good.
- It's hard to achieve affirmative employment goals when hiring through this source.
- The link between recruiting and hiring those who are recruited is tenuous at best, and often nonexistent, i.e., agencies see little incentive to recruit candidates because they often aren't able to "reach" them on the certificate later. The recruiting-hiring link is most tenuous when registers are used, because the recruiting and examining tends to be on an occupational, rather than specific job, basis.

Although more than half of the 23 agencies cited timeliness of OPM certificates as a problem, 7 said

[53] U.S. Merit Systems Protection Board, "To Meet the Needs of the Nations: Staffing the U.S. Civil Service and the Public Service of Canada," January 1992. See the discussions on pp. xii and 23-27.

that OPM is timely in issuing certificates. As we noted in the text, an OPM staffing study showed that hiring from "civil service certificates" (including both OPM certificates and certificates issued by agencies with delegated examining authority) took an average of 86.5 days. That's the longest time required to fill a position through the methods included in the OPM study, and almost 25 days longer on average than the quickest method OPM included in its study—direct hiring.

It's difficult to say if an average of almost 3 months is "too long," especially since we don't know the extremes that contribute to that average. Certainly to a manager with a job that needs filling, it's a long time. But if the wait produces the best possible candidate, and if the process provides a degree of "transparency" that permits the public, the candidates, and the hiring agency to see that the competition was open and fair, then arguably 3 months may be a reasonable price to pay to ensure selections based on merit.

There are several major reasons for the time delays. When agencies receive a certificate, they must contact the eligibles to determine their interest and availability. This step often causes delays for several reasons, including the following:

- Referred candidates often can't be reached at the address OPM had for them (or can't be reached at all). This is most likely to be a problem when hiring from a register, when the time between examining applicants and referring candidates for hiring may extend to months.
- Available candidates frequently decline interest because they don't like the job location. This may require sending subsequent queries to candidates lower on the certificate or requesting another certificate; either step extends the time necessary to identify possible employees.
- Candidates frequently decline consideration because they are employed (either they were already employed when they underwent the examination that led to being placed on the register, or they gained employment during the period between examination and referral) and don't find the Federal job attractive enough.
- OPM doesn't collect the form that all applicants must complete before employment. (Called an SF-171, this form collects both work experience and education histories, information about the individual's availability, and certain mandatory information about each applicant's background.) The hiring agency must ask interested candidates for this form.

The net effect is a considerable expenditure of agency time—and delay in the selection process—waiting for top candidates to reply to queries of availability or to provide necessary forms. And all too often the result is no response or a negative one.

4. Ways to Improve the OPM Certificate Process

Solutions to the problem of time delays lie with both the applicants and the keepers of the registers. Applicants need to be realistic in their indications of where they will work, and need to respond accurately and quickly to agency inquiries or requests for information. Realistic information about job location interest could substantially reduce the number of fruitless referrals for at

least some registers. Further, the offices that maintain registers need to explore ways to improve register maintenance. While this sounds simple, it isn't. How long to allow names to stay "active" on a register, how to ensure that the register contains current information about candidates, especially current addresses and telephone numbers, and when to purge registers, are questions that have faced civil service examining offices almost since they began keeping registers. Similarly, there is the question of whether the central examining office should keep each applicant's application on file, especially since over time applications also becomes outdated and inaccurate.

The issue of applicant quality centers around agencies' observations that OPM's examining offices are more "generic" in their examining approach than agencies would like; thus the candidates referred often aren't in the rank order that best fits the agency's specific job. In these agencies' view, this means that the best candidates often aren't within reach. This concern is reflected in the following agency quote:

> *As agencies' positions become more and more specialized, OPM becomes less and less able to adequately recruit and examine for them. Our personnelists are much more knowledgeable about the skills needed to do the job, and therefore in a much better position to evaluate the applicants for the job.*

That OPM is sensitive to this concern is evident in the introduction of shared examining, and in the San Francisco Region's effort to give agencies an opportunity to tailor rating schedules to fit their specific jobs or job settings. Neither of these process improvements has reached its full potential, however. For example, shared examining isn't a widespread practice among OPM examining offices. And both shared examining and the San Francisco examining approach require agencies to commit resources, which they apparently aren't always willing to do.

An OPM San Francisco regional official told us that agencies often decline to provide the information needed to tailor a rating schedule to better fit their individual jobs, *because it takes too much agency time.* This is a short-sighted view for agencies to take, since committing the necessary staff resources at the start of the examining process may contribute directly to improving the quality of the candidates referred. Since nine agencies reported that examining and referral by OPM saves them considerable workload, which they view as a positive factor, perhaps we should conclude that agencies don't always have the resources to expend, even when doing so would operate to their ultimate advantage.

Although OPM's role in examining and referring candidates is almost certainly going to diminish soon, that agency is still a key player for some jobs as this report was published. As long as OPM is actively involved, agencies that are actively recruiting candidates should use all of the flexibilities and opportunities available to them to influence the content of the certificates from which they must select their new employees.