

# Issues of Merit

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

September 2002

## Director's Perspective

### New Terminology Highlights Need for Change

The words "human capital" offend some people and confound others who don't share a perspective regarding why this term is especially beneficial to federal employees and the American public. The term focuses the highest level of management attention on managing agency resources. It connotes a strong relationship to financial resources which easily capture managers' attention. In many agencies it is common to see 70-80 percent or more of the total financial resources expended on salary and benefits. The term human capital forces us to look more closely at how we manage this major chunk of our budget. Do we maintain and develop this asset as carefully as we do other assets? It is often our number one expense but the federal government has not spent sufficient effort managing this important asset. Certainly, Comptroller General David Walker's identification of human capital management as a high-risk area will help focus more attention on it, as will the President's Management Agenda which identifies it as number one of five governmentwide initiatives. OPM is helping agencies better manage their human capital assets by providing guidance on how to measure and assess agency efforts toward the strategic management of human capital and how to "get to green" on the President's Management Scorecard.

The term may offend some who feel it impersonal, but I find it helps raise the level of the attention top leadership pays to managing the workforce. Terminology has moved from personnel administration to personnel management to human resources and now to human capital management. This

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### OPE Focus on the Facts

#### *Belief:*

Because of the need to replace the increasing number of feds who are retiring, a large percentage of the people the government hires are placed in entry-level professional and administrative jobs.

#### **Fact:**

Of the 81,391 full-time permanent, non-seasonal new hires in fiscal year 2001, only 8,325 (10 percent) were outside applicants brought on board into career-conditional, entry-level professional and administrative occupations.

Source: U.S. Office of Personnel Management, Central Personnel Data File, FY 2001.

### Automation Isn't Automatic

In our April 2002 newsletter, we mentioned that we are studying how federal agencies use automated hiring management systems. The field work from this study is almost complete, and we plan to issue a report early in 2003. In the meantime, we'd like to share some initial observations from the study, based on our fact-finding and the perspectives of agency managers and human resources staff.

#### How Automation Works

Federal agencies are taking two broad approaches to automating candidate assessment. One approach is question-driven, using a battery of questions to elicit information about an applicant's experience and education. The other approach is application-driven, using software to "read" a candidate's resume and identify his or her skills. There are important differences between these two approaches. But it appears that differences in agency experience reflect variations in the way agencies implement the systems more than inherent differences in

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means more total management involvement, especially at the highest levels, to bring about the needed cultural and perceptual change within the top leadership team and more broadly within the organization. This is what happens in organizations that “get it.” It is also an improvement over “personnel administration” where rules and regulations were devised with little management involvement and, accordingly, no alignment of those rules with management’s strategy on where the organization should go.

The human capital crisis is upon us for a multitude of reasons. One has to do with the culture change mentioned above. Another is the decade of downsizing with little or no planning or forecasting for future competencies as our missions evolved and technology crept swiftly into our daily lives. Our entire governmentwide system for

personnel management has not kept pace with the changes and the needs of society. We are seeing with increasing clarity the need to have greater flexibilities for managing the federal workforce. Nearly one-half the federal workforce is excepted from Title 5, which prescribes our traditional personnel administration rules. In many cases agencies have sought such exceptions through specific legislation or other authority. What we are seeing is a need for tools rather than rules as we try to make the sophistication of our human capital system match the increasing sophistication of our managers and unions and employees. In fact, the current debate over flexibility for the Department of Homeland Security has focused even greater attention on these issues. Clearly the system we have been riding is very tired and has not kept up with many of the agencies’ workforce needs. It becomes increasingly obvious that the system needs major

revision in fundamental ways—fundamental, as in new ways to compensate and new ways to hire and new ways to provide tools to help managers and employees to create high-performing organizations that can excel in meeting the expectations of the American public.

The evolution to the term “human capital” and the increasing movement away from Title 5, culminating, for now, in the debate over flexibilities for the Department of Homeland Security, are all taking us where we need to be. The debate will not stop with the flexibilities needed for the Department of Homeland Security. Hopefully, the next few years will see major reform in human capital management throughout government. We delight in bringing our independent perspective on issues and initiatives to you and helping inform the debate.

*Steve Nelson*  
Director, Policy and Evaluation

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## Automation *(continued from page 1)*

the automated systems themselves.

### What We’ve Observed

*Automation can work, but success is not guaranteed.* Some agency representatives we talked to viewed their automated systems as successful, pointing to benefits such as larger applicant pools, faster referrals, and more consistent and thorough candidate assessment. But other agencies are struggling to achieve acceptable timeliness and quality.

*Automation isn’t automatic.* Agencies unanimously agree that implementing a hiring manage-

ment system is not like buying a toaster. You cannot simply plug it in and expect it to work. Successful implementation of an automated system requires a willingness to examine and change existing manual processes and a substantial investment of time and resources. Implementing an automated hiring management system is not, at heart, an information technology initiative. It is a change management initiative—and a major one at that.

*Automation is not artificial intelligence.* The garbage-in, garbage-out rule is still in effect. Automated systems do not “know” what questions to ask a candidate, or

what skills are essential to job success. They must be told. Agencies tell us that it is critically important to translate job requirements and decision rules into the format used by the automated system. This translation requires a substantial initial investment of time and thought on the part of both managers and HR professionals.

*Speed alone isn’t enough.* Almost every agency official we talked to cited reduced time to fill a job as the primary reason for using a hiring management system. But the desired outcome of staffing is the right person at the right time,

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not a warm body at top speed. Accordingly, the most successful agencies are using automation to hire faster—but not to hire as fast as possible. These organizations take the time to do a thorough job analysis, check (and, when appropriate, correct) the output from their automated systems, and verify applicant-provided information.

The bottom line: automation can make a significant contribution to staffing processes and outcomes, but it is not a panacea.

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## Agencies Fail to Use Obvious Recruitment Tools

Preliminary results from an MSPB survey of federal human resources staff who posted vacancy announcements on OPM's popular USAJOBS website show that agencies rely almost exclusively on USAJOBS to recruit, even though additional cost-effective methods often are readily available. For example, less than half (44 percent) of our HR survey respondents indicated that they also posted the job announcement on their own agency's website and just 32 percent indicated that they also used their agency's e-mail system to announce job openings to their own employees. Neglect of these two tools means that agencies can miss alerting their website visitors to job openings or energizing their own employees to act as recruiters for the agency.

This is particularly significant because, as we discovered from our 2000 study on the job search experiences of new hires, the most common way new hires first found out about their jobs was through friends and relatives—many, no doubt, already employed by the federal government. Since it's often through current employees that external candidates are found,

agencies that are actively seeking external candidates should be aware that advertising jobs to individuals already in the agency is not a waste of effort. It is to the agencies' advantage to make greater use of these two additional broadcast tools, especially since they often are so inexpensive and easy to use.

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## Fewer Hoops, Higher Hurdles

Much has been written about how federal hiring can resemble a circus where agencies make applicants jump through hoops to be considered for a job. We welcome efforts to simplify what can be a needlessly arduous and inefficient process. However, streamlining the application process should not be confused with—or become a rationale for—superficial assessment of candidates. After all, the goal of staffing is to fill jobs with quality people, not simply to round up as many applicants as possible by making the application process effortless. If quality matters, rigorous assessment is indispensable. The ideal assessment strategy balances rigor with efficiency.

Even the best assessment tool merely predicts future performance; it cannot guarantee it. Simply put—although we wish it were otherwise—the hiring decision remains, at best, an educated guess. One strategy (which we'll cover in a future MSPB report) is conducting effective recruitment to stock the talent pool with high-quality candidates.

Another strategy is to improve the odds of picking a good performer from the pool by using multiple assessment tools in succession. This is often called a “multiple hurdles” strategy, using an analogy from sports. In track and field, a runner who does not clear a hurdle is out of the race. Similarly,

when multiple hurdles are used, applicants who perform poorly on an assessment are eliminated from further consideration for the job. Applicants who perform well move on to another assessment. The process is repeated until a selection is made. (This strategy is also called “phased assessment.”)

Most managers already intuitively understand and apply multiple hurdles. For example, few managers wish to consider a candidate whose resume contains no applicable experience or education. Nor are most managers

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*Streamlining the application process should not become a rationale for superficial assessment of candidates.*

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willing to hire a candidate, sight unseen, on the basis of an excellent written application alone. Typically, hiring managers will (at a minimum) interview the most promising candidates to further narrow the pool. In other words, they use the written application as a first hurdle and the interview as a second. Other hurdles may precede or follow these.

The challenge, then, is implementing the strategy effectively. Successful use of multiple hurdles includes ensuring that:

- each hurdle adds significantly to the depth, scope, or reliability of your knowledge of the candidates;

- each hurdle is carefully administered, so that it produces usable, job-related information; and

- the value of the additional information outweighs the cost of obtaining it.

Otherwise, “hurdles” can merely be “hoops” that annoy applicants, increase cost, and slow the hiring process. In upcoming

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issues, we'll offer some tips about the roles automation and various assessment tools can play in a multiple hurdles strategy.

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## The Long Reach of the Luevano Consent Decree

Recently the Department of Health and Human Services announced it had successfully filled its first intern class established under the Federal Career Intern Program. This is indeed good news, signaling the advent of another systematic way to hire and develop future leaders for federal agencies.

The Federal Career Intern Program gives agencies substantial flexibility to devise a program for hiring and developing new employees at GS grades 5, 7, and 9 (and even at higher grades if an agency establishes a need to do so). One reason for this program's flexibility is that it calls for individuals to be hired initially into the excepted service, and later converted without competition (if their performance is acceptable) to competitive status. Excepted service hiring allows agencies to exercise greater procedural flexibility than is allowed when hiring into the competitive service. Selection under competitive hiring procedures must follow restrictive procedural requirements such as the Rule of Three. Excepted service hiring, on the other hand, normally permits some flexibility in how candidates are rated and ranked. Agencies can use this flexibility to reduce the administrative burden associated with hiring.

Agencies don't always have choices in their Federal Career Intern hiring procedures, however. When hiring GS-5 and GS-7 employees into more than 100 professional and administrative occupations covered by the Luevano con-

sent decree, agencies must use the same assessment tool and rating and ranking procedures as are used in competitive hiring. The consent decree is a 21-year-old court-approved agreement that resulted from a legal challenge to a centralized written test formerly used in federal hiring. The decree prescribes the hiring procedures that are permitted for all covered occupations. It doesn't matter whether the jobs being filled are in the competitive or excepted service, only that they are in covered occupations.

The continued existence of the Luevano consent decree thus restricts agencies' ability to design

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*The old and no longer needed Luevano consent decree severely restricts agencies' flexibility to design intern assessment procedures suited to their unique needs.*

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and use assessment processes that might be better tools for hiring employees into many of the occupations that are well suited for the Federal Career Intern Program. In a January 2000 report the Board recommended that the Justice Department and OPM go to court to seek an end to the decree and the special hiring programs it authorized. To date that recommendation has not been acted upon.

The Federal Career Intern Program can be a great hiring tool for agencies, and we look forward to many success stories similar to that reported by HHS. It's unfortunate, however, that the old and no longer needed Luevano consent decree is able to severely restrict—for more than 100 professional and administrative occupations—agencies' flexibility to design intern assessment procedures suited to their unique needs. To us, this is another argument for terminating the consent decree.

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## Are New College Grads Landing Government Jobs?

With all the concern these days about the government's human capital crisis, focus has intensified on attracting new people to the federal workforce to replace staffs that have been hard hit by downsizing and retirements. For example, OPM is continually enhancing its USAJOBS website to make vacancy announcements more available and attractive. OPM also has joined with the Partnership for Public Service in a nationwide campaign to educate students about public service and attract talented applicants to federal employment.

However, these efforts may or may not be effective in encouraging more new graduates to apply for federal jobs. The numbers show that applicants without previous government service—and that's most college grads—represent a relatively small percentage of hires into entry-level professional and administrative positions. As the table on page 5 shows, in FY 2001, the government brought in 81,391 full-time permanent, non-seasonal new hires. Of that number, 47,053 were hired on career-conditional appointments (the typical mode of entry for new permanent employees who have no previous civilian government service).

Of those 47,053 new hires, 8,325 were in entry-level professional and administrative (GS-5 and GS-7 level) positions. A closer examination shows that most of these positions were in occupations with a positive education requirement, such as engineering and auditing; various law enforcement occupations, such as customs or immigration inspection, for which special written tests have been developed; or positions filled through the Outstand-

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How do new hires come on board?			
Full-time, Non-seasonal Positions			
Professional and Administrative Positions			
Type of Appointment	Total	All Grades	Grades GS 5 and 7
Competitive, career	2,956	1,568	446
Competitive, career conditional	47,053	22,708	8,325
Competitive, reinstatement	6,713	2,536	239
Excepted appointment	24,483	10,799	1,176
SES	186	186	
Total	81,391	37,797	10,186

Source: OPM Central Personnel Data File, FY 2001

ing Scholar Program (requiring a grade point average of 3.5 or higher) or through the Bilingual/Bicultural Program (which requires proficiency in Spanish or knowledge of Hispanic culture).

Except for the occupations that require job-specific college degrees or for which there is a written examination, our current hiring system relies almost exclusively on

assessments in entry-level professional and administrative jobs in FY 2001. It would be to the government's advantage to find better ways to bring in talented, high-potential candidates at the start of their careers. That would make the realities of government hiring more consistent with the rhetoric of government recruitment.

## FEBs and MSPB—Cooperation Among the Boards

Congratulations to the Federal Executive Boards (FEBs) and Federal Executive Associations (FEAs) on completing 40 years of important work within the federal communities they represent. We want to highlight how some FEBs have helped us in MSPB's Office of Policy and Evaluation assess federal HR management around the country, and how we've helped them view their human capital issues from a broader perspective.

FEBs were established by presidential directive to improve

coordination among federal activities outside Washington, D.C. FEB members are primarily senior executives assigned to field activities. FEAs have similar functions and objectives, but are located in cities without FEBs. Starting in 1998 we began asking FEBs to help us reach out to their memberships. We wanted to conduct focus groups or group interviews with federal executives, senior managers, and field HR officials outside the Washington, DC area. Initially, we limited our efforts to the Baltimore, Philadelphia, New York, and Chicago FEBs because of their proximity to Washington. Recently we expanded our involvement to include Denver. We've also been

in touch with FEB offices in Seattle and San Antonio to discuss future work.

Participants in meetings arranged by the FEBs have been very helpful. Their comments concerning human capital issues have opened our eyes to the innovation and resilience of federal managers in field settings. Often severely challenged by competition from other local employers and usually constrained by the rules and regulations that govern how they hire, retain, develop, reward, discipline, and manage their workforces, these managers have shared with us both local fixes and suggestions for broader ones.

In return, we have briefed FEB executive committees and members on our study findings. Discussions following those briefings have reinforced for us the importance of continuing to press for changes such as providing managers an alternative to the Rule of Three.

While our budget, staff resources, and study topics will continue to affect the extent of our outreach to FEBs and FEAs, we hope to increase our interaction with them. One of our goals is to learn more from these organizations that represent federal employees outside the Washington, D.C., area. A second goal is to increase our opportunities to share with FEBs and FEAs the results of our work and to help these organizations see how their local issues and concerns relate to those facing their peers throughout the country.

We welcome opportunities to speak on HR issues at scheduled FEB and FEA meetings. And as the executive directors in five cities already know, we're not bashful about asking for help with arranging interviews or focus groups. As these organizations enter their fifth decade of service to our nation, we look forward to a productive partnership with them all.



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

-  Making the Public Service Work: Recommendations for Change
- Assessing Federal Job Seekers in a Delegated Examining Environment
- The Federal Merit Promotion Program: Process vs. Outcome
- The U.S. Office of Personnel Management in Retrospect: Achievements and Challenges After Two Decades
- Growing Leaders: The Presidential Management Intern Program
- Competing for Federal Jobs: Job Search Experiences of New Hires
- Restoring Merit to Federal Hiring: Why Two Special Hiring Programs Should Be Ended
- The Role of Delegated Examining Units: Hiring New Employees in a Decentralized Civil Service
- Federal Supervisors and Poor Performers
- Civil Service Evaluation: the Evolving Role of the U.S. Office of Personnel Management
- Federal Supervisors and Strategic Human Resources Management
- The Changing Federal Workplace: Employee Perspectives
- Adherence to the Merit Principles in the Workplace: Federal Employees' Views
- Achieving a Representative Workforce: Addressing the Barriers to Hispanic Participation
- Fair and Equitable Treatment: A Progress Report on Minority Employment in the Federal Government
- The Rule of Three in Federal Hiring: Boon or Bane?
- Sexual Harassment in the Federal Workplace: Trends, Progress, Continuing Challenges
- Leadership for Change: Human Resource Development in the Federal Government
- Whistleblowing in the Federal Government: An Update
- A Question of Equity: Women and the Glass Ceiling in the Federal Government

## Selected Current Projects

- The use of interviews in selection
- Governmentwide Merit Principles Survey 2000
- Competence in overseeing federal contracts
- Federal government recruiting
- Automated candidate assessment
- Vacancy announcements

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\* Most of these reports can be downloaded from the **STUDIES** page of the **MSPB** website: [mspb.gov](http://mspb.gov)

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