



August 2016

# FEDERAL HIRING

## OPM Needs to Improve Management and Oversight of Hiring Authorities

Accessible Version

# GAO Highlights

Highlights of [GAO-16-521](#), a report to congressional committees

## Why GAO Did This Study

Federal agencies face human capital challenges as a large percentage of employees become eligible to retire and agencies compete with the private sector for critical skills. To acquire needed talent, agencies need a hiring process that is applicant friendly, flexible, and meets policy requirements, such as hiring on the basis of merit.

GAO was asked to review the extent to which federal hiring authorities were meeting agency needs. This report examines (1) the hiring authorities agencies used in fiscal year 2014 (the most recent data at the time of the review), (2) the extent to which case study agencies and OPM assessed the effectiveness of hiring authorities, and (3) how OPM ensured that agencies understood how to use hiring authorities effectively.

To meet these objectives, GAO analyzed OPM data and documents, and interviewed OPM and officials from three agencies selected on the basis of recent high hiring levels in critical skill occupations.

## What GAO Recommends

GAO recommends that the Director of OPM, working with agencies, strengthen hiring efforts by (1) analyzing the extent to which federal hiring authorities are meeting agencies' needs; (2) using this information to explore opportunities to refine, eliminate, or expand authorities as needed, and (3) sustain the Hiring Excellence Campaign's efforts to improve agency hiring and leverage prior initiatives, as appropriate. OPM generally concurred with these recommendations.

View [GAO-16-521](#). For more information, contact Robert Goldenkoff at (202) 512-2757 or [goldenkoffr@gao.gov](mailto:goldenkoffr@gao.gov).

August 2016

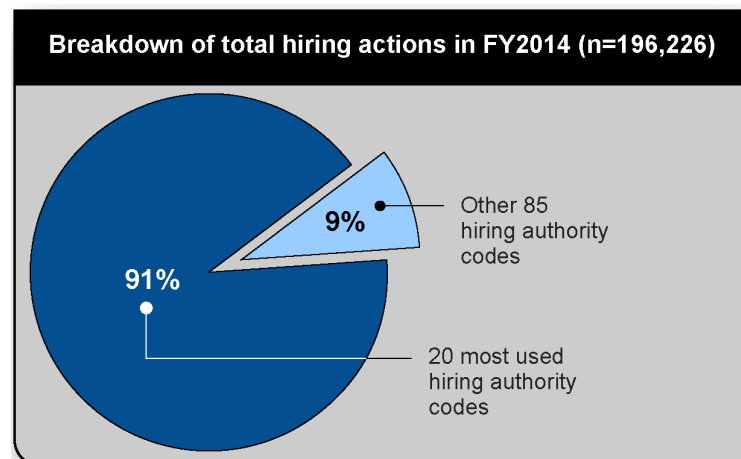
## FEDERAL HIRING

### OPM Needs to Improve Management and Oversight of Hiring Authorities

## What GAO Found

A hiring authority is the law, executive order, or regulation that allows an agency to hire a person into the federal civil service. Of the 105 hiring authorities used in fiscal year 2014, agencies relied on 20 for 91 percent of the 196,226 new appointments made that year. Office of Personnel Management (OPM) officials said they do not know if agencies rely on a small number of authorities because agencies are unfamiliar with other authorities, or if they have found other authorities to be less effective. The competitive examining hiring authority, generally seen as the traditional method for federal hiring, was the single most used authority in fiscal year 2014, but accounted for less than 25 percent of all new appointments.

### Agencies Relied on 20 Hiring Authorities for Nearly All New Hires in Fiscal Year 2014



Source: GAO analysis of OPM's Enterprise Human Resources Integration database. | GAO-16-521

While OPM—the agency responsible for overseeing the delegated hiring authority and managing federal civilian personnel data—tracks data on agency time-to-hire, manager and applicant survey results, and compliance audits to assess the hiring process, this information is not used by OPM or agencies to analyze the effectiveness of hiring authorities. As a result, OPM and agencies do not know if authorities are meeting their intended purposes. By analyzing hiring authorities, OPM and agencies could identify improvements that could be used to refine authorities, expand access to specific authorities found to be highly efficient and effective, and eliminate those found to be less effective.

OPM's Hiring Excellence Campaign consists of a number of multi-agency, in-person events and is OPM's latest initiative designed to address long-standing challenges with federal hiring. OPM officials described the objectives, strategies, and measures by which the campaign will be measured and sustained. Going forward it will be important for OPM to sustain the campaign's efforts and incorporate lessons learned, if any, from similar prior or existing efforts to improve federal hiring.

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**Abbreviations**

AFMC	Air Force Materiel Command
CAP Goal	Cross Agency Priority Goal
CFO	chief financial officer
CHCO	chief human capital officer
DEU	delegated examining unit
DOD	Department of Defense
DOE	Department of Energy
EHRI	Enterprise Human Resources Integration
FAA	Federal Aviation Administration
HR	human resources
HRME	human resources management evaluations
NIH	National Institutes of Health
OMB	Office of Management and Budget
OPM	Office of Personnel Management
REDI	Recruitment, Engagement, Diversity, and Inclusion Strategy
STEM	Science, Technology, and Mathematical
Title 5	Title 5 of the United States Code
TSA	Transportation Security Administration
VA	Veterans Affairs
VEOA	Veterans Employment Opportunities Act

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August 2, 2016

The Honorable Elijah E. Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
House of Representatives

The Honorable James Lankford  
Chairman  
Subcommittee on Regulatory Affairs and Federal Management  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Heidi Heitkamp  
Ranking Member  
Subcommittee on Regulatory Affairs and Federal Management  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Stephen Lynch  
House of Representatives

Federal agencies face a number of long-standing human capital management challenges. For example, a large percentage of employees will become eligible to retire in the near future which could produce gaps in an agency's institutional knowledge and leadership if not effectively managed.<sup>1</sup> Addressing those gaps could be difficult as agencies also face stiff competition for critical skills from the private sector. To ensure agencies have the talent they need to meet their vital missions, federal agencies must have a hiring process that is simultaneously applicant friendly, sufficiently flexible to enable agencies to meet their needs, and consistent with statutory requirements, such as hiring on the basis of merit.

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<sup>1</sup>Of the federal employees onboard at the end of September 2014, 31 percent will be eligible to retire by the end of fiscal year 2019. See GAO, *Human Capital: Update on Strategic Management Challenges for the 21<sup>st</sup> Century*, [GAO-15-619T](#) (Washington, D.C. May 20, 2015).

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An important component of the hiring process is the hiring authority used to bring applicants onboard. A hiring authority is the law, executive order, or regulation that allows an agency to hire a person into the federal civil service. Amongst other roles, hiring authorities determine the rules (or a subset of rules within a broader set) that agencies must follow throughout the hiring process. These rules may include whether a vacancy must be announced, who is eligible to apply, how the applicant will be assessed, whether veterans' preference applies, and how long the employee may stay in federal service.

In our 2002 report on human capital flexibilities, we noted that for many years prior, federal managers had complained that federal hiring procedures—particularly those associated with the most commonly used hiring authority, “competitive examining”—were rigid and complex. These managers often expressed the need for more flexibility within a system that has traditionally been based on a “one-size-fits-all approach” with uniform rules across government set forth in Title 5 of the United States Code (Title 5).<sup>2</sup> More agencies have sought approval to use additional hiring authorities from the Office of Personnel Management (OPM) and from the Congress that allow for greater flexibility from the competitive examination process under Title 5.

Our 2002 report also found that it is important for agencies to assess which human capital flexibilities—including hiring authorities—are the most appropriate and effective for managing their workforces and addressing their human capital challenges.<sup>3</sup> However, we have found that agency officials may not be aware of which hiring authorities are available or when best to use them. For example, in 2011 we reported that agencies could not provide data on whether the different hiring authorities they used allowed them to hire more or better qualified cybersecurity professionals, or whether the hiring authority chosen allowed them to bring the applicants on board more quickly.<sup>4</sup>

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<sup>2</sup>GAO, *Human Capital: Effective Use of Flexibilities Can Assist Agencies in Managing Their Workforces*, [GAO-03-2](#) (Washington, D.C.: Dec. 6, 2002).

<sup>3</sup>[GAO-03-2](#).

<sup>4</sup>GAO, *Cybersecurity Human Capital: Initiatives Need Better Planning and Coordination*, [GAO-12-8](#) (Washington, D.C.: Nov. 29, 2011).

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If agency officials are not taking a strategic approach in determining which hiring authorities are most effective at meeting merit, policy, and mission goals, they risk significantly hindering their ability to recruit, hire, retain, and manage their human capital. You asked us to examine the extent to which hiring flexibilities were meeting agency needs. This report examines (1) the hiring authorities agencies used in fiscal year 2014 (the most recent year for available data when we began our review), (2) the extent to which selected agencies and OPM assessed the effectiveness of hiring authorities used for selected occupations in helping meet hiring needs, and (3) how OPM ensured that agencies have the assistance and information needed to use the hiring authorities effectively.

To address our first objective, we analyzed data from OPM's Enterprise Human Resources Integration (EHRI) personnel database for fiscal year 2014, which was the most recent year that data were available.<sup>5</sup> We used EHRI's "current appointment authority" code to identify the hiring authorities agencies used for a particular hiring action. To calculate the new appointments made with each hiring authority, we aggregated the hiring actions using EHRI's "nature of action" codes for new appointments in the competitive or excepted services, including full- and part-time, and permanent and non-permanent staff. Additionally, we used OPM documentation to match the current appointment authority codes with a name and citation to applicable laws, regulations, and executive orders. We also examined laws, regulations, and additional OPM materials to obtain a description of the most frequently used hiring authorities government-wide in fiscal year 2014.

To address our second objective, we focused on three critical skill occupational areas at three agencies as illustrative case examples: Information Technology Specialists; Contract Specialists; and Science, Technology, Engineering, and Mathematics (STEM) occupations. We selected these areas because our prior work on mission critical occupations, identified these as skills gaps. Using OPM's EHRI database, we selected three agencies—the Air Force Materiel Command (AFMC),

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<sup>5</sup>EHRI (formerly Central Personnel Data File—CPDF) is the primary government-wide source for information on federal employees. The EHRI data we analyzed cover executive branch civilian employees, but do not cover the U.S. Postal Service, legislative or judicial branch employees, or intelligence agencies. OPM transitioned from CPDF to EHRI as of fiscal year 2010.

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Department of Energy (DOE), and the National Institutes of Health (NIH) because they hired the selected occupations in fiscal year 2014 and used a variety of hiring authorities to fill those vacancies.

At each agency we interviewed case study agency officials to learn about which hiring authorities agencies used for our selected occupations, reasons for using these authorities, and the extent to which agencies were measuring their effectiveness. Additionally, we identified and reviewed OPM and selected agency policies for, and documentation of, hiring authority oversight. To obtain a broader, government-wide perspective on the hiring process, we reviewed such information as OPM's time-to-hire data and the Chief Human Capital Officers' (CHCO) applicant and management satisfaction surveys. We also interviewed knowledgeable officials at OPM and the Merit Systems Protection Board about the effectiveness of federal hiring authorities.

To address our third objective, we reviewed online tools and guidance from the OPM website as well as OPM documents, training resources, handbooks, and fact sheets. We interviewed knowledgeable officials from OPM about the resources they provide to agencies, as well as officials from our selected case agencies about their experiences and satisfaction with OPM's resources. Further, we reviewed documents and reports on prior federal hiring reform efforts that included changes to hiring authorities. We interviewed OPM and Office of Management and Budget (OMB) officials about the impact of these previous reform efforts and current efforts, such as the fiscal year 2015 Cross Agency Priority Goal on People and Culture. See appendix I for a more detailed discussion of our scope and methodology.

We conducted this performance audit from May 2015 through August 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



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## Background

Selecting applicants based on their qualifications instead of patronage has been the foundation of the federal hiring system for more than 130 years. Congress passed the Pendleton Act in 1883, establishing that federal employment should be based on merit.<sup>6</sup> The nine merit system principles were later codified as part of the Civil Service Reform Act of 1978.<sup>7</sup> The first merit principle requires that agencies recruit qualified individuals from appropriate sources to achieve a work-force from all segments of society. It also requires that selection and advancement should be determined solely on the basis of relative ability, knowledge, and skills after fair and open competition. This assures that all receive equal opportunity.

In this report, “Title 5” refers to the government-wide personnel management laws and related provisions generally applicable to federal employment.

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## Competitive Examining Has Been the Traditional Method of Hiring

Title 5 outlines the rules agencies must follow to hire employees, such as the competitive examining hiring authority.<sup>8</sup> Competitive examining has been the traditional method for making appointments to competitive service positions. The competitive examining process requires agencies to notify the public that the government will accept applications for a job, screen applications against minimum qualification standards, apply selection priorities such as veterans’ preference, and assess applicants’ relative competencies or knowledge, skills, and abilities against job-related criteria to identify the most qualified applicants.<sup>9</sup> Federal agencies typically assess applicants by rating and ranking them based on their experience, training, and education.

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<sup>6</sup>Act of January 16, 1883, ch. 27, 22 Stat. 403

<sup>7</sup>Pub. L. No. 95-454, § 101, 92 Stat. 1111, 1113-14 (Oct. 13, 1978), codified at 5 U.S.C. § 2301(b).

<sup>8</sup>Title 5 outlines the rules agencies must follow to make appointments in the competitive service, excepted service, and the Senior Executive Service.

<sup>9</sup>5 U.S.C. §§ 3304-3319 and 5 C.F.R. parts 332 and 337.

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## Congress and the President have Created Alternatives to Competitive Examining

Congress and the President have created a number of additional hiring authorities—beyond competitive examining—to expedite the hiring process or to achieve certain public policy goals. In some cases, Congress created hiring authorities outside of Title 5 granting access directly to specific agencies. For example, provisions under Title 42 of the United States Code provide authority for the Department of Health and Human Services to hire individuals to fill mission critical positions in science and medicine. In other cases, Congress and the President created authorities under Title 5 which permitted hiring actions to be taken by means other than competitive examining. Through authority delegated by the President, OPM has authorized excepted service appointment authorities for when it is not feasible or practical to use competitive examining. Examples of some exceptions to the competitive hiring process include the following:

- **Filling critical skills gaps.** Congress created “direct hire authority” to help agencies fill vacancies in the competitive service under certain circumstances. Congress authorized OPM to permit agencies to use direct hire authority for a position or group of positions where OPM has determined that there is either a severe shortage of candidates or a critical hiring need for such positions.<sup>10</sup> This direct hire authority expedites the typical hiring process associated with the competitive examining hiring authority in Title 5 by eliminating competitive rating and ranking procedures and veterans’ preference.<sup>11</sup> Congress has also provided direct-hire authority directly to agencies for specified purposes.
- **Employment of veterans.** Congress created a hiring authority called the Veterans’ Recruitment Appointment authority that allows for certain exceptions from the competitive examining process. Specifically, agencies may appoint eligible veterans without

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<sup>10</sup>5 U.S.C. § 3304(a)(3).

<sup>11</sup>Importantly, agencies must comply with public notice requirements with respect to any position an agency seeks to fill using direct-hire authority. 5 C.F.R. § 3304(a)(3)(A) and 5 C.F.R. § 337.203.

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competition under limited circumstances or otherwise through excepted service hiring procedures.<sup>12</sup>

- **Employment of students and recent graduates.** To ensure that the federal government continued to compete effectively for students and recent graduates, a 2010 executive order created the Pathways Program. Pathways replaced two former student programs and incorporated the Presidential Management Fellows program.<sup>13</sup>

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## OPM and Agency Coordination and Oversight Roles

OPM decentralized and delegated many personnel decisions to federal agencies. It also has encouraged agencies to use human capital flexibilities, such as hiring authorities, to help tailor their personnel approaches to accomplish their missions. In January 1996, for example, OPM delegated competitive examining authority to federal agencies for virtually all positions in the competitive service.<sup>14</sup> OPM is responsible for ensuring that the personnel management functions it delegates to agencies are conducted in accordance with merit system principles, and the standards established by OPM for conducting those functions.<sup>15</sup>

The exceptions authorized under Title 5 to the competitive examining process, and the creation of exceptions to hiring rules through new agency-specific non-Title 5 hiring authorities mentioned above, also affect

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<sup>12</sup>38 U.S.C. § 4214(b) and 5 C.F.R. § 307.103. If an agency has more than one candidate for the same job and one (or more) is a preference eligible, veterans' preference procedures under part 302 of 5 C.F.R. apply.

<sup>13</sup>Exec. Order 13562, *Recruiting and Hiring Students and Recent Graduates*. 75 Fed. Reg. 82585 (Dec. 27, 2010). See, 5 C.F.R. part 213, subpart D and 5 C.F.R. part 362.

<sup>14</sup>Federal civil service employees, other than those in the Senior Executive Service are employed in either the competitive service, 5 U.S.C. §2102(a), or the excepted service, 5 U.S.C. § 2103(a). The competitive service examination process is one of the processes intended to ensure that agencies' hiring activities comply with merit principles. Excepted service positions are those positions which are excepted from the competitive service by or pursuant to statute, by the President, or by OPM. 5 C.F.R. § 213.101. OPM may except positions from the competitive service, for example, when it determines that appointments into such positions through competitive examination are not practicable or for recruitment of certain types of students (or individuals who recently completed qualifying educational programs). 5 C.F.R. § 6.1(a) and §213.102(b). The excepted service is comprised of Title 5 excepted service authorities (over which OPM has jurisdiction) and non-Title 5 excepted service authorities (over which OPM has no jurisdiction).

<sup>15</sup>5 U.S.C. § 1104(b).

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oversight responsibilities. Oversight of hiring actions depends on the origin of the authorized exception. For example, if the position was excepted from the competitive service by OPM, OPM is responsible for ensuring that the hiring actions taken to fill those positions are consistent with merit principles and other relevant Title 5 laws and regulations.<sup>16</sup> However, if Congress directly granted an agency authority to appoint individuals into the excepted service without regard to Title 5 and OPM authority, generally the agency (rather than OPM) must ensure that it is meeting relevant standards under that grant of authority or additional oversight provisions detailed by Congress.

Further, the Chief Human Capital Officers (CHCO) Act of 2002 established the CHCO Council to advise and coordinate the activities of member agencies on such matters as the modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources operations and organizations.<sup>17</sup> The CHCO Council is chaired by the Director of OPM and serves to coordinate and collaborate on the development and implementation of federal human capital policies.

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## Agencies Relied on 20 Authorities for Over 90 Percent of New Hires in Fiscal Year 2014

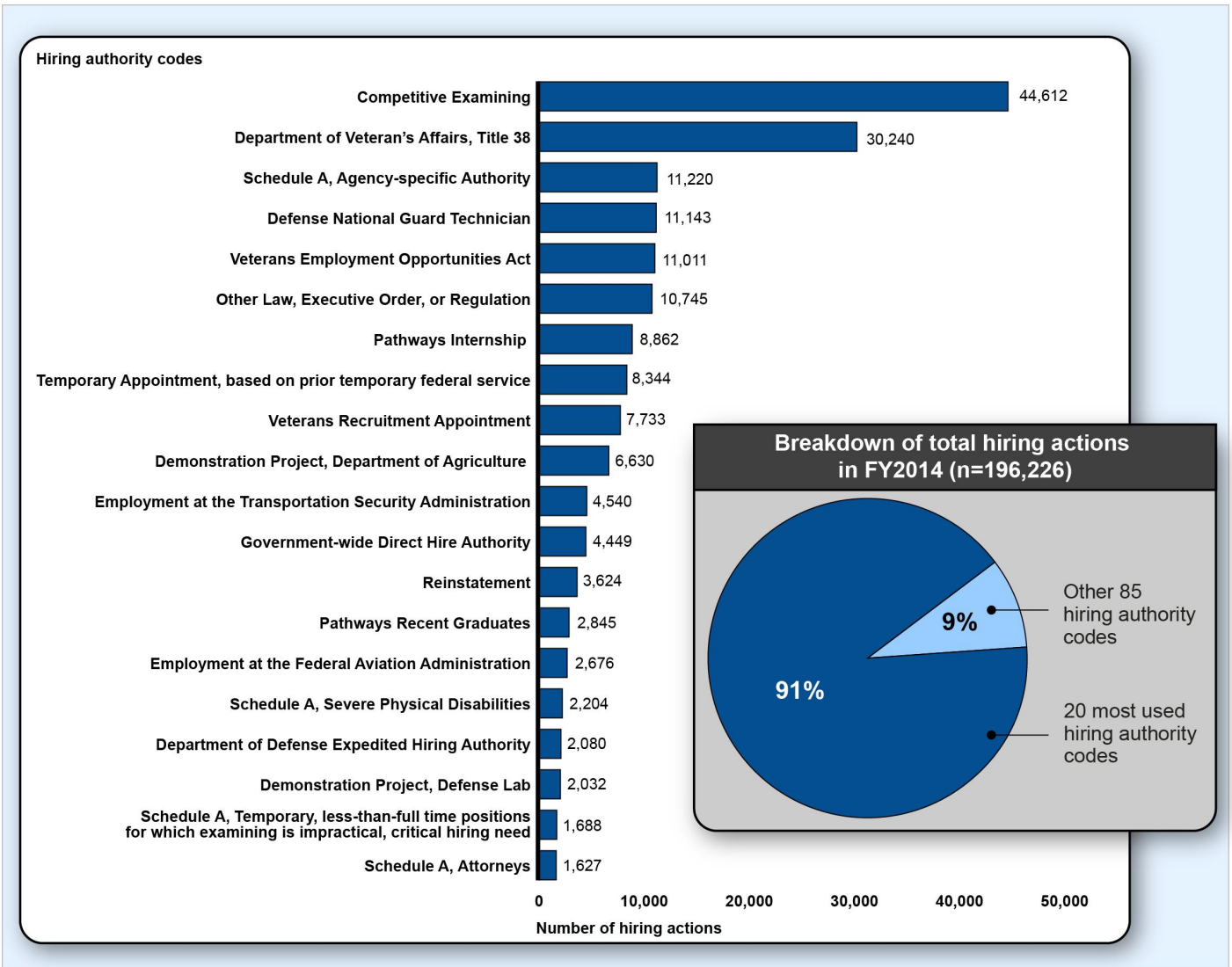
Our analysis of OPM data found that overall, agencies used a relatively small number of hiring authorities to fill nearly all of the vacancies in 2014, and a large number of hiring authorities to fill the small proportion of positions that remained. Specifically, we found that agencies used 105 hiring authority codes for 196,226 new appointments in fiscal year 2014. These appointments were for competitive service positions, as well as for excepted service positions, made under both Title 5 and agency-specific non-Title 5 authorities. However, of these 105 authorities, agencies used just 20 hiring authority codes for more than 178,000 (91 percent) of the new appointments, while using 85 hiring authority codes for the 18,000 (9 percent) remaining new appointments (see fig. 1).

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<sup>16</sup>OPM's authority to except positions from the competitive service originates from the President who is authorized to do so by Congress. 5 U.S.C. § 3302 and 5 C.F.R. § 213.102.

<sup>17</sup>Pub. L. No. 107-296, title XIII, § 1303, 116 Stat. 2135, 2288-89 (Nov. 25, 2002).

**Figure 1: Agencies Relied on 20 Hiring Authorities Within and Outside of Title 5 for Nearly All New Hires Made in Fiscal Year 2014**



Source: GAO analysis of Office of Personnel Management's Enterprise Human Resources Integration database. | GAO-16-521

As noted, Congress and the President have created a number of additional hiring authorities—beyond competitive examining—intended to address positions that cannot be filled through competitive examining in order to expedite the hiring process or to achieve certain public policy goals, such as facilitating the entrance of certain groups into the civil service.

Importantly, our analysis provides only a snapshot of a single fiscal year. The use of hiring authorities was influenced by particular hiring levels at certain agencies. For example, the Department of Veterans Affairs (VA) used the Title 38 hiring authority—the second most used authority—to hire almost 8,000 nurses and more than 3,000 medical officers in fiscal year 2014 in response to increased demands for healthcare providers.

Of the 20 top-used hiring authorities, agencies relied most heavily on three types of authorities: (1) the competitive examining hiring authority, (2) other Title 5 hiring authorities, and (3) agency-specific hiring authorities (non-Title 5 as well as Title 5). Each of these is discussed in greater detail below (see table 1 for a description of all 20 hiring authority codes most commonly used in fiscal year 2014).

**Table 1: Description of the 20 Hiring Authorities, Within and Outside of Title 5, Most Used in Fiscal Year 2014**

Hiring authority	Description	Service type	Available government-wide?
Competitive Examining	Vacancies open to the public and posted on USAJobs. Applicants ranked and selections made by category rating <sup>a</sup> . Veterans' preference applies.	Competitive	Yes
Department of Veterans Affairs, Title 38	Exclusively for Veterans Affairs to hire certain medical occupations.	Excepted	No
Schedule A, Agency-specific Authority <sup>b</sup>	Allows agencies to meet a hiring need that has not been remedied by using competitive examining, with justification and OPM approval.	Excepted	Yes
Defense National Guard Technician	Unique non-Title 5 hiring authority used strictly for appointment of National Guard technicians. Appointees maintain a dual status as both a federal employee and state national guard member. <sup>c</sup>	Excepted	No
Veterans Employment Opportunities Act	Allows eligible veterans to apply for positions announced under merit promotion procedures when an agency accepts applications from outside its own workforce.	Competitive	Yes
Other law, executive order, or regulation	Authorities granted by law, executive order, or regulation for which no specific OPM-designated hiring authority code exists.	Unknown	Unknown
Pathways Internship	Targets students at qualifying educational institutions. Interns eligible to be noncompetitively converted to competitive service under specified conditions.	Excepted	Yes

Hiring authority	Description	Service type	Available government-wide?
Temporary Appointment, based on prior temporary federal service	Allows agencies to noncompetitively reappoint former temporary employees (who have not already served the maximum time allowed) and noncompetitively appoint others eligible for certain career conditional appointments.	Competitive	Yes
Veterans Recruitment Appointment	Allows agencies to appoint eligible veterans up to the GS-11 or equivalent level without regard to competitive examining procedures. Appointees are converted to competitive service appointments after 2 years of satisfactory service.	Excepted	Yes
Alternative Personnel System, Department of Agriculture	Provides hiring flexibility exclusively to the Forest Service and the Agricultural Research Service. <sup>d</sup>	Competitive	No
Transportation Security Administration (TSA)	Provides hiring flexibility exclusively to TSA.	Excepted	No
Government-wide Direct Hire Authority	Allows agencies to fill positions OPM has determined have a severe candidate shortage or a critical hiring need. Public notice is required but not the application of veterans' preference or applicant rating and ranking.	Competitive	Yes
Reinstatement	Allows former eligible federal employees to reenter the competitive service without competing with the public.	Competitive	Yes
Pathways Recent Graduates	Targets individuals who have recently received a degree or certificate from a qualifying institution. After completion, eligible for non-competitive conversions to competitive service under specified conditions.	Excepted	Yes
Federal Aviation Administration (FAA)	Provides hiring flexibility exclusively to FAA.	Excepted	No
Schedule A, Severe Physical Disabilities	Allows agencies to appoint persons with severe physical disabilities. Allows for non-competitive conversion to competitive service after 2 years of satisfactory service.	Excepted	Yes
Department of Defense (DOD) Expedited Hiring Authority	Allows DOD to hire qualified candidates for certain acquisition and health care occupations using direct-hire procedures where DOD has determined a shortage of candidates or critical hiring needs.	Competitive	No
Demonstration Project, Defense Lab	Allows DOD to hire science and technology personnel at Research Labs with modification or waiver of some Title 5 provisions.	Competitive and Excepted	No
Schedule A, Temporary, less-than-full time positions, critical need	Allows managers to meet a short-term critical hiring need to fulfill the mission of an agency for up to 30-days with one 30-day extension.	Excepted	Yes
Schedule A, Attorneys	Enables agencies to hire attorneys because OPM cannot develop qualification standards or examine for attorney positions by law.	Excepted	Yes

Sources: OPM's "Hiring Toolkit" on HRU.gov, OPM website, Code of Federal Regulations, and information from Department of Defense, Department of Energy, and the National Institutes of Health. | GAO-16-521

<sup>a</sup>Category rating, authorized for use in competitive examining under 5 U.S.C. §3319, is required pursuant to presidential memorandum. See, Presidential Memorandum, Improving the Federal Recruitment and Hiring Process, (May 11, 2010).

<sup>b</sup>Schedule A appointing authorities cover positions when the competitive examining process is not practicable using the competitive service qualification standards.

<sup>c</sup>32 U.S.C. § 709(b).

<sup>d</sup>This authority began as an OPM-approved demonstration project in 1990 and was later made permanent by Congress. Pub. L. No. 105-277, § 749, 112 Stat. 2681, 2681-32 (Oct. 21, 1998). According to OPM, this authority is now managed by the Department of Agriculture.

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**Competitive examining hiring authority.** While the Title 5 competitive examining hiring authority—has been the traditional method for federal hiring—was the single most used hiring authority in fiscal year 2014, it accounted for less than a quarter of all new appointments government-wide.<sup>18</sup> Further, only 3 of the 24 agencies covered under the Chief Financial Officers (CFO) Act of 1990, as amended—the Department of Justice, the Small Business Administration, and the Department of the Treasury—used the competitive examining hiring authority for a majority of their new appointments in fiscal year 2014.<sup>19</sup> At the same time, 6 of the 24 CFO Act agencies used competitive examining for less than 10 percent of all new appointments in fiscal year 2014. They include the Departments of Agriculture, and Transportation, VA, U.S. Agency for International Development, Nuclear Regulatory Commission, and the National Science Foundation.<sup>20</sup>

**Other Title 5 hiring authorities.** In addition to competitive examining, in fiscal year 2014, agencies often used other Title 5 hiring authorities available to all agencies. For example, agencies used direct hire—which waives the rating and ranking process and the application of veterans’ preference under competitive examining for certain critical needs, or when there is a severe shortage of candidates. In other instances, agencies used special hiring authorities to hire veterans, students, and recent graduates.

With respect to direct hire, OPM provided agencies with government-wide direct hire authorities for certain IT specialists and medical occupations, among other critical needs occupations.<sup>21</sup> This enables an agency with delegated examining authority to hire, after public notice is provided, any

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<sup>18</sup>In order to use the competitive examining hiring authority, an agency must establish a delegated examining agreement with OPM.

<sup>19</sup>The CFO Act agencies are the executive branch agencies listed at 31 U.S.C. § 901(b).

<sup>20</sup>According to OPM, the NRC is excepted from competitive examining under provisions of title 42 of the United States Code.

<sup>21</sup>See <https://www.opm.gov/policy-data-oversight/hiring-authorities/direct-hire-authority/#url=Governmentwide-Authority> for a current listing of occupations approved for direct hire authority under 5 U.S.C. § 3304 and 5 C.F.R. part 337, subpart B.



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qualified applicant without regard to certain competitive hiring requirements such as category rating and veterans' preference.<sup>22</sup> Additionally, agencies often used hiring authorities related to hiring veterans and students or recent graduates. For example, the Veterans Employment Opportunities Act (VEOA), a competitive service appointment authority, was the fifth most frequently used hiring authority code for new appointments in fiscal year 2014.<sup>23</sup> One of our case agency officials told us that they used VEOA to recruit veterans eligible to apply for positions announced under merit promotion procedures.

Fiscal year 2014 was one of the first years agencies used two new Pathways excepted service hiring authorities for interns and recent graduates. These authorities are to be used as a supplement to, not a substitute for, the competitive hiring process. Pathways Programs are tools for agencies because of their focus on students and recent graduates. For example, nearly all of the 24 CFO Act agencies used at least one of the three Pathways Programs (the third being the Presidential Management Fellowship), and two agencies—the National Aeronautics and Space Administration and the National Science Foundation—used the Pathways Internship authority for more than 50 percent and 30 percent, respectively, of their new hires. At the same time, 7 of the 24 CFO Act agencies that used at least one of the Pathways authorities used it for less than 5 percent of their new appointments in fiscal year 2014.

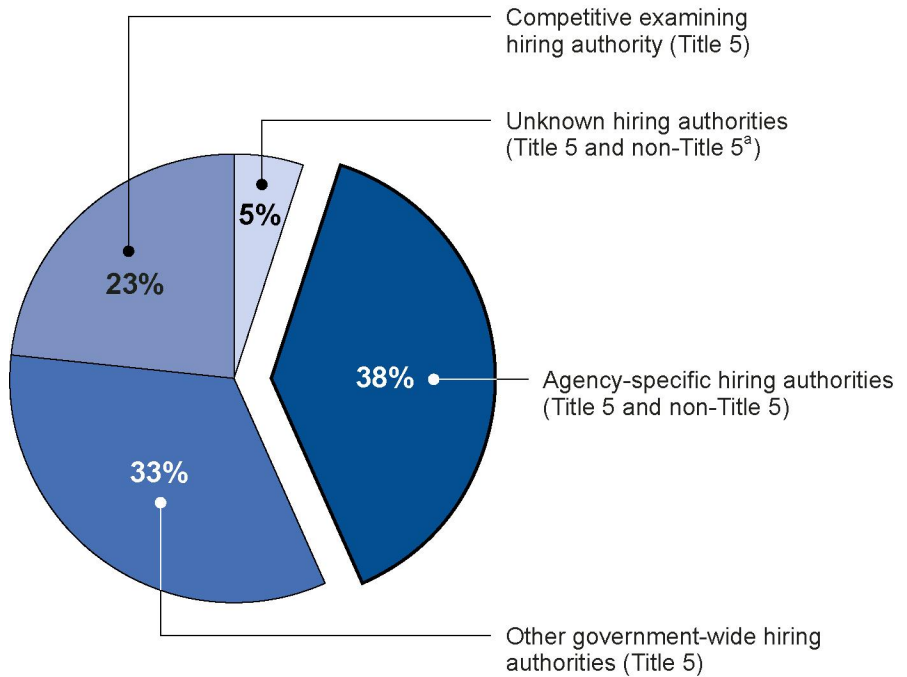
**Agency-specific hiring authorities.** Agencies also relied heavily on hiring authorities that are only available to specific agencies. As shown in figure 2, in fiscal year 2014, 38 percent of all new federal appointments were made using hiring authorities designated only for specific agencies.

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<sup>22</sup>Category rating is a method of identifying the pool of eligible candidates from which a selecting official can choose while preserving veterans' preference. Eligible candidates are rated by being placed in one of two or more predefined quality categories instead of being rated by individual numeric score order. Names of all eligible candidates in the highest quality category are referred on the certificate of eligibles to the selecting official for consideration.

<sup>23</sup>5 C.F.R. § 335.106.

**Figure 2: More Than a Third of Hiring Authorities Used in Fiscal Year 2014 Were Available to a Limited Number of Agencies**



Source: GAO analysis of OPM data. | GAO-16-521

Figure note 1: We rounded the percentages used in this figure to the nearest whole percent. As a result, the sum of the percentages in the figure do not equal 100 percent.

<sup>a</sup>OPM uses a single hiring authority code for all “other laws, executive orders, and regulations,” which was the sixth most used hiring authority code for new appointments in fiscal year 2014 and accounted for approximately 5 percent of new appointments government-wide that year.

Agency-specific hiring authorities can be authorized directly by Congress or may be provided to the agency by OPM. As previously noted, VA used Title 38 hiring authorities—attributable to the second most used hiring authority code—to hire for medical occupations in fiscal year 2014. In addition, two of the most used non-Title 5 hiring authorities related to entire agency-components—the Transportation Security Administration and Federal Aviation Administration—were provided by Congress with additional flexibility in hiring agency personnel for all occupations.

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OPM also provided special Title 5 excepted service hiring authorities to certain agencies. OPM annually publishes a consolidated listing of all agency specific Title 5 excepted service hiring authorities granted under Schedules A, B, or C in the Federal Register.<sup>24</sup> Schedules A, B, C, and D refer to distinct suites of authorities that enable agencies to hire in those circumstances when it is not practicable to use competitive service qualification standards or to rate applicants using traditional competitive examining procedures, when recruiting certain types of students (or others who have recently completed certain educational programs), or to fill positions of a confidential or policy-determining nature.<sup>25</sup> For example, OPM granted a Schedule A hiring authority to the General Services Administration and Office of Management and Budget to hire digital services staff as a part of the President's Management Agenda's Smarter Information Technology (IT) Delivery Initiative through September 2017 and 2016, respectively. In May 2015, OPM approved government-wide Schedule A hiring authority for digital services staff for all agencies working on IT projects as part of this initiative, also through September 2017.

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## Three Selected Agencies and OPM Need to Better Assess the Effectiveness of Hiring Authorities to Strengthen Hiring Efforts

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<sup>24</sup>OPM is required to publish a consolidated listing of all Schedule A, B, and C hiring authorities, current as of June 30 of each year, annually in the *Federal Register*. 5 CFR § 213.103(c). Schedule A, B, C, and D appointing authorities available for use by all agencies are contained in the Code of Federal Regulations. See 5 C.F.R. part 213.

<sup>25</sup>See, 5 C.F.R. part 213.

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## Selected Agencies and OPM Do Not Measure the Effectiveness of Individual Hiring Authorities in Meeting Agencies' Needs

In our 2002 report, we found that to address their human capital challenges, it is important for agencies to assess and determine which human capital flexibilities, including hiring authorities, are the most appropriate and effective for managing their workforces.<sup>26</sup> Among other things, such assessments help ensure that agencies use hiring authorities as part of an overall human capital strategy. By helping agencies to better understand the impact that different authorities have on the pool of available candidates, agencies could use hiring authorities more strategically to achieve specific talent management and public policy goals such as closing mission critical skills gaps, employment of veterans, and increased workforce diversity. Assessments can also better ensure that agencies first identify and use the flexibilities already available under existing laws and regulations and only seek additional flexibilities when necessary based on sound business cases.

Moreover, given agencies' reliance on a relatively small number of authorities in 2014, assessments of authorities' effectiveness could help inform whether there are opportunities to refine, consolidate, or reduce the number of available authorities to simplify the hiring process, or whether provisions of some agency-specific authorities should be expanded to more agencies. Indeed, OPM officials said they do not know if agencies rely on a small number of authorities because agencies are unfamiliar with other authorities, or if they have found other authorities to be less effective in meeting their needs.

As part of its hiring reform efforts, in 2010 the administration launched the Hiring Reform Initiative, which was aimed at improving the effectiveness of the hiring process. To gauge agencies' progress in meeting those goals, OPM tracked improvements in time-to-hire and manager and applicant satisfaction levels as key indicators for jobs posted on the USA jobs website. Time-to-hire and satisfaction surveys are useful metrics of the effectiveness of the hiring process as a whole. Neither OPM nor the selected agencies used or explored the potential for this information to analyze the effectiveness of individual, or the different types, of hiring authorities. Without this information, it is difficult for OPM and agencies to

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<sup>26</sup>GAO, *Human Capital: Effective Use of Flexibilities Can Assist Agencies in Managing Their Workforces*. [GAO-03-2](#) (Washington, D.C.: Dec. 6, 2002).

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assess the impact specific hiring authorities are having on the administration's reform efforts and other goals.

As one example, OPM requires agencies to report time-to-hire information for all job announcements posted on USAjobs.gov.<sup>27</sup> However, neither OPM nor officials from our selected agencies said they used this data to analyze the effectiveness of individual hiring authorities. Likewise, OPM surveys managers and applicants to gauge their opinions of the application process. OPM officials said while they conduct some government-wide analysis of these surveys and brief the CHCO Council on trends and findings, they have not analyzed the relative effectiveness of individual hiring authorities.

OPM officials said that the time-to-hire, manager satisfaction, and applicant satisfaction databases were located in different systems, thus making it difficult to analyze or identify trends. Further, OPM officials said they view the use of hiring authorities as case-specific and in some cases tied to agency-specific goals, which makes it difficult to compare them to one another and develop meaningful conclusions about how they are used.

However, there are several potential benefits to understanding the relative effectiveness of different authorities for particular agency requirements. First, different types of hiring authorities have different procedures associated with them. By analyzing the effectiveness of hiring authorities, OPM and agencies could identify improvements that could be used to refine those procedures. Second, Congress and OPM could provide more agencies access to specific authorities found to be highly effective. Third, authorities found to be less effective could be revised or eliminated by Congress or OPM, thus helping to ensure only those hiring tools found to be the most useful were available to agencies.

Moreover, a better understanding of the relative effectiveness of different hiring authorities could enhance agencies' awareness of the implications different authorities may have on the composition of their workforce. For example, when agencies use one hiring authority to achieve a particular public policy objective, it may have implications for the attainment of a

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<sup>27</sup>Excepted service hiring under Schedules A, B, and C does not require public notice.

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different objective. In its 2015 report, the U.S. Merit Systems Protection Board found that when agencies used veteran-specific hiring authorities in fiscal year 2012, they hired between 50 and 60 percent more men than women, not surprising given the active duty military is over 80 percent male.<sup>28</sup> Better information on the impact different authorities have on the applicant pool could help agencies use hiring authorities more deliberately to accomplish different hiring outcomes.

Officials from our selected agencies—AFMC, Energy, and NIH—said that they had not used time-to-hire data or manager and applicant satisfaction survey data to evaluate specific hiring authorities. Like OPM, officials from the selected agencies said they have focused their efforts and used this information to better understand and improve the overall hiring process but had not considered it for analyzing the use of individual authorities. Given that an individual agency may only use a subset of all authorities, an agency-specific analysis may not reveal many differences across authorities. However, compiling agency evaluations of the range of authorities available would likely provide greater insight. A number of factors can determine how and whether agencies get the talent they desire. Selected agencies described for us additional strategies they use to help meet their workforce requirements. These are discussed in greater detail in appendix II).

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### Improved Hiring Authority Data Could Identify the Most Effective Hiring Authorities

Despite the importance of assessing the effectiveness of individual hiring authorities, there are some limitations to using available OPM data for this type of analysis. The hiring authority codes used in OPM's EHRI database are a tool for tracking the use of hiring authorities across the federal government. However, the codes are not a perfect one-for-one match for individual hiring authorities, and some hiring authority codes represent an unknown number of authorities. For example, the hiring authority codes for "Digital Service Experts" are also used to track the use of other hiring authorities. As a result, it is unclear how frequently these particular digital services authorities are used.

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<sup>28</sup>Merit Services Protection Board, *The Impact of Recruitment Strategy On Fair and Open Competition for Federal Jobs* (Washington, D.C.: January 2015).

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Similarly, OPM uses a single hiring authority code for all “other laws, executive orders, and regulations,” which was the sixth most used hiring authority code for new appointments in fiscal year 2014.

As a result of these data limitations, OPM is unable to use its own data to determine the extent to which special hiring authorities like these are being used, to determine (or aid agencies in determining) whether they are meeting their intended purpose, if refinements are needed, or whether they should be expanded for other agencies with similar needs. With this analysis, OPM could revise authorities within its authority and work with agencies to develop legislative proposals as warranted to revise authorities beyond its authority.

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## OPM Conducted Compliance Audits and Evaluations, but Did Not Analyze the Effectiveness of Authorities Subject to Its Oversight

OPM is responsible for executing, administering, and enforcing the civil service rules and regulations and the laws governing the civil service, including those pertaining to hiring.<sup>29</sup> Additionally, OPM is required to establish and maintain oversight over delegated personnel activities, including delegated competitive examining activities, to ensure agencies are acting in accordance with the merit system principles and the relevant standards established by OPM, such as compliance with applicable laws, rules, regulations, executive orders, and OPM policies.<sup>30</sup> OPM monitors overall implementation and identifies corrective actions when deficiencies are found. OPM conducts this oversight through three primary means: delegated examining unit audits, human resource management evaluations, and special studies.

- **Delegated examining audits:** OPM oversees agencies’ use of the delegated examining authority for competitive service. These audits focus on compliance with merit principles and other key goals. To a lesser extent they consider the effectiveness of the overall hiring process, but typically do not analyze the effectiveness of specific hiring authorities.
- **Human resource management evaluations:** OPM and agencies evaluate how well human capital programs, align with agency mission and goals and comply with the merit system principles, laws, and

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<sup>29</sup>5 U.S.C. § 1103(a)(5).

<sup>30</sup>5 U.S.C. § 1104(b).

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regulations. In contrast to the delegated examining unit audits, officials said that human resource management evaluations provide an opportunity for identifying best hiring practices at agencies.

- **Special studies:** OPM officials said they periodically conduct special studies of hiring issues. For example, officials said OPM is currently studying the use of Pathways Programs government-wide. Officials said the study will identify trends in agencies' usage, highlight notable practices by agencies, identify any challenges within the programs, and assess whether the programs are being used as intended.

OPM's oversight functions provide an in-depth understanding of agency hiring, and could provide important information to help OPM identify opportunities to streamline and consolidate federal hiring authorities. However, OPM officials identified two challenges to analyzing audit findings to understand the effectiveness of hiring authorities. First, OPM does not maintain all the different types of audit reports in a single, centralized location. Conducting a government-wide analysis would require manually piecing together reports from different systems. However, even identifying trends within the audit type could provide leading practices for OPM to share and opportunities for agencies to improve their use of hiring authorities. According to OPM officials, OPM is developing a new database capable of housing all audit findings, which will enable it to conduct this analysis in future years.

OPM officials said a second challenge to government-wide analysis of hiring authorities is that OPM's oversight is limited to the hiring authorities established in Title 5. According to OPM, the evaluation or oversight requirements, if any, of non-Title 5 excepted service hiring authorities are authority-specific. Since non-Title 5 excepted service hiring authorities are granted to agencies directly by Congress, OPM does not generally have a direct oversight role under these authorities.

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## OPM Manages Numerous Hiring Reform Initiatives and Tools

In recent years, OPM has launched several initiatives and provided agencies with tools to address federal hiring challenges. In 2008, for example, OPM and the CHCO Council partnered to lead the End-to-End Hiring Roadmap, which aimed to improve the hiring process from an applicant perspective. Then, in 2010, the President's Hiring Reform initiative aimed to address impediments to recruiting and hiring highly qualified employees into the federal civilian workforce. Also in 2010, OPM began an effort to increase employment of veterans. In 2011, OPM started a new initiative to increase employment of students, and recent graduates, in part by educating agencies about new or existing hiring



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authorities for these groups. OPM also established the Veterans Employment Program Office and Office of Diversity and Inclusion. In 2015, OPM introduced the Recruitment, Engagement, Diversity, and Inclusion (REDI) Strategy. REDI's objective, in part, was to improve the quality of the hiring process by meeting with HR professionals and hiring managers to ensure they understand current hiring flexibilities through guidance and resources, referred to as "untying the knots" sessions.

Since 2014, OPM and the Presidential Personnel Office have led the People and Culture Cross-Agency Priority Goal intended to deploy a world-class workforce by creating a culture of excellence and enabling agencies to hire the best talent from all segments of society.<sup>31</sup> As part of this goal OPM with OMB's assistance, kicked off a new initiative in early 2016—the Hiring Excellence Campaign—designed to improve the federal hiring process. According to OPM officials, one of the objectives of the campaign is to raise awareness and effective use of hiring authorities by managers and human resource professionals and to address administrative and other obstacles that may be impeding the government's ability to recruit and hire the best talent. Officials said the campaign will feature a series of multi-agency, in-person discussions about hiring and assessment policies and corresponding guidance led by OPM and OMB officials. The events are to be in locations with high concentrations of human resources specialists, where agencies have been hiring for hard-to-fill occupations, among other factors.

OPM's Hiring Excellence Campaign is designed to bring together agency hiring specialists and hiring managers to discuss hiring tools and opportunities for improving the hiring process, and therefore could help agencies make better use of available hiring authorities. The campaign's ultimate effectiveness will depend to a large degree on OPM's ability to implement the effort as planned and ensure it generates lasting improvements. To help in this regard, OPM officials said they have identified objectives, strategies, and baseline measures to track the

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<sup>31</sup>The GPRA Modernization Act of 2010, or GPRAMA, requires the Office of Management and Budget (OMB) to coordinate with agencies to: (1) establish outcome-oriented, federal government priority goals (known as cross-agency priority (CAP) goals) with annual goals and quarterly performance targets and milestones; and (2) report quarterly on a single website now known as Performance.gov the results achieved for each CAP goal compared to the targets. 31 U.S.C. §§ 1115(a), 1120(a), and 1122(c)(5).

success of the campaign. Further, OMB officials said they were identifying agency-specific hiring authority subject matter experts to assist in the discussions where audiences may have questions about non-Title 5 hiring authorities. OPM officials said they are developing a project plan for implementing the campaign. These activities could help improve OPM's management, monitoring, and oversight of the Hiring Excellence Campaign and will need to be implemented as planned. Given the similarities between the Hiring Excellence Campaign and OPM's prior efforts to improve federal hiring, it will also be important for OPM to ensure that the campaign leverages these prior initiatives, incorporates relevant lessons learned, if any, and ensures there is no unnecessary overlap or duplication with other efforts to improve federal hiring.

In addition to the initiatives noted above OPM makes available a variety of resources to help agencies make better use of hiring authorities, as shown in table 2.

**Table 2. Examples of OPM Tools to Help Agencies Implement Hiring Authorities**

Resource	Description
Hiring Toolkit	The Hiring Toolkit, available on the HR University web site, describes the fundamentals of federal hiring, the hiring process, competitive and excepted service hiring, veteran's appointing authorities, hiring authorities and pay. It complements the interactive Hiring Decision Tool, which matches potential hiring flexibilities with hiring needs.
End-to-End Hiring Roadmap	The End-to-End Hiring Roadmap is a timeline tool based on a generic process model for conducting efficient, high-quality hiring. The purpose of this is to help identify similar steps in agencies' hiring processes and diagnose areas of greatest need for improvement.
Delegated Examining Operations Handbook	The Delegated Examining Operations Handbook provides assistance to agencies with delegated examining authority under Title 5 and applies to competitive examining only. The handbook provides agencies with guidance, options, and specific operational procedures designed to ensure that examining programs comply with merit system laws and regulations.
Vet Guide	The Vet Guide consolidates the laws and regulations that affect the employment of veterans in the federal government in one central location. The guidebook describes veteran's preference and special hiring authorities for veterans.
Hiring Excellence	The Hiring Excellence website provides information, tools, and guidance to hiring specialists and hiring managers to assist in agency hiring. The website includes, among other things, information about strategic recruitment, assessment and selection, hiring authorities, and diversity and inclusion.

Source: GAO summary of OPM data. | GAO-16-521

Officials from our selected agencies reported mixed impressions about OPM's online resources, including some of the above examples. During our discussion groups, some hiring managers and HR specialists said they found OPM's resources useful, some said OPM's website and guidance were fragmented and difficult to use, and some officials said

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they were not familiar with OPM's tools and resources and relied on agency-specific policies and tools. Officials familiar with OPM's resources said they most often relied on agency-specific policies and procedures before turning to OPM's resources and guidance on hiring authorities. While OPM's resources may be developed and targeted for different users, without additional review these tools may not be having their intended effect. We have previously recommended, and continue to encourage OPM ensure agencies are getting the needed guidance and tools by evaluating the communication and effectiveness of relevant tools or leading practices created by OPM or agencies to address crosscutting human capital challenges.<sup>32</sup>

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## Conclusions

Given the long-standing human capital challenges and difficulties in filling critical skills gaps, federal agencies need to have an assortment of effective tools to bring qualified applicants onboard as well as to meet public policy goals. In fiscal year 2014, 20 authorities were used to make around 90 percent of new appointments.

A critical first step in understanding if and which authorities are meeting agency needs is for OPM and agencies to analyze if and how specific authorities contribute to the effectiveness of the hiring process. This information would help OPM and agencies better manage the suite of hiring authorities and identify opportunities to simplify and improve the hiring process by refining, consolidating, or eliminating some authorities or by expanding provisions of some agency-specific authorities to more agencies. Likewise, agencies could make more strategic use of the hiring authorities, selecting those that data have shown are best suited for their particular talent needs and other objectives. However, despite the metrics available to assess their performance, OPM and our selected agencies do not measure the effectiveness of hiring authorities.

Finally, while OPM has launched several initiatives to reform the hiring process over the last several years, some of the issues they were designed to address, including improving agencies' use of federal hiring authorities, remain. Going forward, it will be important for OPM to ensure that its most recent initiative, the Hiring Excellence Campaign, is

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<sup>32</sup>GAO. *Human Capital: Strategies to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources*. [GAO-14-168](#) (Washington, D.C.: May 7, 2014).

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implemented as planned, as well as to ensure that there is no unnecessary overlap or duplication with earlier efforts.

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## Recommendations for Executive Action

To help strengthen the government's ability to compete in the labor market for top talent, we recommend that the Director of OPM, in conjunction with the CHCO Council, take the following actions to improve the federal hiring process:

1. For hiring authorities for which OPM oversees, conduct a study or assessment of specific hiring authorities and/or processes to gain insight into why these agencies relied on the authorities, the relationship between the agencies' choices and the agency mission and broader public policy goals, consistent with merit systems principles, and determine whether modernization is necessary. For agency-specific hiring authorities and/or processes, OPM should collaborate with the CHCO Council to obtain similar insights agencies may have regarding their authorities and/or processes and to determine whether there are lessons learned which may be relevant to government-wide modernization efforts.
2. Use this information to determine whether opportunities exist to refine, consolidate, eliminate, or expand agency-specific authorities to other agencies and implement changes where OPM is authorized, including seeking presidential authorization (as necessary) in order to do so. In cases where legislation would be necessary to implement changes, OPM should work with the CHCO Council to develop legislative proposals.
3. As OPM continues with the implementation of the Hiring Excellence Campaign, determine ways to sustain aspects of the campaign that focus on equipping agencies with information, tools, and support to strengthen their knowledge and ability to attract and hire top talent beyond the active roll out of the campaign and leverage prior related efforts through such activities as incorporating applicable lessons learned and that there is no unnecessary overlap and duplication across their individual efforts.

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## Agency Comments

We provided a draft of this product to the Acting Director of OPM and the Director of OMB for comment. We also provided relevant portions of this product to the Secretaries of the Department of the Air Force, Department of Energy, and Department of Health and Human Services for technical comment. Technical comments were received from OPM, OMB, and the Air Force, and incorporated, as appropriate.

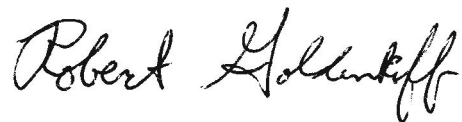
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In written comments, reproduced in appendix III, OPM generally concurred with our findings and recommendations.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, the Director of the Office of Personnel Management, and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report please contact me at (202) 512-2757 or [goldenkoffr@gao.gov](mailto:goldenkoffr@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this product are listed in appendix IV.



Robert Goldenkoff  
Director  
Strategic Issues

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# Appendix I: Objectives, Scope, and Methodology

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This report examines: (1) the hiring authorities agencies used in fiscal year 2014 (the most recent year for available data when we began our review), (2) the extent to which selected agencies and OPM assessed the effectiveness of hiring authorities used for selected occupations in helping meet hiring needs, and (3) how OPM ensured that agencies have the assistance and information needed to use the hiring authorities effectively.

To address our first objective, we used Office of Personnel Management (OPM) Enterprise Human Resources Integration (EHRI) data, which contains personnel action and workforce data for most federal civilian employees.<sup>1</sup> We analyzed government-wide and agency-level EHRI data from fiscal year 2014, which was the most recent year that data were available during our review. We primarily used the following EHRI data variables: (1) “current appointment authority 1 and 2” to describe the hiring authorities agencies used; and (2) “nature of action” codes to identify new appointments into federal service. First, we used OPM’s “current appointment authority” codes in EHRI to determine which hiring authorities agencies used in fiscal year 2014. According to OPM’s Guide to Data Standards—the guidance document that describes data elements in EHRI—the current appointment authority code is a mandatory data code that describes the law, executive order, rule, regulation, or other basis that authorizes an employee’s most recent conversion or accession action. Each agency must record the appointment authority codes for each hiring action in its own personnel system, which is then submitted to OPM’s EHRI data warehouse. Second, to calculate the new appointments made with each hiring authority, we aggregated the hiring actions using a subset of EHRI’s “nature of action” codes. Nature of action codes capture information about the type of personnel action being tracked, such as whether the action was an appointment, conversion, or separation. We limited our analysis to include nature of action codes for new full- and part-time, and permanent and non-permanent federal appointments in the

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<sup>1</sup>EHRI (formerly Central Personnel Data File (CPDF)) is the primary government-wide source for information on federal employees. The EHRI data we analyzed include executive branch civilian employees, but do not include the postal service, most legislative or judicial branch employees, or intelligence agencies. OPM transitioned from CPDF to EHRI as of fiscal year 2010.

competitive or excepted services.<sup>2</sup> We also excluded certain groups outside of the scope of this engagement.<sup>3</sup> Using these parameters, we aggregated the hiring actions for new appointments by current appointment authority in fiscal year 2014, and we sorted the current appointment authority codes from most used to least used government-wide.

Sometimes agencies entered two current appointment authority codes for the same hiring action. Based on OPM documentation, we determined certain situations in which OPM instructed agencies to enter two codes for a single hiring action.<sup>4</sup> However, there were a number of situations in which OPM could not provide documentation explaining why agencies should enter two current appointment authority codes. For these instances, we generally counted each current appointment authority code agencies entered as a single hiring authority “use.” We confirmed our methodology for describing government-wide use of hiring authorities with OPM.

Additionally, we used OPM documentation to match the current appointment authority codes with a name and citation in applicable laws, regulations, and executive orders. We examined laws, OPM regulations, and additional OPM materials to obtain a description of the most frequently used hiring authorities government-wide in fiscal year 2014. We reviewed OPM’s EHRI data for reasonableness and the presence of any obvious or potential errors in accuracy and completeness. On the basis of these procedures, we believe the data are sufficiently reliable for use in the analyses presented in this report.

To assess the extent that hiring authorities are effective in helping meet the needs of selected agencies, we focused on three occupations at three

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<sup>2</sup>To limit the analysis to new federal appointments, we only examined hiring actions for the following nature of action codes found in OPM’s EHRI data: 100, 101, 107, 108, 115, 120, 122, 124, 140, 141, 170, 171, and 190.

<sup>3</sup>For example, we excluded senior executive service appointments, presidential appointments, and conversions from other federal appointments.

<sup>4</sup>For example, when using a government-wide direct hiring authority, OPM instructed agencies to enter the current appointment authority code AYM first and a second current appointment authority code for the OPM-approved direct hiring authority occupation, such as Information Technology Specialist (Information Security) or Contract Specialist.

agencies as case examples. Based on our prior work on government-wide mission-critical occupations and skills gaps, we focused on the following occupations: Information Technology Specialists, Contract Specialists, and Science, Technology, Engineering, and Mathematics (STEM) occupations.<sup>5</sup> We reviewed OPM's list of white collar occupational groups and included occupations within groups that appeared to be related to STEM.<sup>6</sup> Specifically, we aggregated hiring actions for the occupations within the following occupational groups: (1) Natural Resources Management and Biological Science Group; (2) Medical, Hospital, Dental, and Public Health Group; (3) Veterinary Medical Science Group; (4) Engineering and Architecture Group; (5) Physical Sciences Group; and (6) Mathematical Sciences Group.

Using data from OPM's EHRI database, we made a nonprobability, judgmental selection of three case agencies based on two primary factors. First, we only considered agencies that hired our selected occupations in fiscal year 2014. Second, we selected agencies that used a variety of hiring authorities for these occupations in fiscal year 2014. Based on these factors, we selected the following case agencies: Air Force Materiel Command (AFMC), Department of Energy (DOE), and the National Institutes of Health (NIH). At AFMC, DOE, and NIH, we interviewed human resources (HR) policy officials to learn about which hiring authorities agencies used for our selected occupations, reasons for using these authorities, and ways that agencies were measuring the effectiveness of the authorities. We also covered these topics with HR specialists and hiring managers for our selected occupations at each case agency using a series of group discussions that we conducted using a standardized set of questions.

In addition to the case study approach, we also identified available government-wide data sources on the effectiveness of the hiring process. For example, we reviewed OPM time-to-hire data government-wide and by agency. We reviewed the Chief Human Capital Officers' (CHCO)

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<sup>5</sup>For more information, see GAO, *High Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: Feb. 11, 2015), and *Federal Workforce: OPM and Agencies Need to Strengthen Efforts to Identify and Close Mission-Critical Skills Gaps*, [GAO-15-223](#) (Washington, D.C.: Jan. 30, 2015).

<sup>6</sup>For more information, see Office of Personnel Management, *Handbook of Occupational Groups and Families* (Washington, D.C.: May 2009).



Applicant Satisfaction Survey and the CHCO Manager Satisfaction Survey, which provided information on the applicant and hiring manager experience with the hiring process. Further, we reviewed government-wide reporting on the administration's hiring policy goals, such as increasing the employment of veterans and people with disabilities in the federal workforce.<sup>7</sup> We also interviewed knowledgeable officials at OPM and the Merit Systems Protection Board about the effectiveness of federal hiring authorities.

We also assessed the extent to which OPM's oversight of hiring authorities evaluated their effectiveness. Specifically, we identified relevant laws and policies that outline OPM's oversight responsibilities for hiring authorities and interviewed OPM on the implementation, results, and analysis of these oversight efforts. We identified and reviewed OPM's policy documents that describe the key components of OPM's oversight program for hiring authorities, Delegated Examining Unit (DEU) audits and Human Resources Management Evaluations (HRME). Examples of policy documents we reviewed included the Practitioner's Guide: How to Conduct a Delegated Examining Audit and Merit System Audit and Compliance Evaluator Handbook. We interviewed knowledgeable OPM officials about oversight activities related to Title 5 hiring as well as officials at our selected case agencies—AFMC, Energy, and NIH—who are responsible for working with OPM on these oversight reviews. For both OPM and the selected case agencies, we interviewed knowledgeable agency officials about the types of analyses they conducted based on audit findings and how, if at all, they shared information on any lessons learned. In addition to reviewing oversight of Title 5 hiring, we also reviewed documentation from our case agencies and interviewed case agency officials about non-Title 5 hiring authority oversight procedures.

To assess the extent that OPM ensures agencies have the assistance and information needed to use hiring authorities effectively, we identified online tools and guidance from OPM's website as well as OPM documents, such as online trainings, handbooks, toolkits, and hiring

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<sup>7</sup>For more information, see Office of Personnel Management, *Report on the Employment of Individuals with Disabilities in the Federal Executive Branch, Fiscal Year 2014* (Washington, D.C.: October 2015) and *Employment of Veterans in the Federal Executive Branch, Fiscal Year 2014* (Washington, D.C.: July 2015).

authority fact sheets.<sup>8</sup> We interviewed selected case agency officials to gauge their awareness of and satisfaction with these resources. We reviewed documentation on previous OPM initiatives that focused in part on making improvements to hiring authorities. These initiatives included OPM's End-to-End Hiring Roadmap, OPM's responses to the 2010 hiring reform executive orders, the Recruitment, Engagement, Diversity, and Inclusion initiative, and OPM's work on cross-agency priority (CAP) goals. We interviewed officials from OPM, the Office of Management and Budget, and our selected case agencies to discuss these initiatives, particularly about measuring impact and sustainability. We reviewed OPM's plans for its most recent hiring initiative—the Hiring Excellence Campaign, which is part of the “People and Culture” CAP goal—with practices outlined in our prior work that are associated with success of such interagency efforts.<sup>9</sup>

We conducted this performance audit from May 2015 to August 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

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<sup>8</sup>[www.HRU.gov](http://www.HRU.gov) was created by Chief Human Capital Officers Council as an online platform that hosts courses that are identified as the best HR training across government.

<sup>9</sup>GAO, *Managing for Results: Implementation Approaches Used to Enhance Collaboration in Interagency Groups*, [GAO-14-220](#) (Washington, D.C. Feb. 14, 2014).

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# Appendix II: Selected Agencies' Strategies for Improving the Effectiveness of their Hiring Efforts

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- **Institute formalized recruitment meetings with human resources (HR) staff and hiring managers to discuss recruitment strategy.** HR specialists and hiring managers at NIH said they used recruitment meetings to clarify the needs for the position, characteristics of an ideal applicant, possible applicant pools, and potential hiring authorities to use. They also discussed the use of professional or private-sector organizations to identify applicants and of broader recruitment topics, such as agency goals for diversity and veteran hiring. Hiring managers told us that these meetings helped them target the intended applicant pools for their open positions.
- **Use specialized experience statements to help ensure a better fit between the applicant and the position.** Hiring managers at Air Force Materiel Command (AFMC) and Department of Energy (DOE) said specialized experience statements—an explicit description provided in the job announcement—helps ensure that applicants possess the knowledge, skills, and abilities to perform the work of the position. Without using a specialized experience statement, AFMC officials told us that it can be difficult for HR specialists to filter out unqualified applicants. Hiring managers felt that specialized experience statements helped improve the quality of applicants on certificate lists.
- **Actively recruit, particularly among preference groups such as veterans, to direct qualified applicants to the job announcement.** Hiring managers at NIH and DOE said they used professional networking sites, university contacts, and professional organizations to target potential applicants who may not be actively searching for a new employment opportunity. For example, hiring managers at NIH reported using LinkedIn to identify and send potential job applicants to specific vacancy announcements for hard-to-fill IT positions. Sometimes these applicants would be eligible for excepted service hiring authorities. NIH officials said it enabled them to hire them more quickly than through a competitive examining process. Hiring managers said that they have used this recruiting technique to successfully identify qualified veterans for several IT positions.
- **Use global job announcements when possible to reduce duplication of effort and to share quality applicant lists.** Officials from DOE and NIH said that using global or open vacancy announcements allowed hiring officials to make multiple selections from a single vacancy announcement. For example, NIH uses an agency-wide recruitment strategy for commonly filled positions across the institutes. Under this initiative, NIH posts one vacancy announcement for a specific position. Then, any of the 27 institutes

can use it to fill a vacancy for that position. Hiring managers at NIH told us that using the global recruitment saved them the time of creating multiple, similar announcements. It also allowed them to review a large number of resumes to find quality applicants.

- **Include subject matter experts in the assessment process to filter out applicants who are not qualified.** Hiring managers for STEM occupations at DOE involved subject matter experts in the assessment process to help HR specialists determine which resumes met technical job qualifications. After the HR specialists conducted the initial screening to determine which applicants were eligible to apply for the position, DOE's subject matter experts reviewed these resumes without applicant identifying information and provided documentation to show whether the applicants met technical job requirements. HR personnel were then able to use subject matter expert feedback to complete applicant assessments and assign a qualification rating. Officials told us that this process has resulted in better qualified applicant on certificate lists.

# Appendix III: United States Office of Personnel Management



Employee Services

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

JUL 22 2016

Mr. Robert Goldenkoff  
Director  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Goldenkoff:

Thank you for providing us the opportunity to respond to the Government Accountability Office (GAO) draft report, OPM Needs to Improve Management and Oversight of Hiring Authorities, GAO-16-521, job code number 1190498, dated July 2016.

OPM periodically reviews, analyzes, and modernizes government-wide and certain agency-specific title 5 hiring authorities as the need may arise. We do this as part of OPM's stewardship in administering these hiring authorities to help make sure these hiring tools are consistent with merit system principles, veterans' preference, specific legal and regulatory standards, and relevant appellate decisions, and are serving the purpose(s) for which they were established. We understand and appreciate GAO's interest in trying to gauge the effectiveness of certain hiring authorities from the point of view of the hiring agency, which is an important perspective to take into account. While doing so, we believe it is also important to keep in mind the broad public policy goals which many of these authorities were created to serve, such as facilitating the entrance of certain groups of people into the Civil Service.

We recognize that even the most well run programs benefit from external evaluations and we appreciate your input as we continue to enhance our programs. Responses to your recommendations are provided below. An attachment that includes technical comments is also included.

**Recommendation #1:**

**For hiring authorities for which OPM oversees, conduct a study or assessment of specific hiring authorities and/or processes to gain insight into why these agencies relied on the authorities, the relationship between the agencies' choices and the agency mission and broader public policy goals, consistent with merit system principles, and determine whether modernization is necessary. For agency-specific hiring authorities and/or processes, OPM should collaborate with the CHCO Council to obtain similar insights agencies may have regarding their authorities and/or processes and to determine whether there are lessons learned which may be relevant to government-wide modernization efforts.**

**Management Response: We concur.**

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[www.usajobs.gov](http://www.usajobs.gov)

To address this recommendation, OPM will publish the findings of two special studies we conducted on the use and effectiveness of certain hiring authorities. In the first, OPM studied use of the Pathways Programs hiring authorities and conducted a qualitative review of program implementation and appointments made at the 17 agencies that accounted for 87 percent of all Pathways appointments made in Fiscal Year (FY) 2014. We expect to release the report *The Pathways Programs – Their Use and Effectiveness Two Years After Implementation*, in Summer 2016. OPM also studied hiring authorities used by the National Park Service (NPS), particularly the use of temporary and term hiring authorities and how well those authorities meet the agency’s seasonal workforce needs. We are finalizing the NPS report.

OPM is currently planning a study for FY 2017 of excepted service hiring authorities. We will look at the impact certain hiring authorities have on mission accomplishment and whether the authorities help agencies meet changing organizational demands.

OPM will, through our interaction with the CHCO Council, review and discuss the use of certain agency-specific hiring authorities in order to gain insights into lessons learned when using these authorities, agency best-practices, and strategies for more effective implementation, where appropriate. OPM will begin these discussions with CHCO Council member agencies and continue them throughout the calendar year.

**Recommendation #2: Use this information to determine whether opportunities exist to refine, consolidate, eliminate, or expand agency-specific authorities to other agencies and implement changes where OPM is authorized, including seeking Presidential authorization (as necessary) in order to do so. In cases where legislation would be necessary to implement changes, OPM should work with the CHCO Council to develop legislative proposals.**

**Management Response: We concur.**

To address this recommendation, we will continue to explore opportunities to improve the hiring system. We will analyze and review existing hiring authorities with an eye towards modernization. We will work with various stakeholder groups, such as the CHCO Council, to develop regulatory, executive, and legislative proposals, as appropriate.

As part of our stewardship of the Federal hiring system, we routinely search for opportunities to improve the hiring system. For example, in 2012, we eliminated an unnecessary barrier pertaining to the excepted service appointing authority for people with intellectual disabilities, severe physical disabilities, or psychiatric disabilities to make it easier for Federal agencies to hire these individuals. More recently, in February 2016, we authorized direct hire authority for the Department of Health and Human Services (HHS), the Department of State (DOS), and the U.S. Agency for International

Development (AID) in response to the outbreak and spread of the Zika virus. Whereas our initial focus was to assist HHS, we concluded this authority would also benefit DOS and AID.

**Recommendation #3: As OPM continues with the implementation of the Hiring Excellence Campaign, determine ways to sustain aspects of the campaign that focus on equipping agencies with information, tools, and support to strengthen their knowledge and ability to attract and hire top talent beyond the active roll out of the campaign and leverage prior related efforts through such activities as incorporating applicable lessons learned and ensure that there is no unnecessary overlap and duplication across their individual efforts.**

**Management Response: We concur.**

To address this recommendation, OPM will sustain aspects of the campaign by providing agencies with a number of online resources and tools to strengthen their knowledge and ability of how to attract and hire top talent. OPM expects these tools and resources will include:

- The 2016 Virtual Human Resources Training – A virtual conference that will focus on recruitment and hiring. It will provide an opportunity for agency staff to learn from public-sector experts and improve their ability to recruit and hire the best talent and most effective candidates. (<https://hrconference.usalearning.gov/>)
- The HR University Recruitment Policy Studio at HRU.gov – A website designed to create a Federal recruitment community of practice for sharing best-in-class recruiting practices, ideas, insights, and lessons learned. The website includes informational pages, videos, presentations, online and in-person training, and a host of other resources related to Federal recruitment. The site also contains the newly created Hiring Toolkit designed to assist Federal supervisors, human resources professionals, and hiring managers on the hiring process, hiring authorities, and other information related to hiring. ([https://hru.gov/Studio\\_Recruitment/Studio\\_Recruitment.aspx](https://hru.gov/Studio_Recruitment/Studio_Recruitment.aspx))
- Pathways Programs Professional Development Series – A web-based professional development series to enhance understanding of and provide helpful guidelines for the successful implementation of the Pathways Programs. Topics include: Background, Description of Programs, Program Requirements, Workforce Planning; Classification, Qualifications, and Assessments; Collaboration between Hiring Officials and Human Resources Professionals; Recruitment and Outreach; Public Notification; Staffing; and Onboarding. ([http://hru.gov/Course\\_Catalog.aspx?cid=236&mgr=true](http://hru.gov/Course_Catalog.aspx?cid=236&mgr=true))
- The Assessment Decision Tool – An online tool designed to help human resources professionals and hiring managers develop assessment strategies for their specific hiring situation (e.g., volume of applicants and level of available resources).

(<https://www.opm.gov/policy-data-oversight/assessment-and-selection/assessment-strategy/#url=Assessment-Decision-Tool>)

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(<https://www.opm.gov/policy-data-oversight/diversity-and-inclusion/federal-workforce-at-a-glance/>)
- USA Hire<sup>(SM)</sup> – An online fee-for-service assessment program designed specifically to meet the hiring needs of Government agencies. With USA Hire<sup>(SM)</sup>, agencies will be able to easily identify the best job candidates and improve the efficiency of their assessment process.  
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We will review previous, similar initiatives to help gain insight into lessons learned during and after those efforts, and to avoid any unnecessary overlap or duplication between those efforts and the Hiring Excellence Campaign.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Janet Barnes, Director, Internal Oversight & Compliance, (202) 606-3207, and [Janet.Barnes@opm.gov](mailto:Janet.Barnes@opm.gov).

Sincerely,



Mark D. Reinhold  
Associate Director, Employee Services  
and Chief Human Capital Officer

Enclosure



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# Appendix IV: GAO Contact and Acknowledgments

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## GAO Contacts

For further information regarding this statement, please contact Robert Goldenkoff, Director, Strategic Issues, at (202) 512- 2757 or [GoldenkoffR@gao.gov](mailto:GoldenkoffR@gao.gov)

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## Staff Acknowledgments

Individuals making key contributions to this statement include: Chelsa Gurkin (Assistant Director), Rebecca O'Connor (Analyst-in-Charge), Sara L. Daleski, Christopher Falcone, Karin Fangman, Ellen Grady, Shelley Rao, David Richards, and Elizabeth Wood.

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# Appendix V: Accessible Data

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## Agency Comment Letter

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Text of Appendix III: United  
States Office of Personnel  
Management

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Page 1

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Employee Services

JUL 22 2016

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Director

U.S. Government Accountability Office

441 G Street, NW

Washington, DC 20548

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Management Response: We concur.

[www.opm.gov](http://www.opm.gov)

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Page 2

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- Pathways Programs Professional Development Series -A web-based professional development series to enhance understanding of and provide helpful guidelines for the successful implementation of the Pathways Programs. Topics include: Background , Description of Programs , Program Requirements , Workforce Planning ; Classification , Qualifications , and Assessments ; Collaboration between Hiring Officials and Human Resources Professionals; Recruitment and Outreach ; Public Notification; Staffing; and Onboarding. ([http://hru.gov/Course\\_Catalog.aspx?cid=236&mgr=true](http://hru.gov/Course_Catalog.aspx?cid=236&mgr=true))
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Sincerely,

Mark D. Reinhold

Associate Director, Employee Services and Chief Human Capital Officer

Enclosure

## Data Tables

**Data Table for Highlights Figure: Agencies Relied on 20 Hiring Authorities for Nearly All New Hires in Fiscal Year 2014**

20 Most Used Hiring Authority Codes	Other 85 Hiring Authority Codes
91%	9%

**Data Table for Table 1: Description of the 20 Hiring Authorities, Within and Outside of Title 5, Most Used in Fiscal Year 2014**

Hiring Authority Codes	Number of Hiring Actions
Competitive Examining	44,612
Department of Veteran's Affairs, Title 38	30,240
Schedule A, Agency-specific Authority	11,220
Defense National Guard Technician	11,143
Veterans Employment Opportunities Act	11,011
Other Law, Executive Order, or Regulation	10,745
Pathways Internship	8,862
Temporary Appointment, based on prior temporary federal service	8,344
Veterans Recruitment Appointment	7,733
Demonstration Project, Department of Agriculture	6,630
Employment at the Transportation Security Administration	4,540
Government-wide Direct Hire Authority	4,449
Reinstatement	3,624
Pathways Recent Graduates	2,845
Employment at the Federal Aviation Administration	2,676
Schedule A, Severe Physical Disabilities	2,204
Department of Defense Expedited Hiring Authority	2,080
Demonstration Project, Defense Lab	2,032
Schedule A, Temporary, less-than-full time positions for which examining is impractical, critical hiring need	1,688
Schedule A, Attorneys	1,627

**Data Table for Figure 2: More Than a Third of Hiring Authorities Used in Fiscal Year 2014 Were Available to a Limited Number of Agencies**

Unknown Hiring Authorities	Agency-specific Hiring Authorities	Other Government-wide Hiring Authorities	Competitive examining Hiring Authority
5%	38%	33%	23%

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Katherine Siggerud, Managing Director, [siggerudk@gao.gov](mailto:siggerudk@gao.gov), (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

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