

**Statement of**  
**The Honorable Dan G. Blair**  
**Deputy Director**  
**Office of Personnel Management**

**Before the**  
**Subcommittee on Civil Service and Agency Organization**  
**Committee on Government Reform**  
**United States House of Representatives**  
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Good morning Madam Chairwoman, Ranking Member Davis and members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the current efforts of the Office of Personnel Management (OPM) to improve the way the Federal Government hires people to carry out its vital work.

Under the leadership of Director Kay Coles James, OPM plays several pivotal roles in ensuring the integrity and efficiency of the Federal hiring process. OPM's first role is that of steward of the merit system. The integrity of the Federal hiring process is based on five bedrock pillars: merit system principles, prohibited personnel practices, veterans' preference, due process and equal employment opportunity. These are requirements of no other American employer. These requirements are not constraints but values that serve as a beacon to Federal employment. As steward of the Federal merit system, Director James and OPM take seriously the responsibility to ensure the integrity of the Federal hiring process.

OPM also serves as both a strategic and a business partner to Federal agencies in the hiring process. As a strategic partner, OPM provides support and incentive for agencies to take a long-range look at their hiring requirements, and also champions legislative change. As a business partner, OPM provides recruitment tools and regulatory efficiencies for agencies to reach their recruitment goals. However, just as OPM serves in these pivotal roles, it is Federal agencies that are the strategic and proactive "front line" in the Federal hiring process – for agencies must thoughtfully plan their hiring strategies as they aggressively and creatively pursue applicants in the labor market.

When I was confirmed by the Senate to my current position, the first charge to me by Director James was to fix the hiring process. She also made it clear that any changes would need to comply with the letter and spirit of the merit system principles – including veterans' preference. This issue has proven to be both vexing and complex and I am pleased to report on the positive contributions OPM has made in this area.

In the last three years, under the leadership of Director James, the Office of Personnel Management has initiated an aggressive effort to streamline and reform the hiring process within the Federal Government. Departments and agencies now have new flexibilities and improved tools to ensure they can recruit and hire the best and the brightest. These include enhancements to OPM's USAJOBS vacancy listing, and major efforts to reach out to students, veterans and the public at large through a number of initiatives including a series of recruitment fairs across the country. In fact, the latest in the series of job fairs will take place right here in Chicago – in Ranking Member Davis' district – on June 26. We look forward to working with his staff to make this event a success.

It is important that agencies demonstrate progress in streamlining the hiring process. By the end of FY 2006, nearly 40 percent of Federal employees will be eligible for optional retirement. OPM does not hire for individual agencies. OPM has led the effort to put the framework in place for agencies to succeed; now they must step up their efforts to improve their own hiring procedures. We recognize agencies for their accomplishments, and we intend to use our oversight responsibilities to measure agency progress in the critical area of hiring.

### **The President's Management Agenda**

Since 2001, attracting the right kind of talent has been a major focus of the Strategic Human Capital initiative of the President's Management Agenda. OPM completed a major restructuring in 2003 for the purpose of providing agencies the tools and assistance they need to improve all aspects of strategic Human Capital Management, including finding and keeping the talent needed to do America's business effectively. Each major agency now has an OPM human capital officer assigned to ensure that every agency has the technical assistance it needs from OPM to achieve this goal.

Strategic Human Capital Management has other components, such as building the capacity of the Federal Government's leadership cadre and creating a performance-oriented culture. But the "talent" element is clearly second to none in its impact on how well the Government serves the American public. Now more than ever, the safety and well-being of Americans depends on having the systems in place to ensure that the right people are on board doing the vital work of the Government.

But the external circumstances affecting this important effort present a special challenge. An improving economy means more competition from other sectors for workers. Also, the Federal Government continues to face a significant outflow of its workforce due to retirement. My testimony before this subcommittee last October showed projected retirements of over 40,000 Federal workers this Fiscal Year, roughly 2 percent of the civilian Federal labor force. This is closely in line with actual retirements from the last few years. Current projections show this trend line turning up somewhat in the next few years, putting additional pressure on Federal agencies to replace these workers.

## **OPM's 10 Hiring Fixes for Agencies**

Recognizing that, in spite of new programs, tools and flexibilities many agencies remain mired in old ways of doing things, OPM Director Kay Coles James issued a memorandum in February 2004 to agency Chief Human Capital Officers entitled, *Ten Things You Can Do To Improve Federal Hiring*. In this memorandum, Director James identified practical steps agencies can take *right now* to improve their hiring. These include:

- eliminating self-wrapping red tape;
- using plain language in job announcements;
- recruiting veterans;
- adopting an accelerated hiring model;
- competing on campus;
- offering incentives for talent;
- utilizing on-the-spot hiring authority;
- leveraging other new hiring flexibilities;
- going after outstanding scholars; and
- fully engaging the Human Resources (HR) staff.

In many respects, these ten steps summarize the work done by OPM the last three years to put the right tools in the hands of agencies – not to mention the challenges the agencies face in putting these tools to use. The Director's message to agencies is clear. The agencies have the authority and the flexibility to bring to Federal service the best and the brightest America has to offer. Now they must have the desire and the dedication to get that job done.

## **OPM Hiring Initiatives**

OPM has heightened its efforts to reach out to the American public as potential employees, both in general and to targeted groups. Since last September, OPM has conducted 11 recruitment fairs across the country – from San Diego to Detroit to Miami to New York, and several cities in between. Over 55,000 potential applicants have attended these fairs, significantly raising the profile and visibility of Federal employment in these cities. Among agency representatives attending the fairs, 96 percent rated the fairs' overall quality as “excellent” or “good.”

OPM is reaching out to more targeted populations as well. As the name change indicates, the Presidential Management Fellows (PMF) Program – formerly the Presidential Management Intern Program – has undergone a total overhaul and was fully replaced by a new program PMF. This program always targeted entry or mid-level candidates holding graduate degrees who demonstrated a strong interest in public policy. With the new Executive order signed last November by President Bush, the program was changed to broaden the appeal to a range of talent sought by the Federal government by including a Senior Fellows component, making it possible to recruit senior individuals at the specialist and manager levels. The opportunity for a more diverse applicant pool is now

possible thanks to the initiation of an on-line application process. The recent PMF job fair in Washington, D.C. provided agency representatives from over 70 Federal agencies an opportunity to interview over 600 pre-screened job candidates and to make tentative offers on the spot.

OPM is also reaching out to minority job candidates more aggressively than ever. The recruitment fairs proved to be a particularly effective method for reaching out to a diverse pool of potential applicants, as reported by the agency representatives whom we surveyed. Ties to Historically Black Colleges and Universities and Hispanic-American Colleges and Universities have been strengthened. OPM is finding other forums to get this message across. For example, an OPM executive spoke last month at a conference organized by the National Society of Hispanic MBAs and the National Black MBA Association. His message was that Director James “is leading the charge to recruit a diverse workforce that has strong business credentials, and who are at ease with rapid change.”

Further, I was in San Antonio last month to talk to members of the National Association of Hispanic Federal Employees. My message to them was that the Federal Government was on the recruitment trail, and we are looking to cast a broad net to bring in the best and the brightest to be a part of America’s civil service.

In an effort to honor the sacrifice and service our Nation’s men and women in uniform have performed, OPM has launched a new program to reach out to veterans. Obviously, we owe our Nation’s veterans a debt of gratitude – especially in these perilous times – for their sacrifices on our behalf. But there are sound business reasons for making sure this important resource is fully tapped. Veterans have a track record of proven commitment to the country and are extremely well-trained. OPM recently initiated a Veterans’ Invitational Program (VIP) to help transition America’s soldiers, airmen and sailors from military service to the civil service. VIP targets veterans nationwide by providing informative educational tools and publications to Veterans Service Organizations and Federal regional offices of the Departments of Veterans Affairs and Labor as well as military base transition offices. VIP educates veterans by quickly and accurately distributing information on job opportunities in the Federal workforce. The goal is to get our recent veterans working as seamlessly and as quickly as possible on the civilian side of the Federal workforce.

OPM is also reviewing policies governing the hiring of students and people with disabilities.

### **Legislative and Regulatory Flexibilities**

A significant change in Federal hiring came about with the passage of important new flexibilities in the Chief Human Capital Officers (CHCO) Act of 2002. Agencies received authority to utilize a streamlined approach to rating and ranking applications for Federal jobs. This new approach, called category rating, is the first significant change in the process for evaluating Federal job applicants in over 50 years. It is a procedure which

maintains veterans' preference and allows agencies to place candidates in broad quality groupings, rather than assigning candidates actual numerical ratings. It also gives the selecting official more candidates from whom to select, rather than limiting him or her to just three, as is the case with the traditional system. The bottom line is that, while the quality of applicants can be maintained and veterans' preference in hiring is preserved, the complexity of the process is reduced, while expanding the pool of potential hires from which the selecting official can choose.

Another flexibility provided by the CHCO Act is the expanded direct-hire authority, sometimes called "on-the-spot" hiring. This authority permits agencies to hire qualified employees "on the spot," without putting them through a formal rating and ranking process. This authority is limited to occupations for which there is a critical shortage of candidates or a critical hiring need for the agency. The normal rating process is retained for non-shortage occupations. But it gives agencies a vital new tool for rapidly addressing pressing hiring needs in shortage occupations.

The Act further authorized the establishment of the Chief Human Capital Officers (CHCO) Council. At OPM, we have worked on a continuous basis with members of the Council since its inception to increase their knowledge about the availability of hiring flexibilities. For example, several of the Council meetings have been devoted to sharing information and providing guidance regarding the availability of HR flexibilities including category rating and direct-hire authorities. In an effort to educate Council members and to share best practices in an informal setting, Director James, as the Council Chair, created the CHCO "Academy." The Academy is held on a monthly basis and we intend to focus the June session on ways to improve the Federal hiring process.

In addition, S. 129, which was recently addressed by your subcommittee, proposes some legislative changes that will improve the ability of agencies to recruit high-quality individuals into the Federal service. For example, improvements to the existing authority for offering recruitment bonuses will make that flexibility much easier for agencies to use and will make available a broader range of bonuses in terms of the amount and the form of payment. Also, that bill would create annual leave enhancements that would help attract non-Federal individuals to the Government by permitting such new employees to earn annual leave at a higher rate than is currently the case for those who are new to Federal employment. We note that the Administration has concerns with some portions of S. 129, and we look forward to working with the committee as the bill moves forward.

### **Time to Hire Models**

OPM Director James recently announced the creation of a 45-day hiring model. This focuses on the time between closing the vacancy announcement and making a job offer to the candidate. This is actually the middle phase of the overall hiring process, sandwiched between identifying and advertising the vacancy up front and the post-offer phase at the end, which may incorporate a lengthy security clearance process.

All phases of the process are important, but we chose to emphasize this middle phase for now because it is the part of the process during which most of the direct contact with the

applicant takes place. Improvement here will pay the biggest dividends in enhancing customer service to applicants and engendering more positive attitudes toward the Federal hiring process.

Agency efforts to improve hiring timeliness using the 45-Day Model will be complemented by e-Government initiatives to keep applicants informed about the status of their applications. Through OPM's Recruitment One-Stop initiative, applications will be tracked through all steps in the process and e-mail notices generated regularly to applicants.

The 45-Day Model came about when OPM experts broke down this phase of the hiring process into eight distinct components. We recognize, of course, that the 45-day standard is not absolute. Agency missions and hiring needs differ, so each agency needs to apply this model in a way that makes sense for its own particular situation. The point is to carefully track each step of the process, and use that flow of constantly updated information to drive improvement in hiring timeliness.

Although agencies must take responsibility for adopting the 45-Day Model, OPM continues to stand ready to help them apply it. Following on the Director's memorandum introducing the model to agency heads, OPM executives have been briefing each of the agency Chief Human Capital Officers about the model. We have also been asked by a major agency, the Department of Housing and Urban Development (HUD), to assist in a thorough "makeover" of its hiring processes, using the model. We are confident these data gathering efforts will yield useful information and further our understanding of the administrative burdens that agencies build into their hiring processes. My own agency, OPM, has already implemented this model to sharpen up our own internal hiring practices. Finally, to ensure that all agencies track hiring timeliness and perform up to an acceptable standard, we plan to monitor progress in this area.

OPM has also been active in making the process of hiring executives more timely. Last October, I testified before this subcommittee on the vital importance of human capital succession planning for Federal agencies, and the efforts of OPM to assist agencies in this endeavor. One of the tools we have made available to agencies is our 30-Day Model for hiring executives. Agencies need to make sure their leadership cadres are intact at all times, as they strive to carry out their missions in a fast-changing environment. Under this model, OPM pledges to provide expedited Qualifications Review Board assessment for the agency's Senior Executive Service candidates. (Review by an OPM-sponsored Board is required by law before an agency can hire a new Senior Executive.) But then it is up to the agency to move quickly through the part of the process under its direct control.

### **Improved Technology**

In addition to monitoring these trends and working with agencies to create a broad strategic framework to help the Federal Government acquire and keep the talent it needs, OPM has undertaken a number of specific initiatives to make it possible for agencies to

achieve this goal. One of the most significant of these initiatives is the redesign and renovation of OPM's USAJOBS web site. USAJOBS is part of "Recruitment One-Stop," one of six major OPM initiatives under the e-Government plank of the President's Management Agenda. This site provides a comprehensive listing of job vacancies in the Federal Government. On a typical day, applicants can explore over 17,000 jobs, build and store up to five resumes for applying to Federal jobs, and access a wide range of information about Federal agencies and different Federal employment issues and opportunities. USAJOBS also allows applicants to search for Federal jobs by State, such as Illinois.

Since the revamped USAJOBS site was launched on August 4, 2003, OPM has received over 60 million "hits" from interested job seekers. This compares to fewer than 8 million hits in the previous 10 months. Over half a million job seekers have taken advantage of the opportunity to create a resume in the system, 50,000 of them in Illinois alone. Since the revamped site came on line, satisfaction ratings from our customers are also on the rise – from 71 percent to a current 90 day average of 75 percent as of late May 2004. As one applicant wrote to us, "(This is an) excellent web site, all other job sites should be this smooth."

### **Agencies Must Embrace New Tools and Flexibilities**

In spite of OPM's initiatives, results from the job fairs and information available to OPM about the use of flexibilities show that the new tools and flexibilities have not been embraced as fully as we had hoped. For example, job seekers turned out in droves at the OPM recruitment fairs, but fewer than 30 direct-hires were made overall.

Two of the most important occupational groupings for which direct-hire authority is available because of the relative scarcity of qualified candidates are medical professions (i.e., medical officers, nurses, pharmacists, etc.) and information technology (IT) security specialists. Nearly 15,000 hires were made in these medical occupations in Fiscal Year 2003. (About 10,000 of these hires were made by the Department of Veterans Affairs and may have been made under a non-title 5 authority.) But only eight were as a result of direct-hire. Similarly, around 200 IT security specialists were hired, but only 51 were direct-hires.

Agencies also report surprisingly little use of the category rating tool since it became generally available in Fiscal Year 2003, in spite of its impressive track record at the Department of Agriculture, Internal Revenue Service, and elsewhere under personnel demonstration projects or other special authorities over the past decade or more. Results from these agencies have shown it to be an effective way to both streamline and improve the quality of the hiring process while fully supporting veterans' preference.

Meanwhile, the "horror" stories about Federal hiring continue. We've all heard them – tales of applications that go into a "black hole" and are never heard from again. Naturally, well-qualified applicants do not put up with this kind of treatment forever and find employment elsewhere. Recently, a bright college graduate trained in accounting

submitted his application package to a major Federal agency, hoping to be hired as part of its audit team. After hearing nothing for several months, he got back a form response saying that he could not be considered because he submitted the application to the wrong address – in spite of the fact that the address was the one listed on the vacancy announcement! Needless to say, his thoughts of a Federal career ended then and there.

In another case from the Chicago area, an applicant was told that a decision would be made within 90 days. The 90 days came and went, and after numerous unanswered phone calls he finally received a response to an e-mail indicating that a selection had not yet been made. A follow-up request to learn whether he had been referred to the selecting official as highly qualified went unanswered. Now, almost a year later, this individual has contacted OPM for help. OPM was forced to acknowledge that in the end it may take a Freedom of Information Act request to get the agency to finally explain what happened.

Despite these difficulties, OPM is committed to making the Federal hiring process faster, smoother, and more transparent to applicants and managers alike, which is the fundamental objective in getting the best and brightest America has to offer into the Federal workforce.

Applicant feedback from the USAJOBS web site also repeatedly cites differing application requirements at the various agencies as a major obstacle in applying for Federal jobs. Several agencies require that applications or resumes be submitted on the agencies own online forms, sending the unmistakable signal that the agency values its own administrative convenience over applicant-friendliness by a wide margin. This kind of process discourages applicants who don't want to endlessly retype their application materials as they apply at different agencies. This past week, OPM has announced the creation of a single resume through the Recruitment One-Stop initiative that will work at all agencies.

### **OPM Survey of Agency Hiring**

In order to acquire a more comprehensive view of the state of Federal hiring, OPM conducted a 65-question survey in May 2004 on the recruitment and hiring practices of Federal agencies. The survey asked about the extent to which agencies have used the flexibilities now available to them, and to identify internal barriers and practices that impede their ability to hire the best and the brightest.

Twenty-five major agencies responded to the survey. Nineteen of the smaller agencies – those with populations exceeding 500 – also participated.

Not surprisingly, results from the survey vary considerably among agencies. Overall, however, the results confirmed the notion that much work remains to be done at the agency level.

One of the major topics covered in the survey – and a recurring theme in applicant horror stories – is time to hire. The good news is that the majority of the agencies do some tracking of time to hire. But only about half report doing so regularly – not a high percentage given how basic and visible a measure this is of the performance of the human resource function in an organization. Some agencies, though, such as the Department of Education, *have* made a major improvement in developing their tracking capability. This is highly commendable, because it will enable agencies such as Education to drive meaningful improvement through clear and consistent measurement of the results.

As expected, time to hire varies widely across agencies, from 5 days or fewer at one end of the spectrum to over 60 days on the other. (These timeframes refer to the work days elapsed between the closing of the vacancy announcement to the day an offer is made.) Nearly three-fourths of agencies reported making offers within 45 days of the closing of the announcement. While the data are self-reported and based in some cases on estimates, this is significant because, as I described, OPM has recently established a 45 day model for hiring.

What factors prevent many of the agencies from hiring faster? The survey asked an open-ended question about barriers to speedier hiring. Agencies cited many barriers, but the one cited most frequently by far – by almost 50 percent of the agencies – was that selecting officials spend too much time reviewing the credentials of highly qualified candidates and interviewing them. This suggests that the hiring process is not bogged down by insuperable technical problems but rather that the means to speed up the process are within an agency's grasp. It will just take discipline and determination – and the commitment of top management – to make it happen.

An encouraging sign in this regard is that, in most large agencies, monitoring to ensure that mission-critical occupations are filled has been elevated to a level above the operating HR office, where it has traditionally resided. In half of the agencies, the Chief Human Capital Officer receives regular reports on the status of these vacancies. In other agencies the responsible official is another high level official, such as the assistant secretary for management or, in one case, the agency deputy director. With high-level officials involved with this issue, there is strong potential for hiring issues to get the level of attention necessary to create a real impetus for improvement.

Another encouraging sign is that automation of the hiring process has really taken hold among the larger agencies over the last few years. Nearly 80 percent use automation, and it is having a positive effect on the time it takes to deliver a certificate of eligible applicants to the selecting official. Seventy-three percent of agencies using an automated system report delivering certificates within 15 days of the closing of the vacancy announcement, compared to only a quarter of the agencies using a manual system. Ninety-three percent of agencies using automation were able to deliver the certificate within 30 days, compared to 70 percent of agencies without automation.

With regard to the use of flexibilities, the survey data confirm what we had already identified through other sources: that the use of direct-hire, category rating, and other flexibilities is not extensive.

Finally, while agencies have been making extensive use of some targeted non-competitive recruitment, there is room for improvement in this area as well. For example, only 30 percent of large agencies have established a relationship with the transition offices that the Department of Defense has set up to facilitate the hiring of separating service members. The Departments of Veterans Affairs and Homeland Security stand out as positive exceptions to this general rule.

### **The Challenge to Agencies**

In closing, let me thank you again, Madam Chairman, Ranking Member Davis, and other members of the subcommittee, for the opportunity to testify this morning. As you know, this issue is of the utmost importance to Director James and to myself. We have invested much of our personal time and energy in this issue over the last nearly three years, as well as that of our staff at the Office of Personnel Management. We have made strong efforts to provide agencies with the tools they need, but more needs to be done. We are not satisfied with the accomplishments to date in reducing the time to hire qualified Americans seeking to serve their country.

I thank you for the invitation to be here today, and I would be pleased to answer any questions you may have.