
Chapter 10

Hiring in the Federal Government: Political and Technological Sources of Reform*

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Hiring is one of the most critical personnel functions in any organization. And all organizations—public, private, and nonprofit—have adapted their hiring procedures to reflect the changing needs of the organization, the changing workforce, and new technology. But change in the public sector has been more difficult because of the political nature of the issues involved and because of the political process necessary for reform. This chapter will review the very real changes in hiring, focusing on both the political and technological sources of a period of reform that is still very much ongoing.

THE POLITICIZATION OF HIRING

Many people tend to see personnel management as essentially a technical field, but, at least in the public sector, it is squarely in the middle of many of the key political debates of our time. One of those debates concerns the appropriate role and size of government. As a result, the size of the federal workforce has been politicized for at least the past twenty-five years. Ronald Reagan's first act as President, in 1980, was to sign a retroactive hiring freeze (later found to be illegal), and Clinton's reinvention of government focused as much on shrinking the size of the federal workforce as on improving the management of government. In fact, "[f]rom January 1993 to January 2000, the Federal Government civilian

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workforce was reduced by 384,000 employees" (U.S. OPM, 2000a). But, especially in the Clinton administration, this desire to take credit for reducing the size of government was not linked to a political vision of a smaller role for government, so there was no parallel reduction in the number or scope of federal programs. The result was, in effect, a shell game, in which federal ranks shrank while the number of employees working for the federal government as contractors continued to swell (Light, 1999).

George W. Bush's Presidential Management Agenda (PMA) has continued to stress contracting out (termed "competitive sourcing") but has also identified strategic management of human capital as a key priority. The PMA noted that reductions in the size of the federal workforce were made in ways that were not "aligned with agency missions." One result has been an increase in "the average age of the federal workforce . . . to 46 years, compared to 42 in 1990" (U.S. OMB, 2002, p. 11). The PMA also identified as serious challenges weak human resources planning that was not responding adequately to expected high retirement rates, outdated compensation systems, and flawed processes for recruiting new employees (U.S. OMB, 2002, p. 11-12).

CONFLICTS OF VALUES AND INTERESTS

Attempts to reform the hiring process are complex as well because they reflect debates about core values of public service and public management. On the one hand, the civil service was based, from its founding, on the concept that employees should be selected on the basis of merit, rather than on party affiliation, inside contacts, or nepotism. On the other hand, both scholars and political activists have argued over what we mean by merit and how best to assess who is most meritorious.

The civil service system is also expected to reflect values of openness and equity and to be representative of the country's diverse population. In the early years of the civil service, that meant geographic representation, and state of residence was explicitly taken into consideration in hiring. More recently, the focus has been on demographic characteristics, such as gender and race or ethnic origin. Further, since the Civil War, the system has been designed explicitly to reward military service, and veterans still receive preference in hiring, but that value can be seen as conflicting with the goals of merit and equity.

The challenge is not only balancing sometimes-conflicting social goals but also the need to meet management goals, especially speed and efficiency. From the standpoint of managers, the ideal system would be cost-efficient to operate, would allow the public sector to identify and hire good candidates quickly, and would give managers flexibility to hire the people they identify and to offer them pay and benefits competitive with the market, thus providing incentives to managers to recruit aggressively for the best employees. But meeting these management goals while upholding the social goals discussed is a real challenge.

THE POLITICS OF REFORM: THE KEY POLITICAL ACTORS

Each of the values described earlier is reflected in the interests of the many actors who have been directly or indirectly involved in the ongoing cycles of reform of the hiring process. They include career managers, political appointees, and rank-and-file employees, as well as interest groups representing specific groups, including veterans, women, African Americans, and Hispanics. Change may take place via administrative reform, but major reforms require legislative approval, and proposals are revised and shaped during the legislative process. The courts, too, have, over the past twenty years, played a central role in reshaping hiring in the federal government. Reforms, thus, have taken place through the give and take of the political process as well as through the judicial process. The net result is a system that has moved from simplicity to complexity, from centralization to extreme decentralization, and, in the process, is still struggling to reconcile conflicting values.

TWENTY-FIVE YEARS OF REFORM: WHAT HAVE WE LEARNED?

In order to understand how the current system has evolved, it is useful to review briefly the major reforms of the past twenty-five years. They include a major legislative reform (the Civil Service Reform Act of 1978), an ongoing judicial reform (the *Luevano* consent decree), and a more recent series of administrative and legislative reforms (the National Performance Review under Clinton, the Bush administration's Presidential Management Agenda, and legislation giving individual agencies the authority to develop their own HR systems).

If we take as our baseline the system in place prior to passage of the Civil Service Reform Act of 1978, central to that system was a standardized examination called the PACE exam that was administered centrally by the Civil Service Commission and was used to select new employees for entry-level positions in more than 100 classes of jobs (Ban and Ingraham, 1988). That system was based on a core value, the merit system, but defined merit in a narrow way, as a score on a single test. PACE was an expensive system to operate, because the number of applicants was far greater than the number of positions available. The large number of applicants meant that, although a 70 was, in theory, a passing score, people who scored lower than the high 90s were rarely selected for jobs. This raised some troubling questions. One was the issue of test validity. This system was seen as relying strictly on merit, but merit came to be defined exclusively as high scores on the test. While the test was carefully validated using psychometric methods, even those who developed it did not argue that a person who received a 98 would necessarily be a more successful and productive employee than one who received a 97, or even a 95. Tests cannot tell us whether the job

applicant is motivated, whether he or she gets along well with others, and, in the case of a general test like PACE, how quickly he or she can master the skills needed for a specific job.

PACE was an open system, in the sense that it was a clear and well-known route into government, and it was an apolitical system, in that only those who scored highly on the test could be considered for positions. But it had adverse impact (that is, the pass rate was lower for African Americans and Hispanics).

LEGISLATIVE REFORM: THE CSRA

President Carter's Civil Service Reform Act (CSRA) had the goal of modernizing the federal personnel system, making it more efficient and thus improving management and productivity of the civil service as a whole. While the teams planning the reform critiqued the slowness and inflexibility of the federal system for hiring, the bill itself included only modest reforms in this area. They focused on decentralizing the hiring process for those positions not covered by the PACE exam, giving agencies more control over the process with the assumption that in-house hiring processes would be faster and more responsive to managers' needs.

Why, given the lofty goals, were the reforms so narrowly drawn? One explanation lies in the political process and in the strength of some of the political actors mentioned earlier. For example, early drafts of the reform proposals included limiting veterans' preference, but the veterans groups were so well organized that it quickly became obvious that Congress would not support any change in this area (Ingraham, 1984).

Even this modest reform did not last long. Reagan's first appointee as director of the Office of Personnel Management (the successor agency to the CSC), Don Devine, moved to withdraw delegations of hiring authority in a number of cases. As a result, the net effect of the CSRA was minimal (Ban and Marzotto, 1984).

JUDICIAL REFORM: THE LUEVANO CONSENT DECREE

Far more radical reform resulted from the political process as played out in the courts. Late in President Carter's term, a group of Hispanic organizations brought a lawsuit against the federal government, charging that the PACE examination had adverse impact on minority groups,¹ and demanding that the federal government abandon its use. One of the last acts of the Carter administration was to sign what is called the *Luevano* consent decree (named for one of the parties of the suit) agreeing to do just that (*Luevano et al. v. Alan Campbell*, 1981; Ban and Ingraham, 1988). Many of the most important changes in the federal system flow from that consent decree and from the continued need to comply with it.

Abandoning the PACE examination forced a complete overhaul of the process for hiring entry-level professional and administrative employees, and the continued involvement of the courts in overseeing the implementation of the consent decree continues to shape the hiring process, sometimes with unintended consequences, as we will see next.

ADMINISTRATIVE REFORM: THE NPR

The National Performance Review (later renamed the National Partnership for Reinventing Government), headed by Vice President Gore, was a dramatic attempt to improve the quality of management throughout the federal government. The NPR report on Human Resources (National Performance Review, 1993) espoused sweeping reform of the federal personnel system centered on three key themes: deregulation, decentralization, and delegation. But, once again, the political process limited the opportunity for fundamental reform. Many of the reform proposals would have required legislation, but the Democrats lost control of Congress in 1994, dooming the chances for passing any civil service reform legislation.

Still, the NPR is a case study of the impact that can be made via administrative reform, without going through Congress. First, the NPR eliminated the Federal Personnel Manual, the 10,000-page guideline to personnelists on how to implement Title 5 (the law governing the civil service system) and the Code of Federal Regulations (the official regulations implementing that law).

A second focus of the NPR recommendations was decentralization. As a result, OPM abandoned its traditional role of gatekeeper of the civil service system. Authority for almost all examining was delegated to the agencies (with OPM oversight), and OPM stopped conducting exams centrally and maintaining central registers. Instead, it now offers consulting services to agencies on development of tests and other examination methods, as well as conducting examining for agencies, but on a cost-reimbursable basis.

Third, the NPR called for delegating more authority for managing the human resource function to line managers themselves. Giving managers more authority in hiring, classifying, and assessing the performance of their employees was seen as an integral part of breaking through the traditional culture of centralized control that characterized the civil service system (Ban, 1995).

The Clinton administration used the planned deregulation of the civil service system to justify dramatic cuts in the size of the human resources workforce, arguing that a simpler system would reduce staff needs (OPM, 1998a). "From 1992 to 1996, the number of people employed in personnel occupations declined by 18 percent" (Ban, 1998). While this argument was probably specious (especially absent legislative reform), the reduction in HR staff levels forced managers to take a more active role in the process and forced HR offices to find more efficient ways to carry out their work.

CURRENT CHALLENGES

The Bush administration has been a period of rapid change in the field of human resources, with some real progress in the areas of recruiting and hiring but also some enduring challenges. First, the trend of moving agencies out of the traditional civil service system and letting them develop their own systems accelerated rapidly. Second, legislation passed introducing important new flexibilities government-wide.

THE DEMISE OF THE TRADITIONAL CIVIL SERVICE SYSTEM

Absent government-wide reform, many agencies have, over the past two decades, sought their own routes around the system. Initially, some agencies used the demonstration provision in CSRA to try out new approaches.² They were, however, frustrated by the limitations in the demonstration provisions, such as the number of employees who could be included, and by the failure of OPM and Congress to make the systems that were found to be successful through demonstrations available to other agencies.

As a result, a number of agencies used a legislative approach, going to Congress to ask for authority to opt out of Title 5 and to set up their own personnel systems. This approach is not new. As a 1998 OPM report pointed out:

In the Federal Government, the trend toward flexibility has manifested itself in a number of ways, including the attempt by a number of agencies to move away from the specific requirements of Title 5. Full or partial exemption from Title 5 is of course nothing new. Agencies such as the Tennessee Valley Authority and the Federal Reserve Board have been outside Title 5 for decades. But the movement in that direction has gained momentum, to the extent that nearly half of Federal civilian employees are now outside some aspect of Title 5 coverage (the U.S. Postal Service, with over 800,000 employees, constitutes the majority of the Title 5-exempt work force) (U.S. OPM, 1998b, p. 1).

Under the Bush administration, this approach has been used far more dramatically. The new Department of Homeland Security was created with the authority to develop its own HR system, and the Defense Department also received authority to create the National Security Personnel System. (Chapter 2 discusses this important change in detail.) With this dramatic development, the days of a single, standard civil service system have passed, and there are now proposals to make this official, and to give to all agencies the flexibilities that now cover a clear majority of the federal workforce.

What are the likely impacts on recruiting and hiring? Central to the new reformed HR systems is the concept of broad-banding, first tested well over twenty years ago in a Navy demonstration program (Ban, 1992). Under broad-banded systems, agencies move away from the traditional classification systems, which pigeon-hole employees into narrow categories and pay grades, to systems that group jobs into broad job classes and that have much wider pay bands. These systems, if well implemented, will give agencies more flexibility in designing entry-level positions with clear potential for growth and may also give managers greater flexibility in setting entry-level pay and in promoting rising stars quickly. These are changes that should make federal employment more attractive to top performers who seek challenging positions where they can learn new skills and have a good chance of promotion.

The approach of pulling agencies out of Title 5 on an individual basis does have its critics. Some fear "Balkanization," and it is true that having a large number of different systems might make it more difficult for individual employees to

move easily across government. More flexible classification and pay systems may, indeed, result in those agencies with more resources setting salaries at a higher level and raiding the employees of less advantaged agencies. Others argue that seeing the federal workforce as a single employer is unrealistic, as agencies have different missions and cultures, and HR systems should be designed to meet their specific needs (Ban 1995; Marzotto, 1988).

GOVERNMENT-WIDE LEGISLATIVE REFORM

While legislation is often the result of a slow and deliberative process, sometimes a crisis presents an opportunity for far more rapid change. The disaster of September 11, 2001 presented such an opportunity. Congress responded to the crisis by creating the Department of Homeland Security. And congressional leaders, especially George Voinovich, who had been working for some time on legislative proposals to modernize the civil service system governmentwide, took advantage of this opportunity to include in the Homeland Security Act of 2002 not only the new human resources system for the newly-created department discussed earlier but also new flexibilities for the entire civil service system.³

In the area of recruitment and hiring, the law included two very important changes: permitting agencies to use "category ranking" instead of the "Rule of Three," and using direct hiring for shortage categories. The traditional civil service system relied for many years on the "Rule of Three." Under the Rule of Three, managers are given a list of the top three scorers on a test and must make their appointment from that rather narrow group (U.S. MSPB, 1995). The Rule of Three reflected traditional values—in the name of reducing patronage or cronyism, it limited the choices of managers. Current reforms are based, in contrast, on recognizing that managers are professionals and on trusting them with greater discretion to manage their organizations.

Managers were also frustrated by their inability to compete effectively in recruiting, not only because the Rule of Three made it hard to hire very qualified people whom they had actively recruited but also because the system did not permit them to go out to a campus, and, for example, interview and make an offer (that is, use the "direct hire" approach). Rather, they had to tell applicants to submit a formal application to the HR office, and it might take months before a candidate could be selected and an offer made, by which time the best people were likely to have grown tired of waiting and accepted other positions. This created particularly serious problems in fields where there were shortages in the labor market, creating intense competition with private-sector employers.

The U.S. Department of Agriculture (USDA) took the lead in experimenting with a new approach, in a demonstration project, begun in 1990. Among its key initiatives were authorizing direct hiring for shortage categories and implementing an alternative candidate assessment method using categorical groupings instead of numeric scores. Specifically, in a category rating system, rather than ranking people by test scores, those evaluating job candidates put those who meet qualifications into two categories: quality and eligible. Managers can then select

from the entire pool of those ranked qualified, rather than from only the three top scorers on a test. If the quality group has only one or two candidates, those in the eligible list may also be referred to the hiring official. While this demonstration obviously suspended the Rule of Three, it did not suspend veterans' preference; in fact, it gave veterans in the quality group absolute preference. Nonveterans could be selected only if all veterans were disqualified or if the agency approved a request to pass over the individual (U.S. OPM, 1992).

The reforms passed in the DHS bill in 2002 in essence made the flexibilities tested in the Department of Agriculture demonstration program available to all agencies. Yet agencies have been surprisingly slow to adopt them. The findings of a study conducted by the General Accounting Office (GAO) in 2004 are instructive. The GAO reported that "a majority (13 of 22) [of Chief Human Capital Officers] . . . said that their agencies were using category rating to 'little or no extent'" (U.S. GAO, 2004b, p. 4). The barriers most often mentioned were "lack of agency policies and procedures" and "lack of OPM guidance," so we may see an increase in use as agencies become more familiar with the legislation and how it is being interpreted by both OPM and their agencies (U.S. GAO, 2004a). As J. Christopher Mihm reported to Congress, the limited use of category rating was "somewhat unexpected" since many human resources directors had reported earlier that numerical ranking and the Rule of Three were "key obstacles in the hiring process" (U.S. GAO, 2004b, p. 3).

Steve Nelson, of the U.S. Merit Systems Protection Board, identifies another factor that may be limiting implementation:

Line managers are generally the drivers of change, and many have not yet seen a compelling business case presented by their human resource (HR) partners for category rating. The HR community is often too busy implementing automation and dealing with day-to-day needs to undertake what may be viewed as just another initiative. Automating an improved process like category rating is far preferable to paving the cow-path of the Rule of Three (Nelson, 2004a, p. 2-3).

The 2002 law also permitted agencies to use "direct hire authority," bypassing the slow competitive process, in situations where there is a severe shortage or critical hiring needs, but, here, too, implementation has been limited. OPM's regulations allow OPM to decide whether there is a severe shortage of applicants in an occupation, either government-wide or in a specific agency or geographic location. Agencies may also request that OPM approve use of direct hire because they believe they are facing a severe shortage or critical hiring need (U.S. GAO, 2004a). Few agencies report that they are using direct hire authority. The barriers reported were similar to those for category ranking but also included "lack of [agency] expertise needed for implementation" (U.S. GAO, 2004b, pp. 8, 10). Since it issued its interim regulations in June 2003, "OPM had [by mid-2004] approved three governmentwide direct-hire authorities and seven agency-specific direct-hire authorities" (U.S. GAO, 2004a, p. 37). The net result was that, as of December 31, 2003, "fewer than 50 individuals had been hired under the new direct-hire authority" (U.S. GAO, 2004a, pp. 38-39).

CURRENT HIRING TRENDS AND CONTINUED MANAGEMENT CHALLENGES

The legislative changes discussed here may eventually be very significant, but many of the current challenges cannot be addressed through this or future legislation. Rather, they require management commitment, adequate resources, and creative use of technology. The greatest challenge is the fact that the federal government will have to increase dramatically its hiring.

For most of the past twenty years, the federal government was downsizing. The challenge was how to reduce the size of the workforce, and agencies often filled vacancies by hiring people who were already inside the federal system (NAPA, 1999). Now agencies are facing a number of challenges, ranging from increased retirements to new or expanded missions that require much more extensive hiring (U.S. GAO, 2001; U.S. MSPB, 2004a). According to the most recent data, "more than 50 percent of all federal employees are within five years of possible retirement and 70 percent of all senior managers will be eligible to retire by 2009" (Partnership, 2005, p. 5). In fact, actual retirements in 2003 exceeded projections by over 10 percent (Partnership, 2005). At the same time, the federal government will be experiencing an increasing demand for employees, particularly in the area of homeland security. The government is projected to need over 37,000 new employees in "security, enforcement and compliance assistance" (Partnership, 2005, p. 6). Even commentators who feel that the human capital crisis has been overstated, because actual retirement rates have not increased as predicted, agree that there may be higher turnover in selected occupations (Friel, 2003).

At the same time, projections are that, because of slow population growth and increased demand for technological skills, there will be an increased labor shortage, particularly in high-tech fields. Agency HR staffs and line managers are now learning how to recruit effectively in this labor market, albeit with limited resources and competing against other employers who are using very sophisticated recruitment techniques.

The first challenge for effective recruiting is deciding what kinds of people the organization will need in the future. This requires real planning and analysis. As Comptroller General David Walker explained:

High-performing organizations establish a clear set of organizational intents—mission, vision, core values, goals and objectives, and strategies—and then integrate their human capital strategies to support these strategic and programmatic goals. However, under downsizing, budgetary, and other pressures, agencies have not consistently taken a strategic and results-oriented approach to human capital planning (U.S. GAO, 2001, p. 4).

As Walker points out, the Government Performance and Results Act (GPRA) is one vehicle for strategic planning that encompasses human capital needs. Nonetheless, a 2004 study found that "over a quarter of the organizations [stud-

ied] reported that they do not base recruitment decisions on any workforce analysis (U.S. MSPB, 2004a, p. 9).

Hiring in larger numbers also requires agencies to change from passive to active recruiting. For many years, if an agency had a vacancy, it would post that vacancy, physically—on bulletin boards—or, increasingly, on websites. The vacancy announcement was written in bureaucratic jargon, often very wordy and technical and difficult for an outsider to understand. The HR staff then sat back and waited for applicants to come to them. In only a few agencies were program staff actively engaged in going out and recruiting strong candidates and encouraging them to apply, and those were the agencies where managers expressed the most frustration with the system because the system then made it difficult to actually hire the people they had recruited (Ban, 1995).

Now agencies are rapidly developing staff capacity for external recruiting, both on a person-to-person basis and electronically. Agencies are now gearing up to go out on the road, recruiting at college campuses, job fairs, and professional meetings. Some are building long-term relationships with college career offices. And a number of the most successful are using senior managers to represent the agency. The best recruiters can convey the excitement and challenge of the job, as well as its technical requirements and opportunities for growth and advancement (NAPA, 2001; U.S. MSPB, 2004a). Involving the line managers in recruitment will be even more important as agencies increasingly use direct hire authority to make offers on the spot. Not all agencies, however, are providing the training that recruiters need to be fully effective (U.S. MSPB, 2004a).

This recruiting is taking place in an environment that is highly decentralized, with agencies posting their own jobs and applicants applying directly to the agency, rather than to OPM. This could increase the effort required by applicants, but, of course, the process of posting jobs has also changed. Now virtually all federal agencies have followed the lead of other employers and rely on their own websites to post their vacancies. The Office of Personnel Management requires all agencies to post all positions open to outside applicants on their website, USAJOBS, part of their Recruitment One-Stop Initiative, "which, as the name implies, would provide a one-stop website for federal job seekers by implementing a single application point that includes vacancy information, job application submission, application status tracking, employment eligibility screening, and applicant database mining" (U.S. GAO, 2004a, p. 20).

This is exactly the kind of integrated system that is needed. But getting there is still a challenge. As GAO reports, agencies, and the private contractors who work with them, have resisted a proposal that they shut down their own job search and resume-builder websites (U.S. GAO, 2004a). So applicants sometimes have to fill out the same information on multiple websites in order to apply to several agencies. Further, agencies are still working to upgrade their job announcements, which, in the past "were lengthy and difficult to read on-line, contained jargon and acronyms, and appeared to be written for people already employed by the government" (U.S. GAO, 2004a, p. 20. See also U.S. MSPB, 2003b).

Whether recruitment is in person or electronic, federal agencies continue to face a number of challenges. One is the negative image of the federal workforce as an employer. A summary of recent research states that "College graduates and public policy graduate students tend to view entry-level Government jobs as less challenging, rewarding, and developmental than private and nonprofit sector jobs. They tend to believe the private sector offers better compensation, more challenging work, and better developmental opportunities, while the nonprofit sector offers more rewarding work" (U.S. MSPB, 2004a, p. 18). Surveys and focus groups conducted for the Partnership for Public Service found an interesting distinction: Three-quarters of those sampled agreed that "there are great jobs for *regular people* in the federal government," but only half agreed that "there are great jobs for *people like me* in the federal government" (Partnership, 2004a, p. 8). The report attributes that difference to the perception of government as too bureaucratic and routine and as "a place that stifles creativity and entrepreneurial thinking" (Partnership, 2004a, p. 1).

This problem is compounded by the public perception that salaries in the government are not competitive. In fact, for many occupations, federal salaries and total compensation are very competitive, but this word is not getting out. In some cases, agencies are using the greater financial flexibilities that are now available, including paying off student loans for new employees,⁴ paying moving costs, and paying what are, in effect, signing bonuses for new employees with specific needed skills, but agencies have limited budgets for using these recruitment tools.

Some agencies are addressing negative perceptions directly through campaigns to "brand" the agency—"to create a positive, familiar image of the agency in the minds of applicants so that they associate the agency's reputation with a positive place to work...[through] creat[ing] an integrated package of marketing materials...including displays, brochures, posters, print media, and recruitment websites" (U.S. MSPB, 2004a, pp. 11–12). "Branding" needs to communicate the organization's vision and convey compellingly the advantages of working there "in such a way to attract the type of employee desired" (NAPA, p. 2001, p. 8).

WHAT IS A "GOOD" TESTING METHOD?

Once applicants have been recruited, there needs to be a "good" method of evaluating their fitness for the position and of making a final selection. The problem is in differing definitions of "good." Personnel specialists define a good evaluation system as one that helps to identify the very best candidates for the position, supporting the core value in the U.S. government of the "merit system," which posits that employees are selected based on their merit for the job, not on political or family connections or on other extraneous non-job-related qualities. But there are differing definitions of "merit" and debates about what is the best method of ranking candidates (Ricucci, 1991). Indeed, recent discussions have focused less on the concept of merit and more on the values of fairness and equity (Woodard, 2005).

Traditionally, as we have seen, civil service systems relied heavily on written tests, and there developed a highly elaborated method of establishing the validity of these tests, i.e., their ability to accurately predict future performance on the job.

But agencies have moved away from formal tests, both because of the problem of adverse impact of these tests on minority applicants (leading to the *Luevano* consent decree, discussed earlier) and because, in the trade-off between speed of hiring and accuracy or test validity, most managers cared more about speed. Their fear has been that a slower process might, in theory, identify the very best prospects, but in doing so, would actually make it harder to hire those people, because they are the very applicants who are likely to find other jobs rather than waiting around for months.

In fact, the pressure for speed is so great that "OPM is urging agencies to implement a new 45-day hiring model, which measures the time-to-hire period from the date the vacancy announcement closes to the date a job offer is extended." Agencies will be evaluated on their progress towards speeding up hiring as part of their grades on the President's Management Agenda (U.S. GAO, 2004a, p. 14).

Nonetheless, the *Luevano* consent decree required that the Office of Personnel Management develop a battery of six examinations, each validated for a group of related occupations, and known collectively as the Administrative Careers with America (ACWA) examinations. OPM clearly intended ACWA to be a "major vehicle for college graduates and other candidates with equivalent experience to obtain federal employment" (U.S. GAO, 1994, p. 2). Although OPM spent a great deal of time and effort validating the six ACWA examinations, ACWA as a system was largely a failure. Managers found it too slow and were dissatisfied with the quality of applicants (U.S. GAO, 2004a). As a result, they proceeded to use every route possible to avoid hiring via ACWA. OPM then replaced the tests with a new version of ACWA, relying on a biodata approach—a lengthy questionnaire about the applicant's background and experience. But this was not a significant improvement, from the point of view of hiring officials. In fact, a number of reports have called for terminating both the use of ACWA and the consent decree itself (U.S. MSPB, 2000; NAPA, 2001; Partnership, 2004b).

A heavily-used route around ACWA for entry-level professional positions is the Outstanding Scholar program, also created in response to the *Luevano* consent decree, which allows agencies to hire applicants noncompetitively, based on their undergraduate grade point average. If the applicant has an undergraduate GPA of 3.5 or higher or is in the top 10 percent of his/her graduating class, he or she can be hired immediately without taking a test. Use of the Outstanding Scholar program has been heavy, since it meets managers' desire for speed and flexibility in hiring. But the program is controversial, first, because it has not been particularly effective in meeting the original goal of increasing minority representation. NAPA reports that, "of all the hiring methods, . . . outstanding scholar appointments produced the lowest percentage of minorities hired into the professional and administrative positions" (NAPA, 1999, p. 15). In fact, it is most often used to hire white women, who are not covered under the *Luevano* decree. Further, for some positions, more people were hired using the Outstanding Scholar program than via competitive appointments (U.S. MSPB, 2001b, pp. 1-4).

There is a lively debate concerning the validity of the Outstanding Scholars program's approach as a selection method. The U.S. Merit Systems Protection Board

has questioned whether GPA or class standing are effective predictors of on-the-job performance, particularly since neither the quality of the institution nor the program of study is considered, and has argued that this process "has little more than speed of hiring to recommend it" (U.S. MSPB, 2000, p. 17; see also U.S. GAO, 2004a).

Agencies have also avoided use of ACWA through relying on internal promotions rather than hiring externally. Research has documented, however, that the people who moved into professional positions through internal promotion "do not advance as far as employees hired by other methods" (Partnership, 2004a), which may be an indicator of the quality of hires.

In general, developing valid selection tools is more difficult in a decentralized environment. The federal government has delegated examining authority for virtually all positions directly to the agencies. Decentralization has great advantages, but also considerable costs. One advantage is that, for most positions, agency HR staff and managers, who understand the work of the agency and its specific needs, are reviewing applications. That knowledge should increase the odds that the applicants' fit for the specific job is being assessed correctly. And decentralized hiring can, in many cases, be faster than a more centralized process. There are, however, significant costs in recruiting and reviewing applications. Particularly for smaller organizations, developing and validating a formal test is difficult or impossible, and, according to a GAO report, OPM officials say "that many agencies do not have the technical expertise, funding, or time to develop valid assessment tools" (U.S. GAO, 2004a). OPM does have those skills, but assistance from OPM is now available only on a cost-reimbursable basis, further disadvantaging smaller agencies.

The net effect of both *Luevano* and decentralization is that cognitive ability tests have virtually been abandoned as part of the federal hiring process, in spite of the fact that years of research have found them to be the most valid selection method (Schmidt and Hunter, 1998). Instead, agency HR staff score candidates numerically and rank them based on their self-reported training and experience. This approach is being used for over half of competitive new hires (Partnership, 2004b). Evaluating training and experience is relatively cheap, can be quite fast, and isn't likely to trigger court challenges. But one report concludes that it is "one of the least effective predictors of job performance" (Partnership, 2004b, p. 4). Agencies are also relying heavily on interviews, especially to make the final decision among finalists, but often use unstructured interviews, which are far less valid and reliable than more structured interviewing (U.S. MSPB, 2003a). A number of agencies have developed and validated their own selection methods for specific ACWA occupations as alternatives to ACWA, and studies document that there are a number of assessment approaches that are more valid, including not just written tests but also structured interviews, work samples, situational judgment tests, and others (Partnership, 2004b).

IS TECHNOLOGY THE ANSWER?

There is no doubt that technology has changed the way HR offices operate, including the processes of recruiting, testing, and selection. Some of the proponents of e-government see it as the panacea that will not only increase efficiencies but also

improve the openness of government and the ability of citizens to connect to their government.⁵ In the area of recruiting, it is clear that moving job postings to the web has opened up recruiting and reduced the costs to applicants of locating information about vacancies (although it may increase costs to agencies by encouraging larger number of applications). Technology is also seen as central to the goal of speeding up hiring, saving time while keeping costs low at every step of the process (U.S. MSPB, 2004b). As a GAO report describes it:

Automation can facilitate almost every step of the federal hiring process. For example, an automated hiring system could electronically determine if an applicant met the basic qualifications and electronically provide timely notification to the applicant of the status of his or her application. Automation could also streamline the process by electronically rating and ranking applicants, or placing them in quality categories, eliminating the need to form panels to assess the applicants (U.S. GAO, 2004a, p. 23).

These systems may improve efficiency, but they may not use the full potential of technology. As the Merit Systems Protection Board found, when they reviewed systems in use, agencies are using the technology to assess applicants' training and experience (U.S. MSPB, 2004b). But the use of technology offers more—a way to return to more valid methods of assessing candidates, including written tests that can be tailored to a specific position and scored instantaneously. As the MSPB points out, technology allows agencies to combine and sequence assessment methods, for example, "to follow an initial rating of training and experience with other rigorous assessments, such as a structured interview or a work sample test. . . . However, relatively few agencies have used automated hiring systems to reengineer their hiring process" (U.S. MSPB, 2004b, p. 25).

It is important for agencies to recognize both the benefits of technology and its limitations. Implementing new systems requires significant start-up and training costs, and so gains in speed or efficiency may not show up immediately (U.S. MSPB, 2004b). Further, relying on these systems for making final selection decisions may not result in the best hires. They may be effective means for initial screening of applicants, but they "are better suited to make broad distinctions among applicants...than to making fine distinctions (e.g., selecting among highly qualified applicants)" (U.S. MSPB, 2004b, p. 46).

COMBINING ON-THE-JOB TRAINING WITH RECRUITMENT AND SELECTION: EXPANDED USE OF INTERNSHIP PROGRAMS

One of the reasons for the limitations of existing assessment methods, including those that are technology-based, is that successful hires need not only good technical skills but also strong motivation and the ability to communicate effectively and to work well with others, especially in the team-based work environment typical of many federal organizations. Structured interviews may assess some of these qualities, but neither reviews of training and experience nor formal written tests

alone are generally effective in doing so. As a result, some agencies are trying a different approach—using internships as a way of recruiting and trying out potential job candidates.

Internships are not new. Government agencies have used a variety of internships and temporary employment programs for students for years. The current growth in interest reflects both the availability of new programs as well as the pressure to find better ways to recruit and hire. Discussions about these programs are complicated by the fact that the same term, “internship,” is often used for two very different kinds of programs. The RAND Corporation study of intern programs in the Defense Department makes a very useful distinction between internships that are pre-employment programs (designed to provide part-time or temporary employment to students) and structured post-employment programs, which they term “early career professional development” programs (Gates and Paul, 2004, p. xiv).

The Presidential Management Internship program is one of the longest-running and best known of the post-employment programs, but it may have suffered from this terminological confusion, which may be one of the factors in its being renamed the Presidential Management Fellows program. It has been expanded under the Bush administration, both in number of appointments and in the fields covered but remains a relatively small prestigious program managed centrally by the Office of Personnel Management and offering formal training and job rotations leading to a permanent position. New employees recruited via the PMI (now PMF) are generally given high marks by their supervisors, and they are more likely to move into management than those hired through other routes, but there is some fear that the program may be losing its identity as a “vehicle to hire and train the Government’s future managers” (U.S. MSPB, 2001a, p. ix).

A new internship program, the Federal Career Intern Program (FCIP), was introduced by executive order in 2000 (U.S. OPM, 2000b). It, too, is a post-education program, but, unlike the Presidential Management Fellows program, it is decentralized. Each agency can decide whether to create an internship program that will provide a vehicle for recruiting new employees, typically at the GS-5, 7, or 9 level, for a two-year program that will provide interns with formal training and developmental opportunities. At the end of the two years, interns can, at the discretion of the agency, be converted to the competitive career service (i.e., to permanent jobs). A number of agencies have set up their own internship programs under FCIP, but its utility is somewhat limited for positions covered by the *Luevano* consent decree⁶ (Gates and Paul, 2004).

Agencies are also making increased use of pre-employment internships under a variety of authorities. Observing how interns respond to the challenges and pressures of the workplace over several months is certainly a more valid predictor of on-the-job performance than a written test or interview. Some agencies, such as the General Accounting Office (GAO) have made a conscious decision to rely heavily on interns as a source of new hires, since both the employer and employee have had a chance to try each other out.

Two of the main authorities for such programs are the Student Temporary Employment Program (STEP) and the Student Career Employment Program (SCEP).

They differ in that SCEP is a more structured program, which requires a clear relationship between the work being done and the student's area of study and career goals and which includes a formal development plan. In contrast, STEP is a more flexible program that allows hiring students to do any job. SCEP has a great advantage, in that students hired in a SCEP internship can be noncompetitively placed in a permanent position in any federal agency (not just in the agency where they held their internship) if they have completed 640 hours of work under SCEP and graduated from their academic program (Gates and Paul, 2004; Partnership, 2002).

These internship programs (both pre-employment and early-career post-employment) can play a useful role by giving agencies a chance to try out prospective employees before making a final commitment to them. Currently they provide a relatively small stream of new hires, and it is too early to say whether they will grow into programs large enough to address the majority of the predicted needs for new employees. If they do so, they raise questions about the extent to which they reflect the core value of merit, since they are technically noncompetitive methods of recruitment.

Of course, the probationary period is technically the final stage of the selection process, providing a similar chance to try out new employees on the job prior to making a final appointment, but it is not clear that managers fully understand the purpose and appropriate use of the probationary period.

CONCLUSIONS: PROGRESS BUT CONTINUED CHALLENGES

As we have seen, the processes of recruiting and hiring in the federal government are undergoing rapid change. The accumulated effects of years of piecemeal changes, including the decentralization of the process, recent more sweeping reforms in agency personnel systems, and legislation permitting agencies to move to category ranking and use of direct hire can, over the next several years, lead to systems for recruiting and hiring that are much more effective, but only if two remaining challenges are met: one is managerial and the other is judicial.

First, senior management needs to take the "human capital crisis" seriously. This means real attention, from the very top down, to the human capital needs of the agency, including careful planning of future staffing needs, thinking through up-front the human resource implications of new programs or reorganizations, and providing adequate staff and training (to both HR staff and line managers) to develop high-quality programs for recruiting and valid methods for selection. At the same time, OPM and agencies need to provide the regulatory and technical support to help operating HR offices to implement categorical ranking and to encourage its use. Further, as agencies finally begin to implement broad-banded pay systems, they need to "marry up the broader pay-band categories with matching competency levels for [hiring] qualifications" (Nelson, 2004b, p. 213).

Second, the *Luevano* consent decree has outlived its utility. The assessment methods that it has required are often either unworkable or lack validity. Worse, they often fail to help the very populations that the consent degree was designed

to protect. Only the court can lift the decree, but agencies need to work with OPM and the administration to make this case, because, absent this change, agency managers will continue to find ways around the decree, increasing the costs and decreasing the effectiveness of hiring for positions that are vital to agency success (U.S. MSPB, 2000; Nelson, 2004b).

Finally, the current wave of reforms needs to be assessed based on its ability to meet the goals of efficiency and speed but also on the extent to which it upholds the value of merit. As changes are implemented we need to continue to ask the critical question: To what extent are these systems ensuring open access to the civil service and selection of employees who bring to the federal government both the technical skills and commitment to public service that will provide the leadership for the future?

NOTES

1. Technically, an examination or selection method is said to have adverse impact on a specific group if the pass rate for the group is less than 80 percent of the pass rate for whites. In the case of the PACE exam, "in 1978, about 42 percent of whites taking the test passed at 70 percent or higher, compared to only about 5 percent for blacks and 13 percent for Hispanics" (Ban and Ingraham, 1988, p. 709).
2. A provision of the Civil Service Reform Act allows agencies to suspend current civil service law (with a few exceptions) to test out new personnel systems. For more information, see Ban, 1992.
3. Title XIII of the Homeland Security Act of 2002 is referred to as the Chief Human Capital Officers Act of 2002. Pub. L. No. 107-296 (November 25, 2002).
4. The Student Loan Repayment Program permits agencies to repay student loans up to \$10,000 a year, with a lifetime limit of \$60,000 (U.S. MSPB, 2004b).
5. There is a rapidly growing literature on e-government. For a good overview, see Pavlichev and Garson, 2004. For a look at how one can measure the actual impact of e-government, see Stowers, 2004.
6. Under the *Luevano* consent decree, agencies would need to use the ACWA examination to fill covered positions, even when they are for excepted service appointments, such as under an internship program. The Merit Systems Protection Board has found that "this has led some agencies to stop publicly announcing these vacancies and has caused others to hire for those occupations above the GS-5/7 level to avoid the requirement to use the ACWA assessment tools" (U.S. MSPB, 2004a, p. 20).

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