



Highlights of [GAO-04-959T](#), a testimony before the Subcommittee on Civil Service and Agency Organization, Committee on Government Reform, House of Representatives

# HUMAN CAPITAL

## Increasing Agencies' Use of New Hiring Flexibilities

### Why GAO Did This Study

Improving the federal hiring process is critical given that the executive branch hired nearly 95,000 new employees during fiscal year 2003 and significant hiring may continue over the next few years.

In May 2003, GAO issued a report highlighting several key problems in the federal hiring process. That report concluded that the process needed improvement and included recommendations to address the problems. Last month, GAO issued a follow-up to that report and testified before this subcommittee on the status of recent efforts to improve the federal hiring process. As part of this work, GAO also assessed the extent to which federal agencies are using two new hiring flexibilities: category rating and direct-hire authority. Category rating permits an agency manager to select a job candidate placed in a best-qualified category rather than being limited to three candidates under the "rule of three." Direct-hire authority allows an agency to appoint individuals to positions without adherence to certain competitive examination requirements when there is a severe shortage of qualified candidates or a critical hiring need.

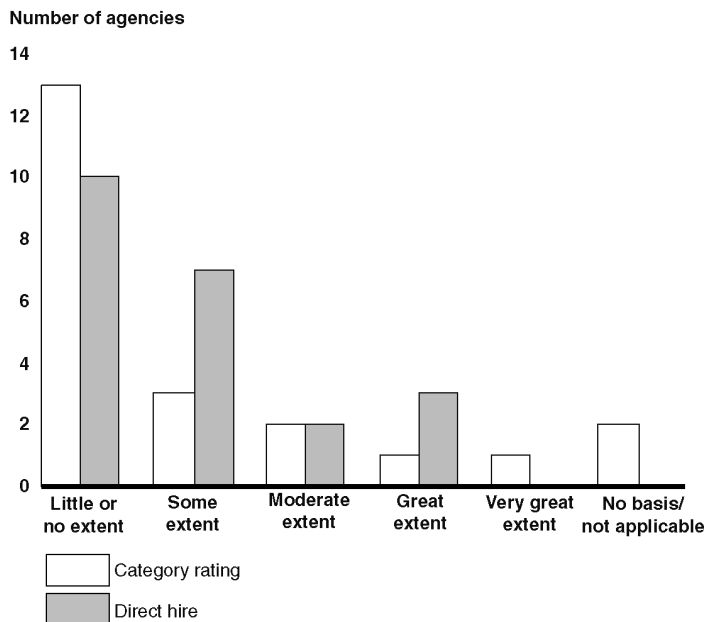
Today, GAO's statement highlights the extent to which agencies are using the new hiring flexibilities, points out some likely reasons why agencies are not using or making greater use of them, and suggests approaches that can help increase their use.

[www.gao.gov/cgi-bin/getrpt?GAO-04-959T](http://www.gao.gov/cgi-bin/getrpt?GAO-04-959T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact J. Christopher Mihm at (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov).

### What GAO Found

Although Congress, the Office of Personnel Management (OPM), and agencies have all recently undertaken efforts to help improve the federal hiring process, agencies report they are making limited use of the two new hiring flexibilities contained in the Homeland Security Act of 2002: category rating and direct-hire authority. These flexibilities could help agencies in expediting and controlling their hiring processes. GAO surveyed members of the interagency Chief Human Capital Officers Council (CHCO) to determine the extent to which their respective agencies were using the new hiring flexibilities and to identify barriers to greater use of these flexibilities. Frequently cited barriers included (1) the lack of OPM guidance for using the flexibilities, (2) the lack of agency policies and procedures for using the flexibilities, (3) the lack of flexibility in OPM rules and regulations, and (4) concern about possible inconsistencies in the implementation of the flexibilities within the department or agency.



Source: CHCO Council members' responses to GAO questionnaire.

The federal government is now facing one of the most transformational changes to the civil service in half a century. Today's challenge is to define the appropriate roles and day-to-day working relationships for OPM and individual agencies as they collaborate on developing innovative and more effective hiring systems. Moreover, human capital expertise within the agencies must be up to the challenge for this transformation to be successful and enduring.