



P A B

A study of
Pay Rates and
Probationary Periods
for New Hires
at GAO



Personnel
Appeals
Board

August 29, 2003

The Honorable David M. Walker
Comptroller General
United States General Accounting Office
Room 7000
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Walker:

Pursuant to the authority granted to it under the General Accounting Office Personnel Act of 1980, the Personnel Appeals Board has statutory responsibility to oversee equal employment opportunity at GAO. In exercise of that authority, the Board is issuing the attached report on the Setting of Pay Rates and Probationary Periods for New Hires at GAO. The Board's conclusions are contained in the attached report.

Sincerely,

A handwritten signature in cursive script that reads "Anne M. Wagner".

Anne M. Wagner
Chair

attachment

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Personnel Appeals Board and Staff

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Introduction

BACKGROUND

This study and report by the Personnel Appeals Board (PAB or the Board) focuses on evaluator and evaluator-related employees at the U.S. General Accounting Office (GAO or the Agency) who were hired between October 1, 1997 and September 30, 2001.¹ Evaluator or evaluator-related positions formed the core of the GAO workforce during the period covered by the Board's study and comprised about 70 percent of the GAO workforce.²

Among the decisions that GAO makes with respect to each new hire are the rate at which he or she will be paid and the length of the trial or probationary period, if any, he or she will serve. Evaluators and employees who hold evaluator-related positions are hired at different pay rates within three broad Bands based on their qualifications, which include education and work experience.³ Accordingly, this affects the length of time that an employee may spend in a particular Band as those who start at the higher pay levels within a Band have a greater likelihood of promotion sooner than staff starting at a lower level.⁴

GAO Order 2338.1, "General Qualification Requirements," establishes basic minimum requirements for employment at GAO. Under the provisions of the Order, personnel specialists at GAO determine proper placement of new hires through the application of qualification standards that include specific job-related criteria. These include experience, education, and training.⁵ With the exception of educational requirements, these criteria may be modified or waived under certain circumstances.

In addition, most newly-hired evaluators are required to serve two-year probationary periods; hires in other categories serve one-year probationary periods. There are a number of exceptions to the initial probationary period and the requirement for serving a probationary period may be waived on a case-by-case basis based on recommendations from heads of divisions or offices.

Given the discretion involved in these two areas, the Personnel Appeals Board embarked on this study in order to determine whether race, national origin, sex, age or disability were factors in determining pay levels and length of probationary periods for new hires.

After receiving and reviewing the information and documents provided by the Agency, however, it became clear that, during the time of the Board's study, the Agency was not granting waivers or reductions or exceptions to the probationary period requirements.⁶ In light of this information, as well as review of the data on probationary periods that was provided to the Board, the focus of this portion of the

¹ The study excludes attorneys who are Banded employees but are grouped differently than the evaluators.

² Evaluators are now called analysts. Evaluator-related employees, now called specialists, provide technical assistance and support in the audit function.

³ Band I encompasses the pay range from GS-7 through GS-12; Band II encompasses the GS-13 and GS-14 range; and Band III is equivalent to GS-15. In 2001, the entry rate at the GS-7 equivalent level ranged from \$28,003-\$32,204; at the GS-9 equivalent level, the range was \$34,194-\$39,324; and at the GS-11 equivalent level, the range was \$40,523-\$44,695. Band I-F pay rates were from \$48,329 to \$62,867; Band II rates were from \$57,482 to \$88,175; and Band III rates were from \$79,827 to \$103,623. Attorneys at GAO are grouped into two Bands: Band I encompasses grades GS-11 through GS-14 and Band II is comparable to GS-15. The pay range for Band ID attorneys was \$40,520-\$65,020; for Band IF, \$67,846-\$88,175; and the range for Band II was \$79,827-\$103,623.

⁴ Band I employees hired on or after May 5, 2002, are covered under a new pay administration system governed by GAO Interim Order 2540.2 which completely revises the pay setting provisions for Band I employees. During the time of the Board's study, 61 percent of the evaluators and evaluator-related staff who were hired entered Band I at a "developmental" level (Band I-D). After meeting certain requirements, employees could be "certified" to the full performance level on a non-competitive basis (Band I-F). The new Order consolidates Band I, eliminating those distinctions.

⁵ Eighty-eight percent of the entry-level analysts hired by GAO in 2000-01 had master's degrees; nine percent had doctoral degrees.

⁶ Letter from Jesse E. Hoskins, Human Capital Officer (March 15, 2002).

project shifted to the study of employees who left GAO during their probationary periods, with emphasis on their reasons for leaving and whether there were diversity implications in the numbers.

JURISDICTION

The General Accounting Office Personnel Act of 1980 (GAOPA) directs the PAB to oversee equal employment at GAO through review and evaluation of its procedures and practices.⁷ Pursuant to this directive, the Board's Office of EEO Oversight conducts studies of selected issues involving equal employment practices and procedures at GAO and prepares evaluative reports that may contain specific recommendations for changes the Board deems necessary.⁸

During an annual program planning cycle, Board staff presents project proposals to the Board for their consideration and selection. Prior to the preparation of proposals, the Director of the Office of Oversight conducts independent research into possible topics and often solicits suggestions from employee advisory groups. The Board's General Counsel may suggest topics for oversight studies, based on contacts with GAO employees and her independent assessment of GAO policies and practices.

METHODOLOGY

The Board's study of pay rates and probationary terms at GAO covers the time period from October 1, 1997, through September 30, 2001, which marked a revival in recruitment and hiring after a multi-year downsizing effort at the Agency. To initiate the study, staff requested that the Human Capital Office provide data on recent hires, including, but not limited to, their pay rates, probationary terms, length of service at GAO, education, experience and training. This data was to be broken down by race, national origin, sex, age, and disability. In addition, data in the same eeo categories was requested on separations of new hires from GAO, including the reasons for the separations. Board staff reviewed and analyzed the data as well as reviewing Agency policies, Orders, directives and internal memoranda that govern the setting of rates of pay and length of probationary terms for entry-level employees.

⁷ 31 U.S.C. §732(f)(2)(A); see applicable regulations at 4 C.F.R. §§28.91 and 28.92.

⁸ Recent PAB oversight initiatives have included studies of GAO's minority recruitment program, the use of alternative work arrangements at GAO, and promotions of Banded employees.

Day rates

ESTABLISHMENT

The setting of pay rates for new hires at GAO in the evaluator series is governed by GAO Order 2540.1, “Pay Administration in the Evaluator Pay-For-Performance System.” Once an applicant has been selected for employment at GAO, a basic pay rate is set. That basic rate is the minimum entry rate at the level or Band to which the employee has been certified.⁹ There are essentially three factors that can cause the minimum or entry-level rate to be higher: (1) the applicant has previously earned a salary higher than the minimum entitlement; (2) the applicant has superior qualifications; or, (3) a special rate applies.¹⁰

The first factor, a previous higher rate, requires the applicant to provide verification or proof of the higher salary.¹¹ The salary being matched must be for work that directly relates to the work of GAO and can be prior Federal or non-Federal experience. With the second factor, an applicant’s history may include things in his or her background that can trigger a determination that superior qualifications exist, among them are: relevant academic background;¹² more than one graduate degree in a GAO major field of study;¹³ competing offers; publications relevant to GAO study; demonstrated experience that shows use of competencies valued by GAO;¹⁴ and possession of a skill in short supply at GAO.¹⁵

The third factor, special rates, applies to applicants who qualify for positions that have been specifically authorized for higher rates of pay to address significant recruitment or retention problems. At

⁹ The salary range within the Bands is large. For example, the 2002 range for Band I employees, including a Washington, D.C. area locality adjustment, is more than \$30,000.

¹⁰ In limited circumstances, GAO also offers relocation expenses and recruitment bonuses. Both are used rarely and do not affect the basic rate of pay. Applicants receiving the relocation expenses or recruitment bonuses are required to sign an agreement to complete a specified period of service. “Recruitment Procedures Memorandum 2001-1”, p. 6 (March 29, 2001).

¹¹ There are limits when a highest previous rate is used to determine and adjust a GAO rate. For example, in a developmental position, the rate of basic pay may not exceed a rate equivalent to GS-11, step 10. In other positions, the rate may not exceed the maximum rate of the employee’s Band.

¹² This often includes research in a GAO subject matter area.

¹³ Within the 2001-02 analyst entry class, 55% majored in public administration and 16% in business administration.

¹⁴ These include, but are not limited to, achieving results; thinking critically, maintaining client and customer focus; developing people; collaborating; leading; writing and orally presenting information.

¹⁵ “Recruitment Procedures Memorandum 2001-1”, p.5 (March 19, 2001).

GAO, the Comptroller General has implemented special rates for certain information technology positions, as well as specific accountant, actuary, economist, and mathematical statistician positions.¹⁶

DATA

Of the 776 evaluator and evaluator-related employees hired during the time period of October 1, 1997 through September 30, 2001, 36 (4.6%) were hired at special rates.¹⁷

The profile of those 36 follows:

Special Rate Hires: 83% were under 40; none reported a disability.

	WM	WF	BM	BF	AM	AF	HM	HF
Frequency	19	11	0	3	2	1	0	0
Percent	53	30.5	0	8.3	5.5	.2	0	0

Non-Special Rate Hires: 80% were under 40; over 95% reported no disability

	WM	WF	BM	BF	AM	AF	HM	HF
Frequency	258	301	32	37	28	52	13	19
Percent	34.9	40.7	4.3	5	3.8	7	1.7	2.6

While comprising 35.7 percent of the universe of the 776 evaluators and evaluator-related hires, white males constituted 53 percent of those getting special rates. Hispanic hires were 4.2 percent of the hires; none of the special rate hires was Hispanic. No black males were hired under a special rate and they represented 4.1 percent of the total evaluator and evaluator-related hires. Finally, one Asian female was hired under a special rate although that group constituted 6.8 percent of the evaluator hires.

NON-SPECIAL RATE HIRES

In the course of the study, staff reviewed the Band I-D hires (477 or 61.5% of the evaluators hired) in the evaluator series, comparing and cross-referencing educational attainment with eeo categories. This review revealed no discernible disparity in the setting of pay rates at that level. There were too many other variables (*e.g.*, competing offers, special skills, exceptional or numerous publications) that can affect initial pay rates to allow the salary data to be analyzed.

¹⁶ The Office of Personnel Management (OPM) established special rates for specific occupational series and grade levels in the General Schedule (GS). Because GAO's pay system for its Banded employees is an open range with minimum and maximum rates, a special rate schedule had to be constructed at GAO.

¹⁷ For a full profile of the new hires during this time period, see page 10.

robationary periods

BACKGROUND

At GAO, the trial or probationary period is a time when an employee's conduct and performance in the actual performance of his or her duties are observed and verified through demonstrated capacity.¹⁸ An employee may be removed from a job at any time during a probationary period with written notice explaining the reasons for the separation. There is virtually no right to appeal or to grieve the personnel action.¹⁹

Trial or probationary periods, described as "the final test of actual performance on the job," are governed by GAO Order 2315.1 "Status, Tenure, and Trial Periods."²⁰ Most evaluators are required to serve two-year probationary periods; hires in other categories serve one-year probationary periods. There are seven exceptions to serving the initial probationary period²¹ and the requirement for serving a probationary period may be waived on a case-by case basis based on recommendations from heads of divisions or offices. During the probationary period, an employee may be separated ". . . if at any time an employee's conduct or job performance has indicated he/she should not be retained."²²

Three months in advance of the ending date of the probationary period, units and offices are notified of the impending date, which, in turn, alerts supervisors to evaluate probationary employees and determine whether to retain them. The determination about retention is to be made no later than the 22nd month for employees serving a two-year probationary term and 10 months for those serving a one-year term.²³

An employee may be separated for problems with job performance, a lack of either aptitude for the job or a cooperative attitude, or conduct during or outside work hours that demonstrates "undesirable suitability characteristics."²⁴

Once GAO determines not to retain an employee, that person is notified of that decision, in writing, and is afforded a right to reply or rebut the explanation in the proposal. After the employee's reply is considered, the decision to separate may be withdrawn, a lesser penalty may be found to be more

¹⁸ GAO Order 2315.1 (A-90), ch. 7, ¶4(a)(1).

¹⁹ The sole exception is that a discrimination complaint may be filed if an employee believes that his or her separation was based on race, color, national origin, religion, sex, age, or disability. GAO Order 2315.1 (A-90), ch. 7, ¶4(a)(5).

²⁰ The terms "trial" and "probationary" are used interchangeably by the Agency although the latter term is used more frequently now. The 1990 update to GAO Order 2315.1 uses the term "probationary period" exclusively even though the Order retains the title of the predecessor Order, "Status, Tenure, and Trial Periods." The official Notification of Personnel Action (Form 50) currently states that an appointment to a position is subject to an initial probationary period.

²¹ They are: 1) certain employees with severe physical disabilities or mental retardation; 2) employees converted from Outstanding Scholar Appointments; 3) law clerks; 3) veterans appointed under the Veterans' Readjustment Act; 5) Presidential Management Interns; 6) selectees under clerical announcements who already hold permanent appointments at GAO; and 7) former GAO excepted employees who previously completed trial periods.

²² GAO Order 2315.1 (A-90), ch.7, ¶3(b) (January 31, 1990).

²³ *Id.*

²⁴ If an employee's conduct outside of GAO work hours forms the basis for the separation action, there must be a direct connection between the employee's duties and responsibilities at GAO and the conduct in question. GAO Order 2315 (A-90), ch. 7, ¶4(a)(1). Probationary period employees may also be separated for conduct that occurred before employment with GAO such as falsification of pre-appointment documents.

appropriate, or the employee may receive notice of the date of the separation, which must occur before the end of his or her last day of probation.²⁵ An employee may, of course, proffer a resignation at any time during the separation process.

DATA

For this study, the Board reviewed hires and separations in the evaluator and evaluator-related job series for the time period beginning on October 1, 1997 and ending on September 30, 2001. For comparative purposes, a profile of the Agency’s evaluator and evaluator-related staff, which numbered 2,228 in September 2000, follows:

Age & disability profile: 33% under 40; 95% reported no disability

	WM	WF	BM	BF	AM	AF	HM	HF
Frequency	1091	649	116	164	46	68	57	37
Percent	49	29	5.2	7.4	2.06	3.05	2.6	1.66

In the five years before the Board began this study, GAO reduced the size of its workforce from nearly 5,300 employees to the current level of approximately 3,200 employees. The reduction in the workforce was accomplished through a hiring freeze, separation incentives programs, a Reduction-in-Force (RIF) that included field office closings, relocation of some functions and personnel to the Executive Branch, and normal attrition. GAO’s downsizing effectively precluded any recruitment efforts between 1992 and 1997.²⁶

In FY 1998, recruiting and hiring at GAO resumed and, during the time period of this study, the Agency hired 776 evaluators and evaluator-related staff;²⁷ those hires are profiled below:

Hires: 80% under 40 years of age; over 95% reported no disability.

	WM	WF	BM	BF	AM	AF	HM	HF
Frequency	277	312	32	40	30	53	13	19
Percent	35.7	40.2	4.1	5.1	3.9	6.8	1.7	2.5

Of those hired in the evaluator and evaluator-related job series between October 1, 1997 and September 30, 2001, a total of 145 (19%) left GAO during that same time period, with 80 (10.3%) leaving during their probationary periods. The profile of those 80 employees follows:

²⁵ GAO Order 2315.1 (A-90), ch.7, ¶4(b), (c) (January 31, 1990).

²⁶ Letter from Jesse E. Hoskins, Human Capital Officer, GAO (April 23, 2001).

²⁷ During the course of the Board’s study, 24 of the evaluators hired by the Agency were Band III; 17 were white men, 4 were white females, and 3 were Asian men.

Hires Who Left GAO During Probationary Period: 79% under 40

	WM	WF	BM	BF	AM	AF	HM	HF
Frequency	31	24	6	5	4	7	2	1
Percent	38.7	30	7.5	6.3	5	8.75	2.5	1.25

Of the 80 who left during probationary periods, 68 resigned and two were discharged.²⁸ Of the remaining ten employees, one retired voluntarily and the others transferred directly to another Federal agency without a break in service. Nine of the employees resigned within 90 days of the end of their probationary periods: two were white males over 40; the rest were under 40. Three of them were Asian females, one was an Asian male, two were white females and one was a black male.

Black men constituted 4.1% of the new hires and 7.5% of those leaving during their probationary period; Asian employees made up 10.7% of the new hires and 13.75% of those leaving during their probationary period. White females were 40.2% of the newly-hired evaluators and 30% of those leaving during their probationary periods; white men were 35.7% of the new hires and made up 38.7% of employees who separated from the Agency during their probationary periods.

²⁸ The discharged employees were both black and under 40, one male and one female.

*C*onclusion

In this study, the Board set out to determine whether race, national origin, sex, age or disability were factors in setting pay levels for new hires in the evaluator and evaluator-related job series and to ascertain whether groups of employees who left GAO during their probationary periods did so disproportionately to their representation within the new hire group.

The only quantifiable data reviewed by the Board in this study that pertained to pay rates at GAO concerned “special rates” which are paid to applicants who qualify for positions for which the Agency has had difficulties recruiting and retaining people. During the four-year period of the Board’s study, the Agency hired only 36 applicants at special rates: 30 of them were white (19 male), three were Asian and three were black females.

Of the 776 employees hired into evaluator and evaluator-related positions during the course of the Board’s study, 145 left the Agency during the study; 80 of them during their probationary periods. White females and Hispanic employees had the highest retention rates; black males and Asian employees had the lowest. In addition, of the nine employees who resigned within 90 days of the end of their probationary periods, three were Asian females and one was an Asian male.

The Board suggests that the Agency undertake a review of retention rates for its new employees, with a goal of determining the reasons underlying the departures of its probationary hires, with special focus on black males and Asians. Such a review should also include an analysis of supervisory determinations to separate employees within the last three months of their probationary periods to identify any eeo patterns that may be emerging.

The Board also suggests that GAO review the process that it has in place for determining which employees are hired at special rates in order to ensure that it is non-discriminatory. The Board’s study, based on the Agency’s numbers, revealed, for example, that white males constituted approximately 35 percent of the hires, but received 53 percent of the special rate appointments. During the same time period, no black male, Hispanic male, or Hispanic female was hired under a special rate appointment.