

Category Rating Fact Sheet

The Presidential Memorandum – Improving the Federal Recruitment and Hiring Process issued on May 11, 2010, requires agencies to use the category rating approach (as authorized by section 3319 of title 5, United States Code) to assess and select job applicants for positions filled through competitive examining. Agencies would evaluate candidates and place them into two or more pre-determined quality categories. For additional guidance on using category rating, please refer to Chapter 5 of the *Delegated Examining Operations Handbook* on OPM’s website at www.opm.gov/deu.

Q. What is the purpose of category rating?

A. The purpose of category rating is to increase the number of qualified applicants an agency has to choose from for selection while preserving veterans’ preference rights. The category rating approach gives agencies the flexibility to assess and select from among applicants in the highest quality category without regard to the “rule of three.”

Q. Are agencies required to use category rating for all competitive examinations or can they continue to use the traditional “rule of three?”

A. Yes. The Presidential Memorandum directs agencies to use the category rating approach in place of the “rule of three” approach.

Q. What does an agency need to have in place before implementing category rating?

A. An agency is required to have a category rating policy in place that describes how applicants will be evaluated and placed in two or more quality categories.

Q. How are quality categories defined?

A. Quality categories are defined through job analysis. The categories should be written to reflect the requirements to perform the job successfully and to distinguish differences in the quality of candidates’ job-related competencies or knowledge, skills, and abilities (KSAs). Each category has eligible candidates who have demonstrated through an assessment(s) similar levels of proficiency on the critical job-related competencies/KSAs. Some factors to consider when developing categories may include:

- Breadth and scope of competencies/KSAs;
- Increased levels of difficulty or complexity of competencies/KSAs;
- Successful performance on the job; and
- Level of the job.

The highest quality category definition should not be written in broad terms solely to increase the number of eligible candidates who may be considered for selection. Instead, the highest quality category definition should be written to identify the best qualified individuals for the position.

Example: Agency uses two quality categories: Highly Qualified and Qualified. In filling a Human Resources Specialist, GS-201-14, policy position, the agency might define the Highly Qualified category as experience in a senior level HR position writing regulations or agency policy or providing guidance to an agency on staffing, downsizing, realignment, classification, or compensation. The Qualified category might include senior level HR operations experience in staffing, downsizing, realignments, classification, or compensation.

More information on how to define quality categories, including examples, is located in the *Delegated Examining Operations Handbook* in Chapter 5, Section B, Rating Procedures (Category Rating) on OPM's web site at <http://www.opm.gov/deu>.

Q. May agencies use category rating to fill any job that uses an assessment(s) that generates a numerical score?

A. Yes. Agencies may use test scores as part of the job-related criteria used to place candidates into categories, as long as the test assesses job-related KSAs/competencies. When establishing a category definition with numerical scores, agencies must be consistent with the technical standards in the *Uniform Guidelines on Employee Selection Procedures* (see [29 CFR Part 1607](#)) with respect to the development of any applicant assessment procedure and comply with the laws, regulations, and policies of merit selection (see [5 U.S.C. § 2301](#) and [5 U.S.C. § 2302](#)).

Q. How are candidates selected under category rating?

A. Agencies make selections from within the highest quality category regardless of the number of candidates (i.e., the rule of three does not apply). However, preference eligibles receive absolute preference within each category. If a preference eligible is in the category, an agency may not select a non-preference eligible unless the agency requests to pass over the preference eligible in accordance with 5 U.S.C. § 3318, and the request is approved.

If there are fewer than three candidates in the highest quality category, agencies may combine the highest category with the next lower category and make selections from the merged category. The newly merged category would then constitute the highest quality category. Preference eligibles must be listed ahead of non-preference eligibles in the newly merged category. Once again, as long as a preference eligible remains in the merged category, an agency may not select a non-preference eligible unless the agency receives approval to pass over the preference eligible in accordance with 5 U.S.C. § 3318.

Q. When does veterans' preference apply?

A. Veterans' preference applies after the candidates are assessed.

Q. How are preference eligibles given preference in selection under category rating?

A. Preference eligibles who meet the qualification requirements are assessed and placed in the appropriate quality categories. Preference eligibles receive veterans' preference by being listed ahead of non-preference eligibles within the same quality category in which they are placed. No

preference points, i.e., 5 or 10 points, are added to the preference eligibles' rating. An agency may not select a non-preference eligible if there is a preference eligible in the same category unless the agency receives approval to pass over the preference eligible in accordance with 5 U.S.C. § 3318.

Q. How do preference eligibles who have a compensable service-connected disability receive preference in selection?

A. Preference eligibles who meet the qualification requirements for the position and who have a compensable service-connected disability of at least 10 percent must be listed in the highest quality category (except in the case of scientific or professional positions at the GS-9 level or higher). As noted above, an agency may not select a non-preference eligible over a preference eligible in the same category unless the agency receives approval to pass over the preference eligible in accordance with 5 U.S.C. § 3318.

Q. Are the procedures used to pass over a preference eligible under category rating the same as those used in traditional numeric rating, ranking, and selection?

A. Yes. The procedures used to pass over a preference eligible under category rating are the same as those used in the traditional "rule of three" process. In the traditional and category rating processes, an agency may not select a non-preference eligible over a higher ranked preference eligible or a preference eligible within the same category, respectively, unless the agency receives approval to pass over the preference eligible in accordance with 5 U.S.C. § 3318.

Q. May an agency apply the "three consideration" rule under category rating?

A. No. The "three consideration" rule that is prescribed in 5 CFR 332.405 does not apply in category rating.

Q. Does the hiring manager have to interview all the candidates within the category?

A. OPM does not require the hiring manager to interview everyone within a category. All candidates within a category are considered equally qualified. The hiring manager may interview one or more applicants. Managers should refer to their agency-specific policy on this issue because it may vary by agency.

Q. Can an applicant appeal his or her rating under category rating?

A. Yes. Applicants will have the same right of appeal (reconsideration) on an examination rating as they do now. The agency must explain to the applicant why the applicant was placed in a particular category (see 5 CFR 300.104(b)). Each agency is required to have an appeal/reconsideration procedure in place.

Q. Are agencies required to evaluate their category rating process?

A. Yes. Agencies who have not already implemented their category rating policy must submit a report to Congress in each of the 3 years following the implementation of their policy.

Q. What are agencies required to send to Congress?

A. Under 5 U.S.C. 3319(d), agencies must include the following information:

1. the number of employees hired under category rating;
2. the impact category rating has had on the hiring of veterans and minorities, including those who are American Indian or Alaska Natives, Asian, Black or African American, and native Hawaiian or other Pacific Islanders; and
3. the way in which managers were trained in the administration of category rating.

Q. Who in Congress is sent the report?

A. The reports are sent to the Speaker of the House and President of the Senate.