



United States General Accounting Office
Washington, DC 20548

August 22, 2003

The Honorable Kay Coles James
Director
Office of Personnel Management

Subject: Review of Veterans' Preference and the "Rule of 3"

Dear Ms. James:

This is to inform you that the General Accounting Office has completed a review of selected agencies' compliance with veterans' preference and the "Rule of 3" in federal hiring. This review was requested by Congressman Lane Evans, Ranking Minority Member of the House Committee on Veterans Affairs, and Senator Tom Daschle. As agreed with the requesters, because of your continuing oversight of agencies' delegated examining units (DEU) and ongoing review of veterans' preference, we are providing you with the results of our review for possible follow-up.

The requesters specifically asked us to review the results of job announcements for fiscal year 2001 for five selected agency personnel offices in the Washington Metropolitan Area: the National Aeronautics Space Administration (NASA) headquarters, NASA's Goddard Space Flight Center, the Department of Housing and Urban Development (HUD), the Defense Logistics Agency (DLA) and the Broadcasting Board of Governors (BBG). As agreed with the requesters, we reviewed: (1) advertised full-time positions (both permanent and temporary) at the GS-7,9,11,13, and 15 levels as identified by the selected agency, (2) the use of multiple certificates in filling these positions, (3) the resulting certificates of eligibilities, including how often veterans headed these certificates and were selected, and (4) the reported reasons why veterans were not selected if they headed these certificates.

Our observations may be useful to the Office of Personnel Management (OPM) in following up on specific cases, as well as more generally in developing and implementing governmentwide personnel oversight and evaluation efforts. Moreover, based on our understanding of OPM's guidance to the agencies, OPM would consider the type of issues included in our observations when deciding whether more detailed assessments of agency actions by OPM oversight teams would be warranted. We have the following specific observations about the cases examined.

- Multiple certificates were used extensively. Most of the 258 announcements reviewed resulted in agencies issuing multiple certificates, including multiple DEU certificates and certificates for merit promotion. Multiple DEU certificates were typically issued for

multiple vacancies at different grades or locations. In a few cases, multiple DEU certificates were issued for the same position at the same grade. In general, agencies use of multiple certificates was consistent with OPM guidance. See table 1 in the enclosure for total cases reviewed.

- Selections were made more often from certificates without veterans listed. Specifically, of the 214 announcements for which DEU certificates were issued, selections occurred more often when the certificates included no veterans than when veterans were on the certificates. (See table 2 in the enclosure for results of cases with certificates issued.)
 - Out of 134 announcements reviewed with no veterans on the certificates of eligibles, 90 (67 percent) nonveterans were selected.
 - Out of 77 announcements reviewed with veterans on the certificates of eligibilities, 21 (27 percent) veterans were selected.
- Agency files suggested a variety of reasons why veterans were not selected from certificates. These include those listed below. (See table 2 in the enclosure for more information on the reported reasons why veterans were not selected.)
 - A nonveteran with a higher score on the DEU certificate was selected.
 - A nonveteran was selected from another source, for example, merit promotion, noncompetitive appointment.
 - The vacancy/certificate was canceled.
 - The veteran withdrew his/her name.
- Many case files were incomplete. Of the 258 announcement cases reviewed, there were 41 for which we could not determine the disposition of the hiring action. At one agency, for 18 out of 78 case files we reviewed the status of the vacancy announcements could not be determined. Further, there were 11 additional cases where no case file could be located. (See table 3 in the enclosure for more details.) Additionally, in at least one location, all the application files fitting our criteria may not have been provided for our review. We would suggest that as OPM's evaluation efforts go forward, the number of cases reported in agency case files be compared with the relevant listings in USAJOBS.
- A few cases may warrant further review by OPM. In cases in which selections were made from a certificate listing a veteran on top, the veteran was usually selected. However, in a few cases the top-ranked veteran was not selected. For example, at one agency the top-ranked veteran was not selected because officials said they were unable to contact him. However, the telephone number that the agency noted as being disconnected was not the veteran's listed home number on the application. In addition, a note in the file said that the agency tried to contact the veteran with a letter sent via Federal Express. The letter was not in the file. In another case, a nonveteran was chosen over a veteran with the same score. There was no explanation in the file for this action.

We performed our work on this report from August 2002 through May 2003 in accordance with generally accepted auditing standards. In addition, we sent this report to the following agencies for comment: the NASA, HUD, BBG, and DLA. The agencies generally agreed with our report but provided some technical comments and suggestions that we incorporated where appropriate. We are sending copies of this report to the Chairman and Ranking Minority Member of the House Committee on Veterans' Affairs, the Chairman of the Senate Committee on Veterans' Affairs, Senator Tom Daschle, the heads of the agencies visited during this review, and other interested parties. This report will also be available on GAO's home page at <http://www.gao.gov>.

I would appreciate your staff keeping me informed of any action they plan to take in response to this information. The major contributors to this review were Edward Stephenson, Assistant Director; Charlesetta Bailey, Senior Analyst; and Figen Gungor, Analyst. If you have any questions, please call me at (202) 512-6806.

Sincerely yours,

A handwritten signature in black ink, reading "J. Christopher Mihm". The signature is fluid and cursive, with the first name "J." being more distinct than the last name "Mihm".

J. Christopher Mihm
Director, Strategic Issues

Enclosure

Additional Information on Case Files

Table 1: Total Cases Reviewed

	NASA HQ	NASA Goddard	HUD	BBG	DLA	Total
Number of cases reviewed	30	67	78	69	14	258
Cases with insufficient information before certificate was issued	2	0	9	0	0	12
Cases canceled before certificate was issued	2	3	11	6	0	22
Cases in which no DEU certificate issued	0	1	0	7	3	10
Cases resulting in certificate	26	63	58	56	11	214

Source: NASA headquarters, NASA Goddard, HUD, BBG, and DLA vacancy announcement files for fiscal year 2001.

Table 2: Comparison of Certificates with Veterans and Nonveterans

	NASA HQ	NASA Goddard	HUD	BBG	DLA	Total
Number of announcements with certificate issued:						
Veteran is top candidate	6	10	26	16	6	64
Veteran is not the top candidate	1	2	5	4	1	13
No veterans on certificate	<u>19</u>	<u>51</u>	<u>27</u>	<u>33</u>	<u>4</u>	134
Total announcements with certificate issued	26	63	58	56 ^a	11	214^a
Results of certificates with veterans:	(7)	(12)	(31)	(20)	(7)	(77)
Top veteran selected	0	6	5	3	3	17
Other veteran selected	0	1	1	2	0	4
Nonveteran selected from certificate	0	0	6	6	0	12
Selection from another source	5	0	6	6	3	20
Cases canceled	2	1	10	3	0	16
Veteran withdrew name	0	2	0	0	0	2
Cases with insufficient information	0	2	3	0	1	6
Results of certificates with nonveterans:	(19)	(51)	(27)	(33)	(4)	(134)
Nonveteran selected ^b	16	40	19	26	3	104
Cases canceled	0	6	2	3	0	11
Cases with insufficient information	3	5	6	4	1	19

Source: NASA headquarters, NASA Goddard, HUD, BBG, and DLA vacancy announcement files for fiscal year 2001 and agency officials.

^aFor three vacancy announcements, candidates' status was not noted in files.

^bNonveterans selected included selections from other sources: NASA HQ, 7; BBG, 6; and DLA, 1.

Table 3: Total Cases with insufficient information

	NASA HQ	NASA Goddard	HUD	BBG	DLA	Total
Total cases with insufficient information	7	7	18	7	2	41

Source: NASA headquarters, NASA Goddard, HUD, BBG, and DLA vacancy announcement files for fiscal year 2001.

(450141)

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The General Accounting Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through the Internet. GAO's Web site (www.gao.gov) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO e-mail this list to you every afternoon, go to www.gao.gov and select "Subscribe to e-mail alerts" under the "Order GAO Products" heading.

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. General Accounting Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
 TDD: (202) 512-2537
 Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Public Affairs

Jeff Nelligan, Managing Director, NelliganJ@gao.gov (202) 512-4800
U.S. General Accounting Office, 441 G Street NW, Room 7149
Washington, D.C. 20548