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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 that reads "J. Christopher Mihm". The signature is written in a cursive, flowing style.

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>	<u>134</u>
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.

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