

GAO

Report to the Chairman, Subcommittee
on Federal Services, Post Office and
Civil Service, Committee on
Governmental Affairs, U.S. Senate

December 1989

TAX ADMINISTRATION

Need for More Management Attention to IRS' College Recruitment Program





United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-236678

December 22, 1989

The Honorable David H. Pryor
Chairman, Subcommittee on Federal
Services, Post Office and Civil Service
Committee on Governmental Affairs
United States Senate

Dear Mr. Chairman:

In response to your request, this report discusses the Internal Revenue Service's (IRS) college recruitment program. Specifically, we assessed IRS' management of the program, the quality of enforcement staff hired through the program, and IRS' working relationships with colleges and universities.

As arranged with the Subcommittee, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of issuance. At that time, we will send copies to congressional committees having an interest in the matters discussed and to other interested parties.

The major contributors to this report are listed in appendix III. Please contact me on 275-6407 if you or your staff have any questions concerning the report.

Jennie S. Stathis

Jennie S. Stathis
Director, Tax Policy and
Administration Issues

recruitment program. A more active National Office involvement might enable IRS to more effectively use its limited recruitment resources. It might also help IRS to determine whether enough is being done at the local level to establish effective relationships with schools that are targeted for special attention.

Principal Findings

IRS' Starting Salaries Are Not Competitive

IRS and school officials identified several factors that impeded IRS' recruitment of quality enforcement staff. The chief obstacle cited by both groups was noncompetitive starting salaries. GAO has reported over the years that noncompetitive federal salaries have created recruitment and retention problems governmentwide. The 17 private firms GAO visited on this review said they paid new accountants with bachelors degrees starting salaries between \$20,000 and \$27,500—considerably more than IRS' starting salaries, which at that time were between \$15,118 and \$18,726. (See pp. 14 to 16.)

IRS was authorized to pay increased starting salaries in parts of New York City, but even with that increase IRS' salaries were still below salaries of its competitors. IRS was also authorized to start paying increased salaries in several other high cost areas in fiscal year 1989. Because of insufficient funds, however, IRS deferred implementation of the higher salaries until fiscal year 1990. (See pp. 19 and 21.)

IRS Has No Data to Support Positive Views on Quality

Most IRS field managers commented positively about the quality of newly hired enforcement staff. In arriving at their opinions, managers cited many of the same evaluative factors, such as academic record, but used different standards in interpreting some of those factors. In defining a "strong academic record," for example, five IRS regions cited grade point averages that ranged from 2.0 to "3.5 or above."

IRS has not developed uniform measures to assess quality, and IRS has no aggregate information that can be relied on as an indicator of the quality of enforcement recruits. IRS has aggregated the results of tests given revenue agents hired in 1984 through 1987. Although these agents' scores did not compare well to scores on the same test attained by a norm group of entry level accountants, IRS has yet to determine if a correlation exists between the scores and job performance. (See pp. 30 to 34.)

Recommendations

GAO recommends that the Commissioner of Internal Revenue direct the Human Resources Division to take a more active role in directing and overseeing the college recruitment program. Along those lines, the Division should assess the Campus Executive Program to determine what each of the 63 district offices is doing to establish effective working relationships with target schools and to identify any needed changes to the program. The Division should also (1) develop a set of performance measures (“academic performance” might be an example) that can be used to assess the quality of new enforcement staff, (2) establish standards for each measure (“top 10 percent of graduating class” might be a standard of academic performance), (3) develop a measurement system that will allow comparisons of data on new enforcement staff to the standards, and (4) use the information to periodically evaluate the effectiveness of the college recruitment program.

Agency Comments

In commenting on GAO’s recommendations, the Commissioner of Internal Revenue said that a recently established task force would develop a method of assessing what each district is doing to establish working relationships with target schools. He also agreed that the Human Resources Division “should better facilitate” coordination of local college recruitment initiatives. He mentioned various initiatives in that regard—initiatives whose success depends, in GAO’s opinion, on effective National Office direction and oversight. The Commissioner’s comments indicate that improved direction and oversight will result from implementation of a new business review process, whereby field offices will be evaluated as to how well they meet certain requirements spelled out in an annual plan. Although this process appears to provide a vehicle for improved National Office direction and oversight, its effectiveness will not be clear until the standards and measures to be used in evaluating the field offices are developed and the evaluations begin. (See pp. 29 and 44.)

While acknowledging IRS’ commitment to do whatever it can, the Commissioner said, and GAO agrees, that governmentwide changes are needed to improve the competitiveness of the federal government as a prospective employer. (See p. 23.)

Appendixes		
	Appendix I: Description of IRS Projects to Improve the College Recruitment Program	48
	Appendix II: Comments From the Internal Revenue Service	50
	Appendix III: Major Contributors to This Report	57
Related GAO Products		60
Tables		
	Table 1.1: Change in Number of Enforcement Staff on Board Since September 30, 1985	8
	Table 1.2: Number of Enforcement Staff Hired From June 1986 to March 1988 in Eight Districts Visited	11
	Table 1.3: IRS Offices, Schools, and Businesses Visited by GAO	12
	Table 2.1: IRS Officials' Views on the Extent to Which Various Factors Impede IRS in Hiring Quality Enforcement Staff	14
	Table 2.2: School Officials' Views on the Extent to Which Various Factors Impede IRS in Recruiting Accounting Students	15
	Table 2.3: Comparison of IRS' Starting Salaries With Prevailing Starting Salaries for Business and Public Accountants in 1988	15
	Table 2.4: Comparison of Manhattan District Revenue Agent Premium Pay With Starting Accountant Salaries for Other Area Businesses	20
	Table 4.1: IRS Field Officials' Views on the Extent to Which IRS Hires Quality Enforcement Staff	31
	Table 4.2: IRS Field Officials' Views on Changes in New Enforcement Staff Quality Over the Past 2 Years	31
	Table 4.3: Factors Used by IRS' Field Officials to Assess the Quality of New Enforcement Staff	33
	Table 4.4: Status of IRS' Projects to Improve the College Recruitment Program as of October 1989	37

Abbreviations

IRS	Internal Revenue Service
OPM	Office of Personnel Management

has an important role in providing the talent that IRS needs to fill authorized positions and to achieve its mission of collecting the proper amount of tax revenue in a manner that warrants the highest degree of public confidence.

IRS' Framework for Managing Its College Recruitment Program

IRS manages its college recruitment program through centralized policymaking and decentralized decisionmaking.

The Director of IRS' Human Resources Division in the Office of the Assistant Commissioner for Human Resources Management and Support is responsible for (1) setting recruitment policy; (2) coordinating, executing, and reviewing the recruitment program; and (3) providing guidance and assistance to field offices. As defined in the Internal Revenue Manual, the Director's duties include

- issuing guidelines on recruiting plans, methods, reports, and procedures;
- developing recruitment techniques and innovations;
- developing agencywide recruiting aids such as brochures, exhibits, posters, and films; and
- evaluating field operations to monitor progress and ensure program compliance.

Specific National Office responsibility for the college recruitment program rests with the Recruitment and College Relations Section, which reports to the Director of the Human Resources Division through the Office of Research, Planning, and Development.

The Regional Commissioner in each of IRS' seven regions has overall responsibility for administering, directing, and coordinating the region's recruiting activities. Toward that end, each region is to designate a recruitment coordinator who is responsible, among other things, for directing, coordinating, and reviewing regional and district recruiting activities and informing regional and National Office officials of recruitment program problems and developments.

Although IRS allows its regional commissioners discretion in administering their regions' recruitment activities, it recommends that recruitment program functions be decentralized as completely as possible to the 63 district offices. As such, district personnel, under the direction of the district director, decide where to recruit and what recruitment tools, techniques, and methods to use.

quality of enforcement staff hired through the college recruitment program, and (5) identifying the nature of any guidance or oversight received from the National Office.

We judgmentally selected the eight districts we visited. Our selection was intended to provide a perspective of IRS' college recruitment program and to provide diversity in the level of recruitment activity. Using IRS statistics on the level of enforcement hiring in IRS' 63 districts between June 1986 and March 1988, we selected 5 districts that had hired a large number of recruits, 2 that had hired a moderate number, and 1 that had hired a low number. Table 1.2 shows hiring statistics for each of the districts we visited. Most of the districts we selected came from the high hiring group because we felt that a review of college recruiting should be focused in those districts most heavily involved.

We discussed our selections with officials in the Offices of the Assistant Commissioners for Examination, Collection, Criminal Investigation, and Human Resources Management and Support. Human Resources officials helped us select our sample of eight districts. Officials in the other functions agreed that recruiting activities in those districts, although not projectable, would probably be indicative of what is occurring in other districts.

Table 1.2: Number of Enforcement Staff Hired From June 1986 to March 1988 in Eight Districts Visited

District	Revenue agents	Revenue officers	Special agents	Total
Dallas, TX	293	14	10	317
Manhattan, NY	267	15	5	287
Los Angeles, CA	231	9	12	252
Laguna Niguel, CA	178	13	9	200
Ft. Lauderdale, FL	102	12	9	123
Richmond, VA	58	8	2	68
Wichita, KS	56	2	2	60
Albany, NY	23	1	3	27
Total	1,208	74	52	1,334

Source: Information obtained from IRS' Personnel Management Information Telecommunications System

We also spoke with officials from eight colleges and universities at which those districts recruited to obtain their views on IRS' recruiting activities and to solicit their assessment of how IRS compares with other recruiters. We selected these schools because the districts we visited had targeted them for special attention under the Campus Executive Program.

We also reviewed relevant documentation, including (1) IRS' recruiting policies and procedures, (2) IRS' plans for improving its recruitment program and information on certain projects initiated in furtherance of those plans, (3) recruiting brochures and videos used by IRS and other recruiters, (4) data on the quality of IRS' recruits, and (5) information on starting salaries developed by Robert Half International, Inc.

We did our work from February 1988 through March 1989 and in accordance with generally accepted government auditing standards. IRS provided written comments on a draft of this report. Those comments are included in appendix II and are evaluated on pages 23, 29, and 44.

**Chapter 2
Federal Salaries and Processes Identified as
Major Impediments to IRS' Recruiting**

Table 2.2: School Officials' Views on the Extent to Which Various Factors Impede IRS in Recruiting Accounting Students

	Percent of officials who said						Total
	Very great extent	Great extent	Moderate extent	Some extent	Little or no extent	No basis to judge	
Entry-level salary	56	19	25	0	0	0	100
Federal government's hiring process	44	6	19	13	13	6	100
IRS' ability to make firm job offers	19	19	13	6	13	31	100
IRS' image	6	25	13	13	44	0	100
Federal government's image	6	13	6	25	50	0	100
Quality of IRS' recruiting effort	0	19	25	6	38	13	100

Note: Percents may not add to 100 due to rounding. Although we gave officials the opportunity to identify factors other than the ones we asked about, no one factor was cited often enough to warrant mentioning.

Source: GAO interviews of 16 college officials.

With one exception (discussed later), IRS hires accounting graduates at a starting salary of either \$15,118 or \$18,726 a year.² Payment of the higher starting salary depends on the existence of such things as an extra academic degree, work experience, or a grade point average of 2.9 or more. As shown in table 2.3, Robert Half International, Inc.'s study of starting salaries for 1988 indicated that businesses and public accounting firms paid newly hired accountants more than IRS, with large public accounting firms accounting for the biggest differences.³

Table 2.3: Comparison of IRS' Starting Salaries With Prevailing Starting Salaries for Business and Public Accountants in 1988

Accountants	Range of starting salaries
IRS	\$15,118 - \$18,726
Public accountants ^a (large firms)	22,000 - 25,500
Public accountants ^a (medium firms)	20,000 - 23,000
Internal accountants ^b (large firms)	19,500 - 22,500
Internal accountants ^b (medium firms)	19,000 - 21,000

^aAccountants performing audit, tax, or management services for a public accounting firm.

^bAccountants performing general, audit, or cost accounting duties for a business firm.

Source: Salary information for internal and public accountants came from Robert Half's *Prevailing Starting Salaries, 1988, Financial and Data Processing*

²To facilitate comparisons with other salary data, these starting salaries do not reflect the 4.1-percent federal pay raise that went into effect in January 1989.

³Robert Half International, Inc. has conducted studies of prevailing starting salaries in the financial and data processing fields since 1950.

IRS' Inability to Make Firm Job Offers and the Government's Hiring Process Cited as Other Significant Recruiting Obstacles

Although salary was the obstacle most often cited by IRS and school officials, it was not the only one. Two other recruiting obstacles often mentioned were IRS' inability to make firm job offers and the federal government's hiring process.

Inability to Make Firm Job Offers

Of the 108 IRS officials we spoke with, 71 (66 percent) said that IRS' inability to make a firm job offer impeded its hiring of quality enforcement staff to a great or very great extent. That opinion was shared by several school officials. These perceptions stem in part from uncertainties regarding how many, if any, new enforcement positions IRS can fill each fiscal year.

During Senate hearings on IRS' appropriation for fiscal year 1989, the then Commissioner of Internal Revenue said that a problem occurs when Congress enacts appropriations that call for expanded IRS hiring after the college hiring cycle ends. The Commissioner explained that

"A delay of a few months places a major impediment in the Service's ability to attract the greatest number of highly qualified candidates...."

According to one district office recruiter, not knowing whether positions will be available makes it difficult for IRS to plan and schedule recruiting visits at the optimum time to attract qualified students. The recruiter said that district officials may not know whether they have positions to fill until February, when most graduating students have already received job offers.

Hiring freezes can also disrupt IRS' recruiting activities and create negative perceptions. The most recent freeze, discussed in our April 1989 testimony on IRS' budget request for 1990, was imposed early in fiscal year 1989 as one of several steps IRS took to offset a budgetary shortfall that year.⁴ An earlier freeze, discussed in our December 1987 report on IRS' implementation of the 1987 revenue initiative, was imposed in January

⁴Testimony on the Administration's fiscal year 1990 budget proposals for IRS and the Tax Court (GAO/T-GGD-89-16, Apr. 4, 1989).

use internal merit promotion procedures or other special hiring authorities. As discussed later, IRS has been granted direct hire authority for some enforcement positions and has used a special hiring authority for others.

As an example of the delays associated with use of the OPM register, an acting Assistant Regional Commissioner for Criminal Investigation said that a person interested in joining IRS as a special agent must take the Treasury Enforcement Agent examination, which OPM gives about once every 4 months. According to the official, attempting to hire through the register involves, in total, about 6 months to recruit a person, have the person tested, and get the person placed on the register, with no assurance that the person's name will appear on the list of eligibles OPM provides. The official noted, in comparison, that an office that has direct hire authority and is authorized to test applicants and maintain a list of eligibles, can recruit, test, and have an individual on its list of eligibles in about 4 weeks.

A Collection official in one region said that he views college recruiting as a waste of time when the OPM register has to be used because quality candidates cannot be offered jobs. He added that recruiting without the ability to make job offers creates an IRS credibility problem on college campuses. In that same vein, a Criminal Investigation official in one district said that students quickly learn who is offering jobs and who is not and will avoid those organizations that cannot offer a position.

IRS Has Taken Steps to Increase Salaries and Speed Up the Hiring Process

IRS has taken several steps at the local and national levels to alleviate the obstacles posed by salary levels and the federal government's hiring process. These steps involved (1) obtaining special salary rates, (2) obtaining direct hire authority, and (3) using special hiring authority.

Special Salary Rates

In March 1988, IRS was authorized to pay revenue agents in the Manhattan and Brooklyn districts 20 percent more at the GS-5 level and 17 percent more at the GS-7 level than the federal pay scale normally allows. This was intended to ease the districts' difficulty in hiring and retaining revenue agents.

officials submitted for the request included December 1988 labor market figures that showed IRS' GS-5 pay falling 32 percent below the New York City government's starting pay and 24 percent below the State of New York's starting pay for similar compliance personnel.

Direct Hire Authority

In July 1987, OPM granted IRS nationwide direct hire authority for revenue agents because of a shortage of qualified candidates. The authority permits IRS to recruit and make immediate offers to qualified revenue agent candidates without going through the OPM register.

In April 1988, IRS' National Office asked the regions for information on the status of direct hire authority for revenue agents. In responding to that request, regions were unanimous in their belief that direct hire had a positive effect on recruiting. The Assistant Regional Commissioners for Examination and Resources Management in the Southwest Region noted, for example, that the recruitment and selection process for filling revenue agent positions through direct hire was more timely and efficient than the register system. What took an average of about 125 days to do under the register system took 88 days under direct hire. They noted also that

"[Direct hire authority] has allowed recruiters to develop continuous and reliable relations with college accounting departments and the job placement centers, resulting in most colleges now believing that the IRS is a dependable employer for accounting graduates. . . . The ability to make 'on-the-spot' job commitments provides credibility to the IRS as an employer and allows us to be more competitive with major accounting firms."

In July 1988, OPM authorized IRS to appoint directly any qualified applicant for a revenue officer position who attained a numerical rating of 85 or higher on the internal revenue officer examination. OPM administers the written test, rates and processes the applications, and maintains an inventory of eligible applicants. IRS can ask OPM for lists of tested candidates who meet the rating criteria or can recruit individuals, have them take the internal revenue officer test, and hire them directly if they qualify. This direct hire authority, like that used to hire revenue agents, allowed IRS to make job offers more quickly than it could through the OPM register and to employ individuals specifically recruited on campuses. According to OPM, this authority was granted because of IRS' projections that 2,000 vacancies would have to be filled over the next 3 years. Because of a hiring freeze in fiscal year 1989, however, IRS had only filled 31 positions under this authority as of March 1989. As a

Conclusions

According to IRS and school officials we spoke with, the most significant obstacles facing IRS in its efforts to recruit quality college graduates are factors that are outside IRS' complete control and are certainly not unique to IRS. To help agencies deal with two of these factors—entry-level salaries and the federal hiring process—the government offers various alternatives such as special salary rates and direct hire authority. IRS' ability to take full advantage of special salary rates, however, depends on the availability of sufficient funds to finance the increased costs. IRS' attempts to compete with private sector employers are further hampered, in our opinion, by the stops and starts to its recruiting/hiring process that inevitably result from hiring freezes and resource shifts between functions.

Agency Comments

By letter dated November 6, 1989, (see app. II) the Commissioner of Internal Revenue agreed that “noncompetitive starting salaries and lack of funds to fully utilize direct hire authority or special pay rates are major obstacles impeding recruitment of quality staff.” While acknowledging IRS' commitment to do whatever it can, the Commissioner also pointed to a need for governmentwide changes to improve the competitiveness of the federal government as a prospective employer. As an example, he pointed to the fact that IRS is working closely with the National Advisory Commission on Law Enforcement, which was established to address pay and benefit inequities for federal law enforcement officers. We agree that issues such as noncompetitive pay require governmentwide attention. We have issued several products to that effect, some of which are listed at the end of this report.

We also asked school officials to compare IRS' recruiting effort with the efforts of other firms that recruit at their schools in terms of (1) the quality of recruiters, (2) the quality of recruiting materials, and (3) the involvement in campus activities. IRS fared well in the first comparison, not so well in the others. For example, one half of the school officials, including at least one official from seven of the eight schools we visited, said IRS' campus involvement compared unfavorably to the involvement of other firms. Information we received from those officials indicated that some of that unfavorable comparison was due to the fact that IRS cannot get involved in all of the same kinds of campus activities as private firms—an issue discussed later in this chapter. Other information, however, indicated that there is room for improvement in IRS' implementation of the Campus Executive Program.

Campus Executive Program

It was in recognition of the need to become more involved with the schools at which it recruits that IRS established the Campus Executive Program in October 1986. Proposed program guidance called for a district's assistant director to be the campus executive and included criteria for the districts to use in selecting target schools. We were told, however, that in the interest of field office flexibility, this guidance was not finalized. The program was implemented without a requirement as to who should be the campus executive and without criteria for selecting schools.

In an October 27, 1986, memorandum to regional commissioners, the Assistant Commissioner for Human Resources Management and Support attached a list of typical campus executive activities for campus executives to use as a guide. That list included (1) getting to know the dean of the business school and department heads on a professional basis; (2) educating the school's Placement Director on the professional positions available in IRS and the requirements of those positions; (3) attending social and official school functions on a regular basis; (4) hosting school officials or student groups; (5) serving on school advisory boards; and (6) arranging speakers for classes, honorary societies, and other campus groups. Although the Assistant Commissioner said that expanded program guidance was planned, none was issued. Also, Human Resources Division officials said that the Campus Executive Program has not been formally evaluated and that monitoring and coordination have been limited. They could not provide us with a current list of campus executives or target schools and could not explain why two districts were not participating in the program.

Districts Use Various Techniques to Attract Quality Applicants, but School Officials Think IRS Can Do More

The Internal Revenue Manual gives recruiting offices broad discretion in determining which recruiting methods to use. The Manual states that each office must use the techniques and procedures that fill its local needs and lists services that should be integrated, as appropriate, into recruiting programs. The listed services include

- arranging IRS speakers for student groups or classes;
- arranging IRS office tours for faculty, other officials, and students;
- hiring faculty members and students on a part-time basis;
- establishing cooperative education agreements; and
- assisting qualified IRS staff in becoming part-time teachers at local colleges.

Consistent with IRS' guidance, the district offices we visited were using varying techniques. For example:

- The Examination Division Chief in Albany was using a computerized presentation during recruiting visits that focused on the Albany work environment and highlighted the benefits of an IRS career.
- Albany's Criminal Investigation staff mailed graduating college seniors information on the special agent position and provided review classes for interested parties who had to take the Treasury Enforcement Agent Examination.
- Manhattan Examination staff used computers when recruiting to demonstrate how revenue agents use automation in their work.
- Examination staff in Manhattan also used a "buddy" system whereby a manager maintained contact with, and provided assistance to, students who had expressed an interest in working for IRS.
- Fort Lauderdale recruiting staff used a locally developed display board that explained IRS' mission, described the positions offered, and showed photographs of IRS employees at work.
- Laguna Niguel hosted a federal career day that district officials had arranged through a local college placement office.

Despite the various recruiting techniques used by different districts, officials at the schools we visited suggested a number of actions that IRS could take to improve its recruiting posture. Among the suggestions made by one or more of the school officials were

- providing part-time course instructors at colleges;
- using college or university faculty as consultants or for other part-time employment;

foster continuing strong relationships with colleges and universities. These relationships are important because they help ensure an IRS presence on campus even when IRS is not actually recruiting.

Recognizing that a successful recruitment program depends, in large part, on such working relationships, IRS implemented a Campus Executive Program in 1986. Our audit work indicated that at least some of the districts we visited could do more under that program. We did not visit enough districts or talk to enough school officials, however, to draw any overall conclusions about the program. We believe that the Human Resources Division needs to conduct a broader assessment to determine (1) if enough is being done under the Campus Executive Program to establish effective working relationships with the target schools and (2) whether certain actions, such as issuing more detailed guidance on the roles and responsibilities of a campus executive, need to be taken. At a minimum, such an assessment might provide a vehicle for identifying and communicating positive things being done by some campus executives and approaches they find successful.

Recommendation to the Commissioner of Internal Revenue

We recommend that the Commissioner direct the Human Resources Division to assess the Campus Executive Program to (1) determine what each district office is doing to establish effective working relationships with target schools and (2) identify any needed changes to the program.

Agency Comments and Our Evaluation

IRS agreed with our recommendation and said that a recently established Campus Executive Task Force would develop a method of assessing what each district office is doing to establish working relationships with target schools and to identify any changes to the Campus Executive Program. According to information we received from the Human Resources Division, the Task Force was to begin its deliberations in December 1989. The Task Force is composed of one campus executive from each of IRS' seven regional offices, IRS' Historically Black Colleges and Universities Coordinator, and the personnel management specialist in the National Office's Recruitment and College Relations Section who serves as program manager for the Campus Executive Program.

By assigning responsibility for developing an assessment methodology, IRS has taken the first step in responding to our recommendation. We will be following up with IRS periodically to assess its progress.

recent college recruits. We and IRS are unable, therefore, to provide conclusive evidence on the quality of IRS' enforcement hires.

Field Personnel Expressed Positive Views About the Quality of Enforcement Hires

As shown in tables 4.1 and 4.2, most of the IRS field officials we interviewed spoke positively about the quality of newly hired enforcement staff and felt that quality has either remained constant or improved in recent years. In June and July 1988, IRS' field offices provided the same type of positive feedback in responding to a National Office survey on the quality of revenue agents hired since IRS began using direct hire authority.

Table 4.1: IRS Field Officials' Views on the Extent to Which IRS Hires Quality Enforcement Staff

Enforcement Staff	Percent of total responses						Total
	Very great extent	Great extent	Moderate extent	Some extent	Little or no extent	No basis to judge	
Revenue agents	8	16	9	0	0	2	35
Revenue officers	6	9	11	2	0	5	33
Special agents	9	7	6	1	1	5	29
Total	24^a	32	27^a	3	1	13^a	100^a

^aTotals do not add correctly due to rounding.
Source: GAO interviews with 74 IRS officials.

Table 4.2: IRS Field Officials' Views on Changes in New Enforcement Staff Quality Over the Past 2 Years

Enforcement staff	Percent of total responses						Total
	Greatly improved	Improved	No change	Declined	Greatly declined	No basis to judge	
Revenue agents	11	15	4	1	0	7	38
Revenue officers	6	15	10	2	0	0	33
Special agents	1	11	10	7	0	0	29
Total	18	42^a	23^a	11^a	0	7	100^a

^aTotals do not add correctly due to rounding.
Source: GAO interviews with 74 IRS officials.

Several officials who commented favorably on the quality of new hires pointed to IRS' use of alternatives to the OPM register as a reason. Western Region officials, for example, said that direct hire authority has enabled IRS to quickly make job offers to graduates who may not have accepted positions otherwise and that the ability to hire revenue officers

require field activities to assemble and report recruitment program data that could be used to measure staff quality. IRS has undertaken a project to determine if quality is reflected in the score new revenue agents attain on a test developed by the American Institute of Certified Public Accountants. Test scores from 1984 through 1987 seem to raise questions about the quality of new revenue agents, but IRS has yet to determine whether there is a correlation between that data and job performance.

No Standard Measure of Quality

In its 1988 nationwide survey on revenue agent quality, the National Office did not tell the regions how to measure quality. The regions were told, instead, to identify the measures that they used to assess quality. The regions reported a variety of measures, including (1) academic record, (2) the length of time a recruit stays with IRS, (3) interpersonal skills, (4) problem-solving and decision-making ability, (5) enthusiasm for the job, and (6) performance in classroom and on-the-job training.

In the field offices we visited, we asked assistant regional commissioners and district office division chiefs what factors they considered in assessing quality. As shown in table 4.3, they cited some of the same factors mentioned in response to IRS' survey.

Table 4.3: Factors Used by IRS' Field Officials to Assess the Quality of New Enforcement Staff

Factors	Number of officials who cited factor	Percent of times cited
Intangibles, such as interpersonal skills	25	64
Ratings from supervisors	18	46
Grade point average	16	41
Performance evaluation during on-the-job training	16	41
Performance on IRS training tests	14	36
Recruit's class rank	4	10

Source: GAO interviews of 39 assistant regional commissioners and district office division chiefs.

Even when regions used the same factor to assess revenue agent quality, they did not always agree on the criteria against which that factor should be measured. In responding to IRS' survey, for example, five regions referred to "strong academic record" as a factor used in judging an agent's quality. In defining that measure, however, they cited grade point averages that ranged from 2.0 to "3.5 or above." Four district offices in one region defined a strong academic record as a minimum accounting grade point average of 2.0, 2.5, 2.8, or 2.9, respectively.

IRS Has Been Slow to Implement Needed Improvements to Its College Recruitment Program

As early as May 1984, IRS recognized the need to improve its college recruitment program and has since identified several specific improvements—including the need to develop a new hire data base that would provide the kind of aggregated quality information discussed in the previous section. Implementation of these improvements might be facilitated through more active National Office direction.

IRS Has Identified the Need for Several Improvements to Its College Recruitment Program

In May 1984, as part of its strategic planning process, IRS established management initiatives to improve (1) college relations, (2) recruitment planning, and (3) recruitment procedures. The initiatives were directed at developing new strategies that would allow IRS to continue attracting high quality individuals who would be competitive with employees in other organizations. IRS managers also wanted to ensure that IRS could respond to workforce changes and continue attracting professionals who have the skills necessary to handle an increasingly complex tax administration workload. Individual executives were designated to develop action plans in each of the areas and submit them to IRS' Planning Council.¹

As a consequence of those initiatives, the Planning Council in December 1985 and June 1987, approved three plans that called for improving various aspects of IRS' recruitment program. The first plan, dealing with college relations, called for developing a nationwide recruitment strategy that would include (1) targeting colleges for focused college relations and recruiting and (2) designating IRS officials as "campus executives" to provide year-round attention to the targeted schools. The plan also proposed a nationwide electronic referral system to direct quality applicants to IRS districts with critical needs.

The other two plans, approved in June 1987, called for developing a quality-oriented college recruiting plan for professional and technical positions and for improving college recruiting processes and procedures. The first of these plans called for (1) tracking new hires in major IRS occupations and (2) collecting information on college campuses visited in recruiting and on the associated costs. The proposed new hire data base was intended to profile the best job applicants and provide benchmarks for assessing quality. The data base was to consist of information on

¹The Planning Council was chaired by the Commissioner of Internal Revenue and included several other IRS executives. The Council was abolished effective September 1, 1987, and replaced by an informal management group comprised of the Commissioner and his three deputies.

Table 4.4: Status of IRS' Projects to Improve the College Recruitment Program as of October 1989

Fully operational

1. Recruiter training course
2. Recruitment newsletter
3. Revenue agent direct hire authority
4. Revenue agent standardized interview
5. Campus Executive Program

Partly operational

6. Nationwide Criminal Investigation Recruitment Program (Special Agent)
7. Recruitment videos
8. Multiyear recruitment advertising
9. Nationwide Examination Recruitment Program (Revenue Agent)
10. Nationwide Collection Recruitment Program (Revenue Officer)
11. Nationwide Computer Services Recruitment Program
12. Nationwide Human Resources Recruitment Program
13. Nationwide Employee Plans/Exempt Organizations Recruitment Program

Not operational

14. Revision of Cooperative Education Program
15. Tuition Assistance Program
16. Revenue agent cross-referral system
17. New hire data base
18. Recruiting cost tracking data base
19. Revenue agent rating and hiring system
20. Multifunctional recruitment plans
21. Servicewide toll-free recruitment telephone number

Source: IRS' Human Resources Division.

Various Reasons Cited for IRS' Slow Progress in Implementing Planned Improvements

According to Human Resources Division officials, three factors have impeded progress toward implementing the recruitment projects—inadequate funding, insufficient staffing, and field office resistance.

Inadequate Funding

The Human Resources Division Director said that many of the 21 recruitment projects have not been funded because of higher priorities outside of the human resources area. Project leaders and other Division officials cited insufficient funding as the reason why 6 projects were not operational (numbers 14, 15, 17, 18, 19, and 21 in table 4.4). The officials also cited funding shortfalls as a threat to the complete success of

Field Office Resistance

Field office resistance was also cited as a factor that delayed implementation of some recruitment projects. The handling of a March 1988 proposal for implementing an automated revenue agent cross-referral system illustrates the problem. The original proposal defined a Servicewide cross-referral system that would permit district offices to formally share applicants' names and profiles when the applicants expressed interest in working in locations other than where recruited. According to the Chief of Research, Planning, and Development, however, field officials balked at having a formal system and insisted on an informal system to be used at their discretion. The Chief said that field officials frequently mistrust the quality of candidates referred by other district offices.

As a result of the field's reaction, National Office officials revised their proposed cross-referral system to include only informal information sharing. The system, as now planned, will be piloted in IRS' Southwest and Southeast Regions. At the time of our inquiry, IRS officials had not determined whether Human Resources Division or Examination personnel would be responsible for implementing the informal system.

Some Recruiting Needs Are Being Met Through Duplicative, Uncoordinated Local Efforts

As noted earlier, insufficient National Office funding and staffing were cited as two factors that delayed implementing Servicewide recruitment projects. In our opinion, IRS might be able to get more accomplished with available recruitment resources if it were to address Servicewide problems on a national scale rather than rely on duplicative, uncoordinated efforts at the local level. Using local funds, IRS' field offices have attempted to improve their individual recruitment programs by doing such things as (1) developing data bases to track new hires, (2) developing recruiting videos, and (3) expanding their recruiting efforts to schools outside their geographical areas. Each of these activities relates to areas that IRS has identified as needing improvement Servicewide.

Uncoordinated Recruitment Data Bases

One of the recruitment projects for which IRS sought funds in its fiscal year 1990 budget submission to the Office of Management and Budget involved development of a new hire data base. While IRS was unsuccessful in getting funds approved for that data base, several field offices had already developed, or were developing, data bases of their own.

The Western Region and five of its district offices were each establishing data bases independently. The regional office had plans for an extensive data-gathering effort and for hiring a consultant who would identify

district needed to sell the idea of working in New York City. Similarly, although the National Office plans to develop a special agent recruitment video, Western Region officials said that the San Jose District Office developed its own video because the Criminal Investigation Division chief believed that a locally produced videotape was more appropriate.

Videos that emphasize the specific features of a local office are not necessarily inappropriate. The question IRS must deal with, however, is whether the development of such videos, when a national video already exists, is the most appropriate use of available recruitment resources.

Better direction and oversight might also help ensure that field offices are taking full advantage of available videos. Officials from two of the eight schools we visited suggested that IRS do what other recruiters do—place copies of their videos in the school’s placement office.

Uncoordinated Recruiting

One of the recruiting projects derived from IRS’ management initiatives to improve the recruitment program called for establishing a cross-referral system that would enable a district to learn of interested applicants from outside district boundaries. As noted earlier, implementation of that project had been hampered, according to National Office officials, by field office resistance. Meanwhile, to expand their applicant bases, some districts were recruiting at schools outside their boundaries. Information we received during our review indicated that some of that recruiting was being done without coordinating with the districts in whose boundaries those schools lie.

In 1988, for example, the Laguna Niguel District Office, spent \$11,000 to send 5 recruiters on a 4-week trip visiting schools in the Southwest and Southeast Regions. Although the recruiters visited the jurisdictions of several different district offices, the Laguna Niguel recruitment coordinator said that no coordination occurred. Also, the Richmond District’s Collection Division Chief related an instance in which other IRS district offices visited a Richmond district school just before his Division’s scheduled recruiting visit. In explaining why recruiters from one district might go to another, officials from the Los Angeles District Office, which has recruited in other districts, said that they preferred having their own recruiter interview potential new hires rather than rely on interviews done by another district’s recruiters.

programs by Human Resources Division personnel during the 2 years before our query, except for a broad-based review that addressed one recruitment matter. Western Region officials said that in August 1987, the Human Resources Division reviewed the region's human resources function as part of a broader review. The only recruitment program element included in the review was an assessment of the region's use of revenue agent direct hire authority.

Conclusions

Although IRS identified the need to strengthen its recruitment program several years ago, it has been slow to take the necessary actions to achieve that end. We know how difficult it can be, in times of fiscal austerity, to marshal sufficient staff and money to implement change. In our opinion, however, IRS could more efficiently use existing resources if the Human Resources Division became more involved in the recruitment program. Rather than funneling information and providing assistance, the Division needs to more actively direct and oversee recruitment activities—its role as defined in the Internal Revenue Manual. More active direction and oversight would help (1) provide a basis for assessing the success of certain efforts like the Campus Executive Program and (2) ensure that recruiting activities are carried out in a way that maximizes resources.

We believe that one of the most important recruitment issues needing National Office direction is the development of a standard measure for assessing the quality of new hires. In arriving at their generally positive opinions on quality, field officials we spoke with and those who responded to IRS' survey relied on many of the same evaluative factors, such as academic records and training test scores. Because officials used different standards in interpreting these factors, a "quality" hire in one district might not be considered so in another. We believe that IRS needs a more precise measure of enforcement staff quality because only then will it have an appropriate basis for assessing the recruiting program's effectiveness and demonstrating the need for more competitive pay scales. Development of a standard measure for assessing quality might also give field offices a better basis for trusting the quality of job candidates referred by other districts and allay their resistance to a cross-referral system. Implementation of that system could minimize districts' travel to other areas of the country in search of applicants.

Without central direction and oversight, IRS can have little assurance that the local offices are recruiting in the most efficient and effective manner. It is of little value to IRS overall, for example, if individual

IRS has also identified data elements to be used in a computerized nationwide referral system for revenue agent applicants. It is IRS' intent to program, test, and install the tracking and referral systems before the start of fiscal year 1991 so they will be in place for anticipated hiring during that year.

Another recent action called to our attention by IRS was development of a Corporate Recruitment Plan. That document, which was sent to national and regional office executives for comment in October 1989, includes several recommendations, such as:

- Establish an ongoing recruitment planning process that will incorporate trend analysis methods, demographic and labor market data, and region/district staffing needs.
- Move rapidly ahead in the development of automated data bases.
- Ensure all recruiters are trained and thoroughly prepared before recruiting by taking the IRS Recruiter Training Course.
- Promote the advanced quality of life at IRS as a key selling point in recruitment efforts.
- Improve IRS' image through continued use of professional recruitment advertising, development of brochures, videos, displays, and other marketing tools.

The document does not say what the field offices will be expected to do in response to the recommendations and what the National Office's role will be in implementing or overseeing implementation of those recommendations. The only guidance provided when the document was transmitted for comment was to "Please pay close attention to the recommendations section as you consider your recruitment programs for [fiscal year 1990]." We were told that, after national and regional office comments are received, the document will be finalized and sent to all district offices. At that time, expectations and responsibilities may become clearer.

Although the actions discussed above, especially the moves toward developing tracking and referral systems for revenue agents, are positive steps, their successful implementation across IRS requires effective National Office oversight and direction. IRS' comments indicated that the National Office will be improving its direction of and oversight over college recruitment activities through business reviews that will include assessments of how regions are recruiting a quality work force.

Appendix I
Description of IRS Projects to Improve the
College Recruitment Program

Project	Description
19. Revenue agent standardized interview	Development of an interview to be used with the proposed cross-referral system (see item 12) to ensure uniformity in applicant evaluations among districts.
20. Multiyear recruitment advertising	Production of multifunctional recruiting brochures, video, and advertisements.
21. Servicewide toll-free recruitment telephone number	Establishment of a toll-free telephone system that will allow IRS quick access to potential job applicants.

Appendix II
Comments From the Internal Revenue Service

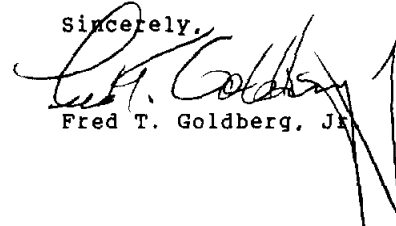
-2-

We have included examples of these initiatives in our detailed comments which are enclosed. We have also provided updated information on the status of the 21 projects we initiated in 1984.

We hope you find these comments useful.

Best regards.

Sincerely,



Fred T. Goldberg, Jr.

Enclosure

Appendix II
Comments From the Internal Revenue Service

-2-

Recommendation (Cont'd.)

- use this information to periodically evaluate the effectiveness of the college recruitment program at the district, regional, and national levels.

Comment:

IRS is a decentralized organization with the National Office Human Resources Division providing guidance and oversight to field offices. Local offices are able to respond and deal more quickly with issues affecting their recruitment under this structure.

We agree that more coordination over local initiatives is needed by the Human Resources Division to avoid duplication of efforts and to assure that local offices are recruiting in the most efficient and effective manner. We plan to increase the Division's role this fiscal year. To ensure that local offices have an effective recruitment plan in place, our business review will soon be implemented to review each region. Included in this business review will be an assessment of how regions recruit, train and retain a quality workforce. This will assure more oversight and monitoring of college recruitment activities than currently exists.

The problem of developing standards and a measurement system for assessing the quality of enforcement personnel recruits is a difficult one. We are working to develop Service-wide referral and tracking systems. The information gathered should assist us in tracking the quality of all of our recruits, including enforcement personnel. One component would be an Employee Referral and Tracking System enabling recruiters in one district to refer quality applicants to other districts.

The Human Resources Division and affected functional areas are working jointly to develop a coordinated recruitment program for revenue agents, and a system for monitoring the effectiveness of the program in each region. A strategic initiative to improve recruitment relationships with colleges includes nationwide referral of qualified recruits, using tracking and recruitment information systems for revenue agent recruits. An electronic monitoring system to track the success rate of recruits will be tested in several regions in 1990. Factors to be used in evaluating recruits have already been developed. In addition, plans are underway to update and automate the revenue agent rating system.

Appendix II
Comments From the Internal Revenue Service

-4-

- a new quarterly publication on recruitment news for all members of the recruitment network, and
- quality-of-life pilot programs for child care, eldercare, health improvement, and employee counseling.

The plan provides direction and a focus for local recruitment efforts. Specific recommendations are made to improve planning, promote the use of Service-wide programs such as the Campus Executive Program and the college work-study program, ensure proper training of recruiters, and encourage the gathering of recruitment-related information.

Major Contributors to This Report

**General Government
Division, Washington,
D.C.**

David J. Attianese, Assistant Director
John Lesser, Evaluator
Victoria E. Miller, Evaluator

Dallas Regional Office

Fredrick D. Berry, Evaluator-in-Charge
Robert D. Malpass, Evaluator

**Los Angeles Regional
Office**

Robert M. Huston, Evaluator
Jean M. Roitz, Evaluator

**New York Regional
Office**

Kevin M. Kumanga, Evaluator
Joseph L. Santiago, Evaluator

Requests for copies of GAO reports should be sent to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877
Telephone 202-275-6241

The first five copies of each report are free. Additional copies are \$2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents

Related GAO Products

Locality Pay For Federal Employees (GAO/T-GGD-89-27, June 26, 1989).

College Students' Perceptions Of The Federal Government As An Employer (GAO/T-GGD-89-32, June 19, 1989).

Federal Workforce: A Framework for Studying Its Quality Over Time (GAO/PEMD-88-27, Aug. 4, 1988).

Managing IRS: Actions Needed to Assure Quality Service in the Future (GAO/GGD-89-1, Oct. 14, 1988).

Transition Series: The Public Service (GAO/OGC-89-2TR, Nov. 1988).

GAO Observations on OPM's June 1988 Initiative to Recruit and Hire into the Public Service (GAO/T-GGD-88-48, Jul. 12, 1988).

Federal Personnel: Observations on the Navy's Personnel Management Demonstration Project (GAO/GGD-88-79, May 3, 1988).

Tax Administration: IRS' Implementation of the 1987 Revenue Initiative (GAO/GGD-88-16, Dec. 2, 1987).

Federal Workforce: Pay, Recruitment, and Retention of Federal Employees (GAO/GGD-87-37, Feb. 10, 1987).

Appendix II
Comments From the Internal Revenue Service

The following is GAO's comment on the Internal Revenue Service's letter dated November 6, 1989.

GAO Comment

The report has been revised to reflect this updated status.

-3-

General Comments on Report Text

A. We would like to clarify and update the status of some of the projects listed in Table 4.4 of the GAO report as IRS projects to improve the college recruitment program. As explained below, project no. 5 should be listed as fully operational and project nos. 9-13 should be listed as partly operational.

1. Campus Executive Program (No. 5)--The IRS considers the Campus Executive Program to be in the fully operational category. Also, the campus executives recruit with a multi-functional perspective, not just for revenue agent positions.

The roster of campus executives was recently updated. The majority are District Directors and Assistant District Directors.

2. Functional Recruitment Programs (Nos. 9-13)--With the limited staffing in the National Office, we streamlined our programs in the Recruitment and College Relations Section to focus on Service-wide recruitment programs and away from one individual working with one function. All of the Service-wide programs are multifunctional and benefit all of the functions. Therefore, we consider Numbers 9, 10, 11, 12 and 13 to be in the "Partly Operational" category.

B. We also would like the report to reflect a project completed in September 1989, the IRS Corporate Recruitment Plan. The plan is being distributed to all district offices and recruitment personnel.

The purpose of the plan is to improve our ability to identify, attract and encourage well-qualified candidates from various sources to compete for professional, para-professional and clerical positions in the Internal Revenue Service. It analyzes how we fare in our recruitment efforts compared to the competition and provides recommendations on recruitment programs that the regions should consider when they develop their workplans for FY 1990.

Service-wide recruitment programs described in the plan are:

- development of recruitment advertisements and aids such as an IRS Recruiter Guide,
- a planned toll-free recruitment number and response system,
- a work-study program for college students,
- an initiative aimed at improved recruitment and retention of women and minorities,

IRS COMMENTS ON RECOMMENDATIONS
CONTAINED IN GAO DRAFT REPORT ENTITLED
"TAX ADMINISTRATION: NEED FOR MORE MANAGEMENT ATTENTION
TO IRS' COLLEGE RECRUITMENT PROGRAM"

Recommendation:

We recommend that the Commissioner direct the Human Resources Division to assess the Campus Executive Program to determine what each district office is doing to establish effective working relationships with target schools and to identify any needed changes to the program.

Comment:

We intend to pursue this recommendation fully. We recognize the importance and the need to have an active and responsible Campus Executive Program. Toward that end, we reminded all Regional Commissioners of the importance of the Campus Executive Program through a memorandum signed by the Deputy Commissioner dated May 17, 1989.

In addition to updating the Campus Executive Roster, we have been working on and expect to complete shortly a Campus Executive Brochure that will be used by the Campus Executives as an introduction to the IRS and a calling card for executives to use in their meetings with college presidents, deans, faculty and administrators.

A Campus Executive Task Force has been selected to establish the agenda for the Campus Executive Program for the future. Task Force members include representatives from each region, the Equal Employment Opportunity Office and the National Office. They will also develop a method of assessing what each district office is doing to establish working relationships with target schools and to identify any changes to the program.

Recommendation:

We recommend that the Commissioner direct the Human Resources Division to take a more active role in directing and overseeing the college recruitment program. As a step in that direction, the Division should

- develop a set of performance measures that can be used to assess the quality of new enforcement staff ("academic performance" is an example of such a measure),
- establish standards for each of those measures ("in top 10 percent of graduating class" might be one standard of academic performance),
- develop a measurement system that will allow comparisons of data on new enforcement staff to the standards, and

Comments From the Internal Revenue Service

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

NOV -6 1989

Mr. Richard L. Fogel
Assistant Comptroller General
United States General Accounting Office
Washington, DC 20548

Dear Mr. Fogel:

We have reviewed your recent draft report entitled "Tax Administration: Need for More Management Attention to IRS' College Recruitment Program".

We agree with GAO on the seriousness of the recruiting problems facing government agencies. These problems, such as noncompetitive starting salaries and lack of funds to fully utilize direct hire authority or special pay rates, are major obstacles impeding recruitment of quality staff. Although the report focuses primarily on enforcement staff, these concerns extend to the recruitment needs of all our functions.

While we are committed to doing whatever we can, I believe there is a need for governmentwide changes to improve the competitiveness of the Federal government as a prospective employer. For example, while we have some authority to permit locality-based pay differentials, we are not funded to pay the additional salaries. To address problems in recruiting law enforcement staff, the National Advisory Commission on Law Enforcement was established to address pay and benefit inequities for Federal law enforcement officers. We are working closely with the Commission and are hopeful that its recommendations will lead to more competitive pay and benefit packages for Federal officers.

Having stated these broader concerns, we also concur with the report's two recommendations for improvements at IRS and have taken steps to implement them. For example, we have already begun to assess the Campus Executive Program, recently establishing a task force to review the program and set its agenda for the future. We fully agree with GAO's recommendation in that regard.

We also agree that more coordination of local college recruitment initiatives is needed, and concur with the recommendation that the Human Resources Division should better facilitate that coordination. However, the report does not fully address certain initiatives that the IRS has already undertaken toward that end.

Description of IRS Projects to Improve the College Recruitment Program

Project	Description
1. Recruiter training course	Revision of original 1981 course and guidebook.
2. Campus Executive Program	Appointment of IRS officials to build high-level relationships between IRS and targeted recruitment schools.
3. Nationwide Criminal Investigation Recruitment Program (Special Agent)	Development of a comprehensive recruiting strategy for special agents.
4. Recruitment videos	Development of revenue agent, revenue officer, special agent, and multifunction recruiting videos.
5. Nationwide Examination Recruitment Program (Revenue Agent)	Development of a comprehensive recruiting strategy for revenue agents.
6. Nationwide Collection Recruitment Program (Revenue Officer)	Development of a comprehensive recruiting strategy for revenue officers.
7. Nationwide Computer Services Recruitment Program	Development of a comprehensive recruiting strategy for computer specialists.
8. Nationwide Human Resources Recruitment Program	Development of a plan to identify new human resources positions for the future.
9. Nationwide Employee Plans/Exempt Organizations Recruitment	Development of a comprehensive recruiting plan for Employee Plans/Exempt Organizations revenue agents.
10. Revision of Cooperative Education Assistance Program	Development of a cooperative education manual.
11. Tuition Assistance Program	Development of a revenue agent tuition assistance program that provides for 1 year of IRS service for each year of tuition paid.
12. Revenue agent cross-referral system	Development of a system that provides for the sharing of applicants' names and profiles among district offices.
13. Recruitment newsletter	Development of a quarterly news bulletin to disseminate information on new recruiting strategies and project proposals.
14. New hire data base	Establishment of a data base to collect background information on new hires and assist IRS in developing profiles of successful recruits.
15. Recruiting cost tracking data base	Establishment of a system to measure recruiting salary and overhead costs.
16. Revenue agent rating and hiring system	Development of a system to identify good performance profiles for revenue agent candidates.
17. Multifunctional recruitment plans	Development of plans for designing and undertaking activities and projects that cover all IRS enforcement functions.
18. Revenue agent direct hire authority	Attainment of direct hire authority for revenue agents.

(continued)

The first step in the business review process, which is being implemented throughout IRS, is issuance of an annual business plan. The fiscal year 1990 business plan for Human Resources Management and Support, which was issued in October 1989, contains various critical success factors that will be tracked and evaluated. One of the critical success factors calls for maintaining relationships with educational institutions and community organizations, even when IRS is not in an active hiring posture. Another critical success factor calls for developing standards of efficiency and effectiveness for key programs and standards of accuracy, timeliness, quality, and customer satisfaction for key products and services. The next step of the process, as noted in the plan, is to develop standards and measures for each factor so that "we all clearly understand what is expected and how it will be measured throughout the year."

Conceptually, the business review process provides a vehicle for improved National Office direction of and oversight over the college recruitment program. Its effectiveness will not be clear, however, until the specifics, including standards and measures that will be used to evaluate the field offices, have been finalized and the evaluations begin.

offices develop their own systems for tracking new hires and/or profiling quality staff. IRS needs the kind of central direction that helps ensure that each office gathers and compiles the same basic data in a way that facilitates aggregation at the national level. This kind of direction does not preclude local offices from gathering additional data for their own purposes but insures, instead, that all offices are at least collecting the same core data.

Recommendations to the Commissioner of Internal Revenue

We recommend that the Commissioner direct the Human Resources Division to take a more active role in directing and overseeing the college recruitment program. As steps in that direction, the Division should

- develop a set of performance measures that can be used to assess the quality of new enforcement staff (“academic performance” is an example of such a measure);
- establish standards for each of those measures (“in top 10 percent of graduating class” might be one standard of academic performance);
- develop a measurement system that will allow comparisons of data on new enforcement staff to the standards; and
- use this information to periodically evaluate the effectiveness of the college recruitment program at the district, regional, and national levels.

Agency Comments and Our Evaluation

IRS, in commenting on a draft of this report, agreed that “more coordination of local college recruitment initiatives is needed” and concurred with our “recommendation that the Human Resources Division should better facilitate that coordination.”

IRS’ comments referred to several recent actions that demonstrate the Human Resources Division’s efforts to facilitate coordination. Among those actions, according to supporting documentation we received from the Human Resources Division, is the development of data elements to be used in a computerized system for tracking revenue agent recruits. The data elements, which were approved by IRS officials in October 1989, include ones relating to the recruit’s (1) college record; (2) performance during the recruiting interview; (3) performance during classroom and on-the-job training; (4) supervisory ratings; and (5) reasons for leaving IRS, if applicable. According to an IRS official in the Examination function, it is IRS’ intent to use this information to develop standards for assessing quality.

The National Office Provides Little Direction and Oversight Over the Recruitment Program

Specific responsibility for managing IRS' college recruitment program rests with the Human Resources Division's Director. The Internal Revenue Manual defines the Director's duties to include issuing guidelines on recruiting plans, methods, reports, and procedures and conducting field evaluations to monitor progress and ensure program compliance.

Despite the Director's specified responsibilities, our interviews with national, regional, and district office officials disclosed that the Human Resources Division (1) provides field offices little recruitment program guidance, (2) does not require reporting to monitor field activities, and (3) conducts no recruitment program reviews. Because IRS' recruitment program is decentralized, the Division sees its basic role as one of funneling information and providing assistance.

Little Guidance Provided to the Field

Key regional and district office officials that we interviewed confirmed that the Human Resources Division does not actively manage field-level recruitment activities. Of the 74 field office recruitment coordinators, assistant regional commissioners, and district division chiefs we asked, only 4 (5 percent) said that they had received training or guidance from the Division. Regional human resources personnel, who serve as regional recruitment coordinators and are responsible for directing, coordinating, and reviewing regional recruitment programs, said unanimously that they had received no guidance from the Division.

Reporting Not Required

Field officials are not required to report on their recruiting efforts. Human Resources Division officials said that they do not perceive the Division's role to include overseeing regional and district office recruitment programs. Accordingly, when we asked field officials about reporting, only 4 of 74 respondents (5 percent) said that they reported to the Division. The few affirmative respondents said that they reported informally and on their own initiative to keep Division officials apprised of their activities. The regional recruitment coordinator for the Southwest Region, for example, said that she has kept Division officials aware of the region's recruiting activities in recent years through telephone contacts. She said that extensive hiring in the region before the present hiring freeze provided the impetus for her reporting efforts.

No Recruitment Program Reviews

According to our field contacts, the Human Resources Division had not evaluated regional and district offices' recruitment programs. None of the officials that we asked recalled specific reviews of their recruitment

quality indicators. Meanwhile, five of the region's district offices had data bases in various operating stages. According to a regional official, the San Francisco District Office was planning a 47-element data base to (1) determine whether proper hiring decisions were being made, (2) assess whether employees were being hired for the right positions, and (3) establish successful and unsuccessful employee profiles. The official said that four other district offices in the Western Region, including Laguna Niguel, had data bases that tracked recruitment-related information.

The North Atlantic Regional Office and several of its district offices were also developing recruitment data bases. The regional office had developed, and was implementing regionwide, a data base to track the success rate of candidates and to determine the correlation of various factors in the recruitment and hiring processes. Six of the region's district offices, including Albany and Manhattan, already had data bases for tracking new hires. In fact, the Manhattan District Office had two data bases—one the Examination function used to track revenue agent recruits and one the district's personnel office established to develop employee profiles.

More central direction and oversight might have allowed IRS to merge these various local efforts into a Servicewide effort. IRS would then have had some assurance that all offices were consistently tracking information needed by top management while allowing sufficient flexibility to meet local needs.

Duplicative Recruiting Videos

Although the National Office Human Resources Division developed and distributed revenue agent and revenue officer recruitment videos as part of its recruitment video project, some of the district offices that we visited had developed their own videos. For example, the Albany District Office developed its own revenue officer video and declined to continue using the National Office's revenue agent video. District officials felt that the tape had not generated the desired student interest and perpetuated a poor image of government employees. In its place, the district's Examination Division developed a revenue agent video presentation for use on personal computers. The Division's chief questioned why the National Office had not supported the revenue agent recruiting effort with a computer presentation.

In another example, the Manhattan District Office paid \$24,000 for a video that focused on local needs. The District Director said that the

four projects they considered fully or partially operational (numbers 1, 6, 7, and 8 in table 4.4).

One operating project whose full potential might go unrealized because of a lack of funds involves a revision of IRS' recruiter training course. The project leader said that he considered the project fully operational because the Human Resources Division had revised original 1981 course material, pilot-tested the course, developed a guidebook, and solicited field officials' comments on the guidebook. He noted, however, that funding (1) may not be available for guidebook revisions when field officials' comments are received and (2) was unavailable to allow a staff member to visit field offices and instruct recruiting officials in how to present the new course. An alternative plan is to distribute the unrevised course guidebook and let field officials decide whether to hold formal training classes or allow self-instruction. The project leader said that formal recruiter training and instructor workshops are needed because formal training courses have not been held for 8 years.

Funding was cited as a problem for three projects (numbers 8, 17, and 21 in table 4.4) that were included in IRS' fiscal year 1990 budget submission to the Office of Management and Budget. In that submission, IRS asked for funds to "insure the Service's ability to effectively compete with corporations vying for the dwindling supply of quality college graduates." Included in its request were (1) \$150,000 to expand its advertising program for recruitment, (2) \$150,000 to establish data bases that profile the quality performer, and (3) \$450,000 to establish a "state of the art" recruitment toll-free telephone system. The Office of Management and Budget denied IRS' request.

Insufficient Staffing

Overall responsibility for the 21 projects rests with the Recruitment and College Relations Section, which reports to the Director of the Human Resources Division through the Office of Research, Planning, and Development. That Section consisted of one chief and two staff members until 1988, when it received three new staff positions. However, the Section chief said that even with the added positions the Section is understaffed. As of February 24, 1989, no Human Resources Division staff were assigned responsibility for 3 of the 8 nonoperational projects (numbers 18, 19, and 20 in table 4.4).

such things as (1) degree type, (2) year graduated, (3) school attended, (4) academic major, (5) grade point average, (6) work experience, (7) professional certifications, (8) IRS training scores, and (9) on-the-job training performance.

The second plan, approved in June 1987, called for such actions as (1) revising the Cooperative Education Program, (2) developing a standardized revenue agent interview procedure, (3) revising IRS' recruiter training course, and (4) exploring the use of a toll-free telephone number to disseminate recruitment information.

In approving the three recruitment program plans, the Planning Council made the Assistant Commissioner for Human Resources Management and Support responsible for their implementation. To implement the plans, the Assistant Commissioner's Human Resources Division formed task forces that included the IRS officials who developed the plans. To manage the effort, task force members divided the 3 plans into 21 specific recruiting projects. These projects are briefly described in appendix I.

In October 1986, the Assistant Commissioner sent a plan to the Regional Commissioners that consolidated several of the 21 projects and expressed the intent to implement that plan, as it related to revenue agents,² within 12 to 18 months. Among the projects in that plan were those that involved (1) identifying target schools and campus executives, (2) developing a new hire data base, (3) revising the recruiter training course, (4) developing a recruitment cost tracking system, (5) improving the Cooperative Education Program, and (6) developing an electronic referral system. As shown in table 4.4, however, most of the 21 projects, including several of those included in the October 1986 plan, were not fully operational as of October 1989.

²IRS' initial emphasis was on improving the revenue agent recruitment process with the expectation that improvements in that process would be adapted later to other major IRS positions, like revenue officers and special agents.

Because IRS field officials used different measures to assess revenue agent quality, any of their assessments is subject to challenge. Some regional officials recognized this in responding to the National Office survey. The Western Region's Assistant Regional Commissioners for Examination and Resources Management said that

"Until such time that we gather and analyze quantitative data on recruits such as [grade point average], attrition rates, classroom performance, etc., we can only offer our opinion of what constitutes a 'quality recruit.'"

Similarly, their counterparts in the North Atlantic Region cautioned the National Office that

"It is important to realize that until we analyze the data and quantitatively profile the quality recruit, any definition of the subject is of limited value."

Results of Test Given to New Revenue Agents

The only quality-related data IRS has aggregated on a Servicewide basis are the scores new revenue agents attained on an examination developed by the American Institute of Certified Public Accountants. The examination measures achievement in multiple accounting disciplines and tests verbal and quantitative skills. IRS tested new revenue agents hired in 1984 through 1987 and assessed their performance against a norm group of entry-level accountants. During the test period, new revenue agents scored consistently in the twenty-fifth percentile or lower.

A private firm is presently under contract to provide data that IRS can use to determine whether there is a correlation between the test scores and job performance. IRS expects that work to be done by the end of December 1989.

directly through the Outstanding Scholar Program has enabled districts to be more selective in filling those positions.

Eleven percent of the responses to our question about changes in quality indicated quality had declined over the past 2 years. Two-thirds of those responses related to special agents. One Assistant Regional Commissioner for Criminal Investigation said that he perceived a decline in special agent quality because “bureaucrat bashing” over the years had made the federal government the employer of last resort. Other criminal investigation regional officials expressed the belief that, although quality special agents are being hired, quality has declined in recent years because new agents do not have the same work ethic as prior generations.

IRS Survey on Quality

The responses IRS’ National Office received to an April 1988 nationwide survey on the quality of recent revenue agent hires parallels the views officials expressed in response to our queries. IRS asked field officials for information on the quality of revenue agents hired since IRS began using direct hire authority in September 1987. Almost unanimously, field officials across the country reported hiring quality revenue agents and that the quality increased with direct hire authority.

Contrary to the overall trend in field office responses, a district director in the Midwest Region reported no noticeable increase in the quality of revenue agent candidates using direct hire authority. The director stated that his district has received superior revenue agent candidates in recent times, regardless of the hiring method used.

IRS Has No Quantitative Data to Support Its Views on the Quality of New Hires

Although IRS field officials expressed positive opinions about the quality of newly hired enforcement personnel, their views were based on varying perceptions as to what constituted quality. IRS has no standard measures for assessing quality and maintains no quantitative data across the organization to support the generally positive views on quality.

Field officials said that in assessing quality they depend primarily on informal feedback and their personal interaction with new staff. Their offices maintain individual information on such things as grade point average, training test results, and performance evaluations but do not routinely aggregate the data to draw conclusions about the quality of enforcement staff. National Office management in the three enforcement functions and in the Human Resources Division said that they do not

Need for More Recruitment Program Direction and Oversight

IRS' recruitment program is decentralized, with each district office responsible for managing its own activities. While decentralization allows local offices to be directly involved in recruiting enforcement staff, it does not preclude the need for central direction and oversight. According to information obtained from interviews of regional and district officials, however, IRS' National Office provided limited direction and oversight over the recruitment program.

As noted in chapter 3, we believe that more direction and oversight may be needed to help ensure more effective implementation of the Campus Executive Program. A need for direction and oversight is further evidenced, in our opinion, by the fact that (1) IRS has no quantitative data across the organization to support the generally positive views we received on the quality of new enforcement hires and (2) most of the needed improvements to the recruitment program that IRS identified as early as 1985, including the need for a data base that would allow IRS to measure quality, have not been implemented.

As we have reported many times over the years (see list of related products), noncompetitive federal salaries have created recruitment and retention problems throughout the government. In our report on Managing IRS: Actions Needed to Assure Quality Service in the Future (GAO/ GGD-89-1, Oct. 14, 1988), for example, we concluded that a primary challenge facing IRS is its ability to attract and retain quality employees when noncompetitive salaries and other disincentives to federal service careers appear to be increasing. Improvements to IRS' college recruitment program will become increasingly critical, therefore, if IRS is to effectively compete in that environment. We believe that central direction and oversight are needed if these improvements are to become a reality at a time when federal agencies are being asked to do more with less.

IRS Has No Servicewide Data to Support Managers' Generally Positive Perceptions of Quality

Most of the program officials we spoke with in the field reacted positively when we asked about the quality of recent enforcement hires. IRS' National Office received the same kind of reaction from district and regional officials who responded to a request for information on the quality of revenue agent hires. These opinions on quality were generally based on individual perceptions and on sometimes varying interpretations of such factors as grade point average, training test results, and performance evaluations. IRS has not developed measures to assess quality, and neither the field offices we visited nor the National Office aggregated information that can be relied on as an indicator of the quality of

- sponsoring student seminars, participating in accounting society events, or otherwise increasing contact with students;
- arranging for students to visit IRS offices;
- emphasizing the advantages of IRS/federal government employment;
- emphasizing how IRS experience counts toward achieving Certified Public Accountant status; and
- placing videotaped recruiting messages in school libraries.

These suggestions were based on the particular school's experiences with techniques used by the IRS office responsible for recruiting at that school. Many of the suggestions may, in fact, involve techniques that are being used by another IRS office at another school. Of the eight districts we visited, for example, five were providing part-time course instructors at the time of our review.

Some Recruiting Techniques Not Available to IRS

Besides the techniques cited above, some school officials suggested others, such as sponsoring a chair in the accounting department or supporting faculty research, that are unavailable to IRS unless Congress were to provide for such use of appropriated funds. Agencies may not spend appropriated funds on activities not authorized by law. For example, generally agencies may not use appropriated funds to entertain individuals, except when specifically authorized by statute. Also, appropriations are not generally available for scholarships or donations to schools.

Some of the techniques unavailable to IRS were used by several of the private firms we visited. We asked representatives from 17 firms to what extent their firms (1) contributed money to schools, (2) sponsored student activities, (3) dined with faculty at company expense, (4) supported scholarship funds, or (5) donated equipment or materials. Except for the last, each of these activities was cited by more than half of the representatives as activities in which their firms participated to at least some extent. As an example of the inducements private firms can offer, a representative from one public accounting firm said that his firm took a school's honor society to a jai alai match. Representatives from another firm said that the firm sponsored student softball tournaments and held receptions for accounting society members.

Conclusions

Although IRS cannot use all the recruiting techniques that are available to the private sector, it does have a broad range of techniques at its disposal. The more important techniques, in our opinion, are those that

Although it is reasonable to expect the level of an executive's campus activities to vary from school to school, information we obtained from campus executives and school officials indicated that there is room for improvement. For example:

- Of the 16 officials we spoke with at 8 schools, only 6 officials (from 4 schools) were aware of the program or their institution's special status under the program.
- The director of one college's school of accounting, although generally complimentary of the campus executive, said that IRS needs more exposure on his school's campus.
- The campus executive in another district said that he (1) had inadequate time to devote to the program, (2) had not contacted the district's target school at all during the year preceding our interview, and (3) did not know the name of the accounting school's dean.
- School officials in another district cited several things IRS could do on their campus including (1) providing part-time instructors, (2) getting involved with the accounting honor society, (3) participating in activities sponsored by business school fraternal organizations, and (4) establishing a cooperative education program. The campus executive for that school said that he had not contacted the school in the 6 months he had been in that position. He also said that he had insufficient time to devote to the program and that the program was perceived as a collateral duty.
- At another school where neither official was aware of the Campus Executive Program, we were told that IRS does not keep a high profile on campus and that IRS, among other things, could (1) interact with the placement office, (2) get to know the faculty, and (3) make students more aware of the opportunities at IRS.

Even when IRS develops positive working relationships with a target school, there is no guarantee that the relationships will produce results in terms of quality recruits. Officials from one school, for example, commented favorably on IRS' campus activities which, according to the campus executive, included (1) discussing cooperative education opportunities with the accounting department chairman, (2) addressing the accounting club, (3) providing revenue agents as part-time instructors, and (4) assisting the accounting department in developing revenue-generating endeavors. Even with such involvement, however, the campus executive and officials from the university's accounting department said that IRS had not been effective in hiring accounting graduates from that school. They cited as reasons IRS' low starting salary and the graduates' predisposition to public accounting work.

IRS Has Taken Steps to Improve Its College Relations, but It Could Do More

Although several of the obstacles IRS faces in trying to recruit quality students involve factors, like salaries and the government's hiring process, that affect most government agencies, other factors are more internal to IRS. As noted in tables 2.1 and 2.2, for example, two factors often cited as great or very great impediments by the school and/or IRS officials we interviewed were IRS' image and the amount of resources devoted to activities needed to maintain an IRS presence on campus. These comments point to the importance of fostering positive working relationships with colleges.

IRS recognized the need to improve its college relations in May 1984 when it established management initiatives to improve various aspects of its recruiting program. Information on these initiatives and on the status of the 21 projects IRS has undertaken, or plans to undertake, in response to the initiatives can be found in chapter 4. In terms of college relations, the most significant project, in our opinion, involved establishment of a Campus Executive Program through which IRS targets certain schools for special attention. If our interviews with school officials are any indication, implementation of that program has met with mixed success.

Several officials from schools targeted for attention under the program had positive comments about IRS' recruiting effectiveness and favorably compared certain aspects of IRS' recruiting efforts to those of other recruiters. Other school officials, however, had comments that were less positive, indicating that there is room for improvement.

IRS' relationships with colleges and IRS' image as a viable employer can be affected by the kinds of recruiting techniques it uses. Although the district offices we visited were using a variety of techniques, school officials suggested several others. Some of the schools' suggestions, however, involved actions, such as providing scholarships or entertaining students, that federal agencies cannot take, thus putting them at a disadvantage in trying to compete with the private sector.

School Officials Have Mixed Views on IRS' Recruiting Efforts

We spoke with placement and academic officials from eight colleges and universities that IRS had targeted for special attention under its Campus Executive Program. Of the 14 officials who said they had a basis for judging, one half said that IRS recruits effectively on their campuses. Most of the others described IRS' efforts as neither effective nor ineffective.

result, OPM suspended IRS' use of the authority effective May 1, 1989, with the stipulation that if circumstances warrant, the suspension may be lifted.

IRS has not obtained nationwide direct hire authority for special agents. Three regions, however, are participating in a 3-year pilot study that waived required testing and permitted the use of direct hire authority for special agents. OPM approved the study in September 1988 to (1) determine the effectiveness of special agent recruiting without testing and (2) assess the reliability of the required written test in predicting individuals' success in the special agent position. The study waives testing as a condition of employment but requires that to identify correlations, all new special agents be tested after hiring and that their test scores and job performances be compared. OPM's Assistant Director for Staffing Policy and Operations cited as a reason for approving the study "IRS' continual problems in recruiting highly qualified candidates." At the study's conclusion, IRS will decide on the usefulness of the special agent written test and whether nationwide direct hire authority should be pursued.

Special Hiring Authority for Revenue Officers

IRS also hired some revenue officers through the Outstanding Scholar Program—a program that allows federal agencies to offer jobs directly to college graduates who have a grade point average of 3.5 or better on a 4.0 scale in all undergraduate courses or will graduate in the upper 10 percent of their class or university subdivision. Agencies can use this special hiring program to fill positions formerly covered by the federal government's Professional and Administrative Career Examination. Persons hired through the program start as grade 7s, rather than 5s. Some of the district Collection officials we interviewed in IRS' Western and Southwest Regions praised the program as having improved the quality of revenue officer recruits.

Several of the field offices we visited have hired revenue officers through the Outstanding Scholar Program. For example, a Collection official in the Southwest Region said that about 100 revenue officers hired in the region at the beginning of fiscal year 1988 came through the program. Similarly, according to a Collection official in Fort Lauderdale, about one half of the 98 revenue officers hired by that district in 1988 qualified as outstanding scholars.

**Chapter 2
Federal Salaries and Processes Identified as
Major Impediments to IRS' Recruiting**

As shown in table 2.4, revenue agent salaries, even with this approved premium pay, do not rival entry-level accountant salaries paid by other Manhattan area employers.

Table 2.4: Comparison of Manhattan District Revenue Agent Premium Pay With Starting Accountant Salaries for Other Area Businesses

Employer	Salary	Percent above IRS premium pay	
		GS-7	GS-5
IRS' Manhattan District			
GS-5 Premium Pay	\$18,142 ^a	•	•
GS-7 Premium Pay	21,846 ^a	•	•
"Big Eight" Accounting Firm	30,000 ^b	37	65
New York City Tax Auditor	24,814 ^b	14	37
New York City Bank	24,000 ^c	10	32

^aSpecial salary rate effective March 1988.

^bDecember 1988 starting salary, according to information obtained during our interviews.

^cJune 1989 starting salary, according to information obtained during our interviews.

Special pay rates for other areas of the country and/or other enforcement personnel were either not implemented or not requested of OPM because IRS had insufficient money to fund increased salary costs in fiscal year 1989.⁶ For example:

- In December 1988, IRS asked OPM to approve special revenue agent pay rates for 90 high-cost geographic areas in 11 states and the District of Columbia. According to an official from IRS' Human Resources Division, OPM approved the request, but IRS never put the rates into effect because of insufficient funds. We understand that IRS will have to resubmit the request for fiscal year 1990.
- IRS asked OPM to exclude it from a request that special pay rates be approved for Treasury Enforcement Agents (which includes IRS' special agents) in New York City. As noted in the pay request, the Manhattan District's Criminal Investigation Division competes for accountants not only with private employers but also with the district's Examination Division, which now offers the higher special pay rates discussed earlier.
- IRS' National Office deferred requesting Servicewide special pay for revenue officers because of insufficient funds. Data that Manhattan District

⁶Information on IRS' funding problems in fiscal year 1989, which led to a hiring freeze and furloughs of temporary staff, among other things, can be found in our April 4, 1989, testimony before the Oversight Subcommittee of the House Committee on Ways and Means (GAO/T-GGD-89-16) and our follow-up report to the Subcommittee (GAO/GGD-89-116, Aug. 18, 1989).

1986.⁵ According to IRS, that freeze was necessitated by a decision to move resources from enforcement to returns processing in 1986 in an attempt to avoid the kinds of processing problems experienced during the 1985 filing season.

The diversion of resources from enforcement to returns processing and/or taxpayer service, as happened in 1986, has not been uncommon in recent years, given IRS' view that its most important jobs are to process returns and be responsive to taxpayers. As an example of how a redirection of resources can affect recruiting, an Examination branch chief in one district told us that the district had geared up to hire 100 revenue agents in July 1988 only to be told in March, after recruiting visits were made, that no positions would be filled. As noted by district officials, such experiences create false expectations and negative perceptions of IRS on college campuses.

Federal Government's Hiring Process

Of the IRS and school officials we spoke with, about half cited the federal hiring process as a great or very great barrier to IRS' hiring of quality enforcement staff. Perceptions of the federal hiring process as a barrier are particularly acute when IRS must use the OPM register to fill enforcement positions—as was generally the case with revenue officers and special agents when we began our review. According to some managers we spoke with, use of the register can be a lengthy process that offers little assurance that a specific recruit will appear on the register and thus be available for hiring.

Generally, federal agencies must use the OPM register to fill vacant positions. When the OPM register is used, an agency requests a list of eligibles for each vacancy, and OPM provides a list of people for consideration ranked in order of their rating scores. The agency must select from the top three eligibles, making offers first to veterans before those with equal or lower scores. This process, known as the "rule of three," continues until the agency identifies an eligible candidate who accepts the position. Agencies may also request certification of a specific individual. OPM will include the names of those persons if their scores are within the top scores being referred.

An agency is not required to fill positions using OPM registers, however, if OPM grants the agency direct hire authority or the agency chooses to

⁵Tax Administration: IRS' Implementation of the 1987 Revenue Initiative (GAO/GGD-88-16, Dec. 2, 1987).

Information received from the 17 businesses and regional accounting firms we visited as part of our review pointed to even wider differences than those shown in table 2.3. Representatives from those firms told us that newly hired accountants with bachelors degrees received starting salaries from \$20,000 to almost \$27,500 annually—compared with IRS' starting salaries of \$15,118 to \$18,726.

IRS field officials told us of difficulties in trying to fill enforcement positions that were due to, or might be attributed to, low starting salary. In fiscal year 1988, for example, the Los Angeles District Office advertised openings for special agents on a local radio station and received over 200 responses. Although 71 respondents met the position's requirements, only 4 applied. According to Criminal Investigation Division officials, most of the other 67 did not submit applications when they learned of the low starting salary. Similarly, the district's Collection Division Chief said that he filled only 59 of 80 allotted revenue officer positions for fiscal year 1988 because the applicants available did not meet quality expectations.

The Laguna Niguel District Office sent out about 1,200 job information packets in attempting to fill fiscal year 1988 revenue agent positions. Of about 600 people who applied, IRS offered positions to 82. According to the acting Examination Division Chief, 11 declined the offer primarily because of salary.

Mid-Atlantic Regional Office officials said that the Newark District Office did not fill 50 revenue agent positions in 1988 because IRS' starting salary did not attract quality applicants. District officials chose to leave the positions vacant rather than hire applicants with less than a 2.4 grade point average.

Federal Salaries and Processes Identified as Major Impediments to IRS' Recruiting

We asked IRS and school officials to identify the extent to which various factors might impede IRS in recruiting/hiring enforcement staff. As shown in tables 2.1 and 2.2, the most significant obstacles cited by both groups were entry-level salary, the federal government's hiring process, and IRS' inability to make firm job offers—all of which involve some issues that are beyond IRS' control. Information we obtained from IRS officials indicated that these obstacles affected IRS' ability to compete for the best students and resulted in unaccepted job offers and unfilled positions. Although IRS cannot, by itself, eradicate these obstacles, it has taken certain steps to alleviate them, such as getting special pay rates authorized.

Entry-Level Salary Identified as the Most Significant Recruiting Obstacle

In recruiting accounting graduates,¹ IRS has many competitors, including public accounting firms, businesses, and other government agencies. Information we obtained on salaries in the private sector indicates that the starting salaries IRS can offer accounting graduates is less, often significantly less, than those offered by its competitors.

Table 2.1: IRS Officials' Views on the Extent to Which Various Factors Impede IRS in Hiring Quality Enforcement Staff

	Percent of officials who said						Total
	Very great extent	Great extent	Moderate extent	Some extent	Little or no extent	No basis to judge	
Entry-level salary	63	15	13	8	1	0	100
IRS' ability to make firm job offers	37	29	11	10	13	0	100
Federal government's hiring process	28	23	19	18	11	1	100
Federal government's image	10	14	27	29	19	1	100
IRS' image	10	13	27	26	23	1	100
Amount of resources devoted to activities necessary to maintain an IRS presence on campus	4	16	25	22	31	2	100
Quality of recruitment materials	1	5	26	20	45	3	100

Note: Although we gave officials the opportunity to identify factors other than the ones we specifically asked about, no one factor was cited often enough to warrant mentioning.

Source: GAO interviews of 108 IRS officials.

¹ We focused on the accounting profession in comparing starting salaries because revenue agent and special agent positions are filled by college graduates with at least 18 and 15 semester hours in accounting, respectively. Revenue officer positions can be filled by graduates from many disciplines.

To obtain further information on how IRS' recruitment program compares with others, we visited 17 regional accounting firms or businesses. We judgmentally selected these firms from among those the schools we visited had identified as firms that recruited on their campuses and competed with IRS for the same graduates.

The regions, districts, schools, and businesses we visited are identified in table 1.3. We also spoke with officials from the Office of Personnel Management (OPM) about mechanisms, such as special salary rates and direct hire authority, that agencies like IRS can use to improve their recruiting postures.

Table 1.3: IRS Offices, Schools, and Businesses Visited by GAO

IRS Region	IRS District	School	Business
North Atlantic	Albany, NY	State University of New York at Albany	Avon Stulmaker, Roach Dorfman & Company
	Manhattan, NY	Bernard M. Baruch College	Bank Leumi Cornick Garber & Sandler
Mid-Atlantic	Richmond, VA	James Madison University	McGladrey, Hendrickson & Pullen R. R. Donnelley and Sons Company
Southeast	Fort Lauderdale, FL	Florida International University	Berkowitz and Kaplan Burger King Corporation Caplan, Morrison, Brown & Company Laventhal & Horwath
Southwest	Dallas, TX	University of Texas at Arlington	Federal Home Loan Bank
	Wichita, KS	Wichita State University	Baird, Kurtz & Dobson Koch Industries
Western	Laguna Niguel, CA	San Diego State University	Considine & Considine Solar Turbines Incorporated
	Los Angeles, CA	California State University, Los Angeles	Moss - Adams Unocal Corporation

We obtained most of our information by interviewing (1) IRS officials responsible for Human Resource, Examination, Collection, and Criminal Investigation activities in the offices we visited; (2) IRS staff responsible for coordinating recruiting activities in regional and district offices; (3) IRS staff who did the actual recruiting; (4) officials in the schools' business or accounting departments and in their placement offices; and (5) recruitment representatives from the regional accounting firms and businesses. To ensure consistency, we did almost all of our questioning through structured interviews.

District offices may designate someone to be a recruitment coordinator, who is responsible for

- developing relations with recruitment sources by arranging for speakers to student groups, faculty, and business clubs;
- analyzing data on the quality of new hires for purposes of assessing and improving the recruitment program; and
- arranging or coordinating recruitment visits.

The recruiting itself is done by personnel from the district's Examination, Collection, and Criminal Investigation functions.

In addition to the management structure discussed above, almost all of the districts, as part of IRS' Campus Executive Program, have designated focal points for establishing continuing relationships with targeted schools in the districts. This program was established in October 1986 to develop positive relations with at least one college or university in each of IRS' 63 districts. The program emphasizes the cultivation of continuing working relationships with schools through district officials designated as campus executives.

Objective, Scope, and Methodology

This report, prepared at the request of the Chairman, Subcommittee on Federal Services, Post Office and Civil Service, Senate Committee on Governmental Affairs, discusses IRS' efforts to recruit college graduates for its enforcement staff. In particular, this report responds to the Subcommittee's request that we provide information on (1) IRS' structure for managing the program, (2) IRS' working relationships with colleges and universities, (3) IRS' recruiting techniques and approaches and (4) the quality of IRS' enforcement recruits.

To achieve our objective, we did work at IRS' National Office, 8 of its 63 district offices, and the 5 regional offices in which those districts were located. Our work at the National Office was primarily directed at (1) determining roles and responsibilities, (2) identifying and analyzing relevant guidance and performance information, and (3) ascertaining the nature and status of IRS' initiatives to improve the college recruitment program. Our work at the regional and district offices focused on (1) determining roles and responsibilities, (2) obtaining information on the nature of their recruitment programs, (3) identifying barriers to effective college recruiting, (4) obtaining opinions and information on the

Introduction

In recent years, the federal budget deficit has become widely viewed as the Nation's number one fiscal problem. As the budget shortfall neared \$150 billion for fiscal year 1987, the President and Congress began to see increasing tax revenues as an attractive option—not through new taxes but by enforcing existing tax laws and ensuring that taxes owed are collected.

Revenue agents, revenue officers, and special agents are the Internal Revenue Service (IRS) professionals primarily responsible for enforcing the Nation's tax laws. Revenue agents examine tax returns, revenue officers collect taxes and secure delinquent returns, and special agents investigate fraudulent tax activities.

According to IRS statistics, it hired about 8,600 revenue agents, 4,300 revenue officers, and 1,100 special agents in fiscal years 1986 through 1988. Many of these people were hired to fill vacancies caused by normal turnover. Even in a year when Examination staff is not expanding, for example, IRS said it must still hire about 1,500 college graduates to replace Examination staff who retire or quit. Additional hiring has been necessitated by a general increase in IRS' on-board strength in recent years, as shown in table 1.1.

Table 1.1: Change in Number of Enforcement Staff on Board Since September 30, 1985

Enforcement position	Sept. 30, 1985	Sept. 30, 1986	Sept. 30, 1987	Sept. 30, 1988	Increase between Sept. 30, 1985 and Sept. 30, 1988
Revenue agents	13,666	14,507	16,109	17,323	3,657
Revenue officers	7,362	7,359	7,470	8,412	1,050
Special agents	2,860	2,752	2,823	3,018	158
Totals	23,888	24,618	26,402	28,753	4,865

Source: IRS' annual reports for fiscal years 1985 through 1988.

Most of the increase in IRS' enforcement staff resulted from decisions by Congress and the Administration to fund additional examination and collection positions in order to generate additional revenues. That trend is expected to continue. IRS' appropriation for fiscal year 1990, for example, includes funding for several hundred additional positions in the Collection function to enable IRS to collect more delinquent taxes and secure more delinquent returns.

IRS uses the bachelor's degree as the basic qualifying criterion in filling its professional enforcement positions. College recruitment, therefore,

Contents

Executive Summary		2
Chapter 1		8
Introduction	IRS' Framework for Managing Its College Recruitment Program	9
	Objective, Scope, and Methodology	10
Chapter 2		14
Federal Salaries and Processes Identified as Major Impediments to IRS' Recruiting	Entry-Level Salary Identified as the Most Significant Recruiting Obstacle	14
	IRS' Inability to Make Firm Job Offers and the Government's Hiring Process Cited as Other Significant Recruiting Obstacles	17
	IRS Has Taken Steps to Increase Salaries and Speed Up the Hiring Process	19
	Conclusions	23
	Agency Comments	23
Chapter 3		24
IRS Has Taken Steps to Improve Its College Relations, but It Could Do More	School Officials Have Mixed Views on IRS' Recruiting Efforts	24
	Districts Use Various Techniques to Attract Quality Applicants, but School Officials Think IRS Can Do More	27
	Conclusions	28
	Recommendation to the Commissioner of Internal Revenue	29
	Agency Comments and Our Evaluation	29
Chapter 4		30
Need for More Recruitment Program Direction and Oversight	IRS Has No Servicewide Data to Support Managers' Generally Positive Perceptions of Quality	30
	IRS Has Been Slow to Implement Needed Improvements to Its College Recruitment Program	35
	Some Recruiting Needs Are Being Met Through Duplicative, Uncoordinated Local Efforts	39
	The National Office Provides Little Direction and Oversight Over the Recruitment Program	42
	Conclusions	43
	Recommendations to the Commissioner of Internal Revenue	44
	Agency Comments and Our Evaluation	44

More Central Direction and Oversight Needed

Between May 1984 and June 1987, IRS identified several needed improvements to its college recruitment program. Among the improvements was the need to develop quantitative data that could be used to measure quality. Human Resources Division officials said that a lack of money and staff at the National Office impeded implementation of that project and several others. IRS might be able to get more done with available resources if it addressed Servicewide problems on a national scale rather than rely on duplicative, uncoordinated locally funded efforts. For example, GAO was told of instances where certain district offices were recruiting at schools in other districts. The need for out-of-district recruiting visits might be minimized if IRS had an effective nationwide system for referring candidates from one district to another. (See pp. 35 to 41.)

To successfully implement such changes, the Human Resources Division's involvement in the recruitment program has to change. Because IRS' recruitment program is decentralized, the Division sees its role as one of funneling information and providing assistance. Decentralization, however, does not preclude the need for central direction and oversight. GAO believes that effective central direction and oversight are needed if IRS is to have adequate assurance that local offices are recruiting in the most efficient and effective manner. (See pp. 42 and 43.)

Schools Have Mixed Views of IRS' Recruiting Efforts

School officials GAO spoke with had mixed views of IRS' recruiting efforts. Although most commented favorably on IRS' recruiting effectiveness, more than half of those who had a basis to judge said that IRS' involvement in campus activities compared unfavorably to the involvement of other recruiters.

Recognizing that a successful recruiting program requires good working relationships with schools, IRS established a Campus Executive Program in 1986 through which certain schools are targeted for special attention. GAO reviewed campus executive activities in 8 of IRS' 63 district offices. Although each of the eight schools GAO visited was targeted under the program, officials from four schools were not aware of the program or their school's special status under it. Also, information GAO obtained from IRS officials responsible for fostering relationships with the schools and from the schools themselves indicated that there is room for improvement in IRS' involvement with the target schools. One IRS official, for example, said that he had not contacted his target school at all during the past year. (See pp. 24 to 26.)

Executive Summary

Purpose

To reduce the budget deficit, the Nation's leaders over the last few years have sought to provide the Internal Revenue Service (IRS) with additional enforcement staff. The expectation was that with more staff, IRS would be better able to enforce existing tax laws, and thus, increase revenue. As a result, IRS' enforcement staff grew from 23,888 to 28,753 during the 3 years ended September 30, 1988, and an additional increase has been authorized for fiscal year 1990. Increases in IRS' enforcement staff raised questions about whether IRS has a college recruitment program capable of attracting the talent needed to fill those positions.

In August 1988, the Chairman, Subcommittee on Federal Services, Post Office and Civil Service, Senate Committee on Governmental Affairs, asked GAO to assess (1) the quality of IRS' enforcement recruits, (2) IRS' management of its college recruitment program, and (3) IRS' working relationships with colleges and universities.

Background

IRS' primary enforcement staff are revenue agents who audit tax returns, revenue officers who collect taxes and secure delinquent returns, and special agents who investigate fraudulent tax activities. IRS' college recruitment program plays a key role in providing these staff. The Director of IRS' Human Resources Division is responsible for setting recruitment policy and for coordinating and reviewing recruitment activities. Day-to-day management of the program is vested in IRS' 63 district offices, each of which decides where to recruit and what tools and techniques to use.

To assess IRS' college recruitment program, GAO visited 8 of IRS' district offices, 8 colleges and universities at which those districts recruited, and 17 regional businesses that competed with IRS for the same college graduates. (See pp. 10 to 13.)

Results in Brief

Despite starting salaries that are considerably below those offered by competitors, IRS' field managers spoke positively about the quality of their enforcement recruits. IRS has no Servicewide quantitative data, however, to support those positive views. Information it does have seems to raise questions about quality.

Several years ago, IRS realized that it needed better data on quality and needed to make other improvements to its recruitment program. Progress in implementing those changes has been impeded, in GAO's opinion, by the absence of strong National Office direction and oversight over the

