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**Testimony**

Before the Subcommittee on Civil Service  
Committee on Post Office and Civil Service,  
House of Representatives

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**FEDERAL  
EMPLOYMENT:**

**GAO's Observations on  
H.R. 4719, The Federal Service  
Priority Placement Act of 1994**

Statement of  
Timothy P. Bowling, Associate Director,  
Federal Human Resource Management Issues,  
General Government Division



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GAO'S OBSERVATIONS ON H.R. 4719,  
THE FEDERAL SERVICE PRIORITY PLACEMENT ACT OF 1994

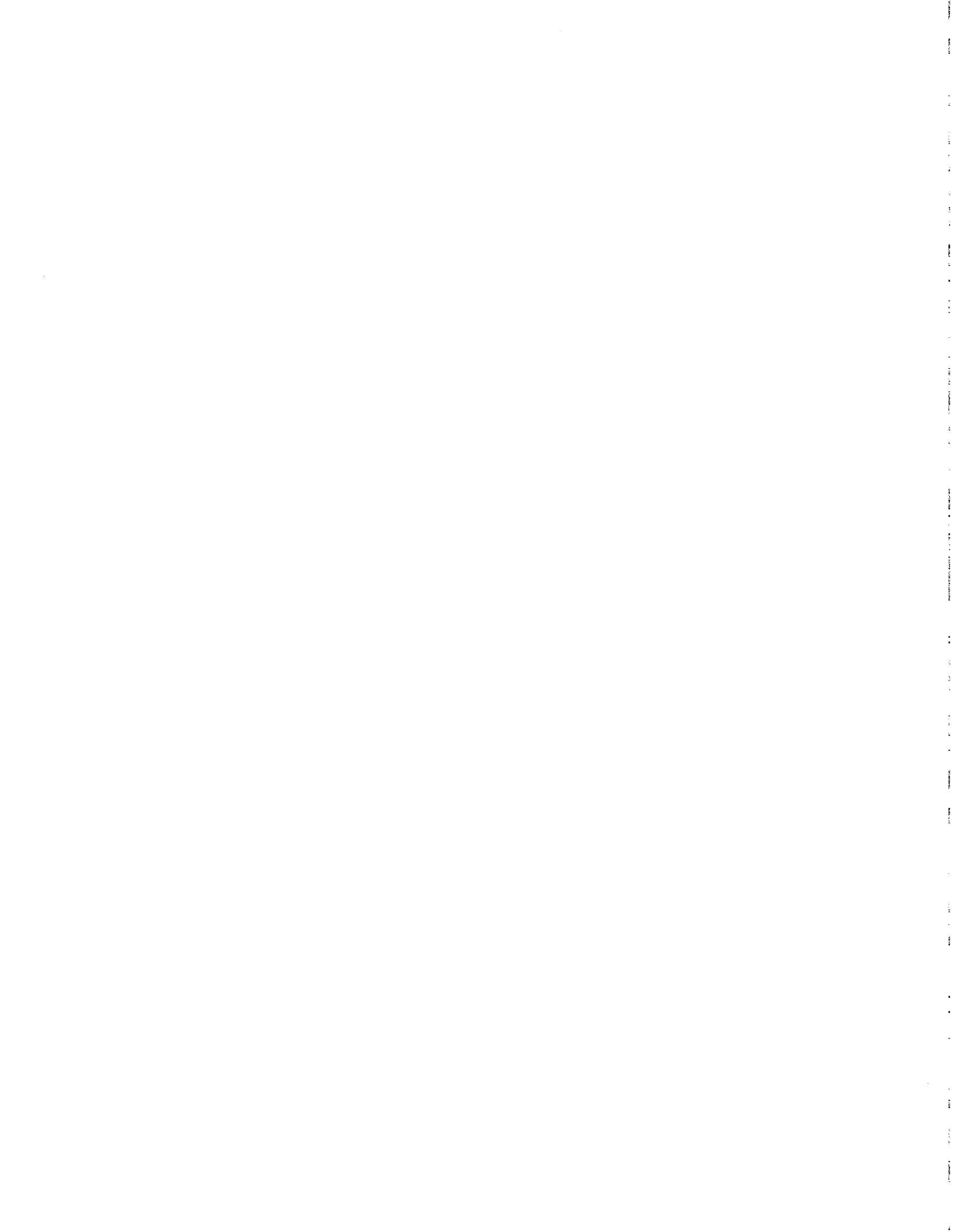
Summary of Statement by  
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General Government Division

H.R. 4719 would direct the Office of Personnel Management (OPM) to establish an interagency placement program for federal employees who lose their jobs as a result of reductions in force (RIFs). While OPM's current Interagency Placement Program (IPP) requires agencies to give priority to RIFed employees when filling positions through competitive appointments, H.R. 4719 would broaden this requirement to a governmentwide mandate.

GAO fully supports H.R. 4719's goal of placing qualified RIFed employees in other federal jobs. These employees are an important resource whose prior federal experience and training could help them make immediate contributions to any agency with vacancies to fill. However, in creating an expanded priority placement program, a number of important questions need to be answered. These include:

- What types of appointments should the placement program cover and how might it affect agencies' other hiring goals?
- How much flexibility should agencies be allowed in selecting candidates?
- Are there additional approaches to enhancing the placement program that should be considered?

GAO understands that OPM favors conducting a study of how best to place RIFed employees. Such a study should seek to resolve the above questions to ensure that the placement program effectively serves the needs of both displaced workers and the government as a whole.



Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to provide GAO's observations on H.R. 4719, the "Federal Service Priority Placement Act of 1994."

This bill directs the Office of Personnel Management (OPM) to establish a governmentwide interagency placement program for federal employees affected by reductions in force (RIFs). Its goal is to ensure that federal agencies give priority to displaced employees when filling vacant positions. In effect, it would expand OPM's current Interagency Placement Program (IPP), which requires agencies to give priority to displaced workers when filling vacancies but does not cover appointments outside of the competitive service or conversions to the competitive service.

We strongly support the bill's goal of reemploying qualified displaced workers. Not only does this help individual employees who have lost their jobs through downsizing, it makes good sense for the government as a whole. Displaced federal employees can be a valuable resource for federal agencies. Their knowledge of the workings of government, combined with the government's past investment in them in terms of training, job experience, and security clearances, can enable them to make immediate contributions to any agency with vacancies to fill. Finding jobs for displaced employees can also save the government money by minimizing severance payments and unemployment compensation outlays.

While the potential benefits of an expanded priority placement program are clear to us, the shape such a program should take is not. OPM believes it should first study how best to place RIFed employees. If this course is adopted, we believe the OPM study should focus on resolving certain fundamental questions to ensure the resulting program is as effective as possible.

#### THE STATUS OF OPM'S CURRENT INTERAGENCY PLACEMENT PROGRAM

On December 1, 1993, OPM activated the current IPP by merging two earlier efforts into a single automated program. The new IPP's goal was to provide more effective and user-friendly job placement assistance to RIFed employees.

Under this program, agencies must consult the IPP inventory when filling positions through (1) a competitive register held either by OPM or by an agency with delegated examining authority, (2) a direct-hire authority; or (3) the Outstanding Scholar provision. Appointing officers may not pass over an IPP eligible employee to select a non-IPP eligible unless an objection to the IPP eligible is sustained by OPM or an agency with delegated authority.

The inventory of IPP registrants is maintained at OPM's Staffing Service Center in Macon, Georgia. According to OPM, to access the inventory, agencies use an automated system that attempts to match qualified candidates on the IPP with agencies' hiring needs. If there are any matches, OPM sends a list of those candidates to the agencies. Agencies are required to either hire someone from that list, file an objection with OPM, or leave the vacancy unfilled.

According to OPM, the current IPP offers several improvements over previous placement programs. For example, agencies can obtain referrals through "one stop shopping" from the Macon register, and data on candidates are routinely updated. However, despite these improvements, the IPP has led to few placements. According to OPM, between the IPP's inception and September 19, 1994, from an inventory of 2,018 registrants, agencies made 204 job offers resulting in 154 declinations and 50 placements.

OPM attributes the low number of selections to the fact that agency downsizing has substantially reduced the number of vacancies and that agencies have alternatives to hiring an IPP registrant, such as internal merit promotions, reinstatements, or use of certain excepted appointments. The latter category includes programs such as the Stay-in-School authority and the Veterans Readjustment authority. By expanding the types of appointments covered by the placement program, H.R. 4719 would prevent agencies from using these authorities to bypass the IPP in filling vacancies.

#### SEVERAL QUESTIONS SURROUND CREATION OF A NEW PLACEMENT PROGRAM

To create an expanded priority placement program that functions as effectively as possible, several questions need to be answered. These questions relate to the extent to which the program should be expanded, the amount of flexibility that should be accorded agencies in selecting candidates, and the possibility of additional approaches to enhancing the placement program. These questions are discussed below.

#### What Types of Appointments Should the Placement Program Cover and How Might It Affect Agencies' Other Hiring Goals?

In creating an expanded placement program, a decision will be needed on the specific types of appointments beyond the competitive service that the program should cover. A key factor in making this determination is the likely impact such increased coverage might have on agencies' other hiring goals. For example, OPM believes that an expanded priority placement program could impair the ability of agencies to use appointing authorities that facilitate the hiring of disabled Americans and

military veterans. Currently, candidates from these groups may be hired via noncompetitive appointments without checking the IPP inventory. The effect of eliminating this option must be carefully weighed in light of past congressional interest in providing members of these groups enhanced opportunities for federal employment.

Use of the Stay-in-School authority, a program that allows students with financial needs to work for the government while continuing their education, might also be limited if agencies were required to hire through the IPP program. An expanded mandatory placement program might also limit the ability of agencies to hire talented entry-level candidates through the cooperative education program.

A related question is whether the placement program should give displaced employees priority over candidates for internal merit promotion. OPM has suggested that this could have the effect of blocking employees who otherwise would have been promoted, which could affect labor-management agreements. Resolution of issues such as these would help ensure that the expanded placement program covers a wide range of appointments while minimizing any unintended consequences.

#### How Much Flexibility Should Agencies Be Allowed in Selecting Candidates?

OPM should consider the degree of flexibility agencies should have in selecting candidates. This is important since our earlier work on veterans' preference suggests that a mandatory placement system that limits agencies' discretion in choosing candidates may have unanticipated results. In our March 1992 report that examined whether federal veterans' preference requirements needed updating, we found that hiring certificates headed by veterans were more often returned unused without making a selection than hiring certificates headed by nonveterans.<sup>1</sup> Indeed, 71 percent of the hiring certificates we examined that were headed by veterans were returned unused, compared to 51 percent of those certificates headed by nonveterans.

One possible explanation for this is that if a certificate is headed by a veteran and contains nonveterans in the next two positions, a hiring official generally has no choice but to select the veteran or return the certificate unused. The rate of unused certificates suggests that many officials would rather leave a vacancy temporarily unfilled than lose their discretion to hire another candidate. Whether an expanded mandatory

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<sup>1</sup>Federal Hiring: Does Veterans' Preference Need Updating? (GAO/GGD-92-52, March 20, 1992), p. 27.

placement program could have similar results is unclear but worthy of exploration.

Are There Additional Approaches to  
Enhancing the Placement Program  
That Should Be Considered?

Additional approaches to increasing the effectiveness of the placement program may exist. Such alternatives could include, for example, effectively marketing candidates in the interagency placement inventory. If the placement program were effectively promoted as a source of talented, experienced candidates that agencies could hire quickly and easily, agencies might prove more eager to use the program voluntarily over other sources of candidates.

Another approach is to encourage agency programs for providing transition services to RIFed employees. According to OPM, one such program that operates very well is the Career Transition Center at the Naval Sea Systems Command in Crystal City, Virginia. A representative of that organization told us that it has a number of resources displaced employees can use to help them find jobs in government and the non-federal sector. These resources include books on job search techniques; job availability listings; and software that enables users to prepare resumes, complete job application forms, or identify their skills and career interests. Patrons can also meet with career counselors at the center. This type of career transition unit could be useful to displaced employees regardless of the shape the final IPP takes.

CONCLUSION

We fully support H.R. 4719's goal of placing RIFed employees in other federal jobs. These employees are an important resource whose prior federal experience and training could help them make immediate contributions to any agency. However, we also believe that some uncertainties remain concerning the best design for an expanded placement program. We believe that answering the questions discussed above will help in developing a program that best serves the needs of displaced workers and the government as a whole.

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This concludes my prepared statement. I would be pleased to answer any questions you may have.

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