



United States  
**Office of  
Personnel Management**

JAN 31 2005

Washington, DC 20415

MEMORANDUM FOR HUMAN RESOURCES DIRECTORS

FROM: RONALD P. SANDERS  
ASSOCIATE DIRECTOR

A handwritten signature in black ink, appearing to be "R. Sanders", written over the printed name.

Subject: Annual Reporting Requirements under Category Rating

On June 15, 2004, the Office of Personnel Management (OPM) published final regulations to implement provisions of the Chief Human Capital Officers Act (Act) of 2002 (Title XII of the Homeland Security Act). The Act provides Federal agencies with a number of human resources flexibilities to enhance their recruitment and hiring programs. These flexibilities include an alternative rating and selection procedure referred to as category rating. Under this process, candidates are ranked in quality categories rather than assigned individual numerical scores.

Pursuant to 5 U.S. C. 3319(d), all agencies that establish a category rating system must submit an annual report to Congress for the three consecutive years following the implementation of their category rating system. Agencies must send this report to the Speaker of the House and the President of the Senate.

Your agency's annual report must include the following information:

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

Any agency that uses category rating must also forward a copy of this annual report to OPM as prescribed in 5 CFR 337.305. The copy should be sent to:

Office of the Associate Director  
Division for Strategic Human Resources Policy  
U.S Office of Personnel Management  
1900 E Street, NW., Room 6551  
Washington, DC 20415

If you have any questions, please contact Daniel Fusco by email at [Daniel.Fusco@opm.gov](mailto:Daniel.Fusco@opm.gov) or by telephone at 202/ 606-0830.