



OFFICE OF THE DIRECTOR

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, DC 20415-1000

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MEMORANDUM FOR CHIEF HUMAN CAPITAL OFFICERS

FROM: LINDA M. SPRINGER
DIRECTOR

A handwritten signature in blue ink, appearing to read "LMS", is placed to the right of the "FROM" line.

Subject: Category Rating Guidance

The U.S. Office of Personnel Management (OPM) is pleased to issue the *Category Rating Fact Sheet* to provide additional information on using category rating. The attached fact sheet is in a question and answer format, and includes such topics as defining quality categories, using an assessment(s) that generates a numerical score to place candidates into quality categories, and applying veterans' preference. The *Category Rating Fact Sheet* is available on OPM's website: www.opm.gov/employ/category_rating/index.asp.

Category rating, an alternative ranking and selection procedure authorized under the Chief Human Capital Officers Act of 2002 (Title XIII of the Homeland Security Act of 2002) and codified at 5 United States Code § 3319, is part of the competitive examining process. The category rating process ranks candidates that have been evaluated/rated against minimum qualification requirements by placing them into one of two or more predefined quality categories instead of ranking them using the traditional numerical procedures.

The purpose of category rating is to increase the number of qualified applicants from which a selecting official can choose while preserving veterans' preference rights. Ranking using category rating procedures enables the selecting official to select applicants in the highest quality category without regard to the "rule of three" procedures.

To use category rating, an agency must have a category rating policy established. The agency's policy should identify the requirements to implement category rating, including such considerations as the type of position(s) for which category rating can be used and/or the type of assessment(s) used to evaluate candidates.

If you have any questions or need additional information, please contact Daniel Fusco, Manager, Recruiting, Examining, and Assessment by email daniel.fusco@opm.gov, by telephone (202)606-0830, or by fax (202)606-2390.

Attachment

cc: Human Resources Directors

This page can be found on the web at the following url:
http://www.opm.gov/employ/category_rating/faq.asp

Office of Personnel Management

The Federal Government's Human Resources Agency

Working for America

Category Rating Fact Sheet

Section 1312 of the Human Capital Officers Act of 2002 (Title XIII of the Homeland Security Act), codified at 5 U.S.C. § 3319, gives agencies authority to develop a category-based rating method as an alternative way to assess job applicants for positions filled through competitive examining. As an alternative to the traditional numerical rating and ranking procedures, agencies evaluate candidates and place them into two or more pre-determined quality categories. For additional guidance on using category rating, please refer to the *Delegated Examining Operations Handbook* on OPM's website at www.opm.gov/deu.

Q. What is the purpose of category rating?

A. The purpose of category rating is to increase the number of qualified applicants an agency has to choose from while preserving veterans' preference rights. Rather than generating a numerical score for all applicants, agencies can assign applicants who meet or exceed minimum qualifications to two or more groups based on pre-determined, job-related criteria. The category rating method gives agencies the flexibility to assess and select from among applicants in the highest quality group without regard to the rule of three.

Q. Are agencies required to use category rating?

A. No. Agencies are not required to use category rating. Agencies may choose to use the traditional rules for numerical rating, ranking and selecting candidates, including additional points for veterans' preference and the rule of three. Agencies should consider the type of position, the number of positions and/or the type of assessment used to evaluate candidates when choosing whether or not to use category rating.

Q. How are the quality categories defined?

A. Quality categories are defined to distinguish differences in the quality of candidates' job-related competencies or knowledge, skills, and abilities (KSAs). Each category has eligible candidates who have demonstrated through an assessment(s) similar levels of proficiency on the critical job-related competencies/KSAs. Some factors to consider when developing categories may include:

- Breadth and scope of competencies/KSAs;
- Increased levels of difficulty or complexity of competencies/KSAs;
- Successful performance on the job; and
- Level of the job.

A quality category definition should not be written in broad terms solely to increase the number of eligible candidates who may be considered for selection. Instead, the quality category definition should be written to identify the best qualified individuals for the position.

More information on how to define quality categories including examples is located in the *Delegated Examining Operations Handbook* in Chapter 5, Section B, Rating Procedures (Category Rating) on OPM's web site at <http://www.opm.gov/deu>.

Q. May agencies use category rating to fill any job that uses an assessment(s) that generates a numerical score?

A. Yes. Agencies may use test scores as part of the job-related criteria used to place candidates into categories, as long as the test assesses job-related KSAs/competencies. When establishing a category definition with numerical scores, agencies must be consistent with the technical standards in the *Uniform Guidelines on Employee Selection Procedures* (see 29 CFR Part 1607), with respect to the development of any applicant assessment procedure; and comply with the laws, regulations, and policies of merit selection (see 5 U.S.C. § 2301 and 5 U.S.C. § 2302). For Administrative Careers With America (ACWA) positions, an agency should coordinate with its legal office on the implementation of its category rating system.

Q. How are candidates selected under category rating?

A. Agencies make selections from within the highest quality category regardless of the number of candidates (i.e., the rule of three does not apply). However, preference eligibles receive absolute preference within each category. If a preference eligible is in the category, an agency may not select a non-preference eligible unless the agency requests to pass over the preference eligible in accordance with 5 U.S.C. § 3318, and the request is approved.

If there are fewer than three candidates in the highest quality group, agencies may combine the highest group with the next lower group and make selections from the merged group. The newly merged category would then constitute the highest quality category. Preference eligibles must be listed ahead of non-preference eligibles in the newly merged category. Once again, as long as a preference eligible remains in the merged category, an agency may not select a non-preference eligible unless the agency receives approval to pass over the preference eligible in accordance with 5 U.S.C. § 3318.

Agencies are reminded that preference eligibles are placed in the highest quality category based on the quality category definition agencies develop with the exception of the preference eligible with a compensable service-connected disability of at least 10 percent who must be listed in the highest quality category (except in the case of scientific or professional positions at the GS-9 level or higher). Agencies should review the quality categories to ensure they accurately reflect the best qualified.

Q. When does veterans' preference apply?

A. Veterans' preference applies after the candidates are assessed.

Q. How are preference eligibles given preference in selection under category rating?

A. Preference eligibles who meet the minimum qualification requirements including a quality category definition, but do not have a service-connected disability of 10 percent or more, are assigned to the appropriate quality category based upon the job-related assessment. They are given preference in selection by being listed ahead of non-preference eligibles within the appropriate quality category. An

agency may not select a non-preference eligible if there is a preference eligible in the same category unless there are grounds for a passover and the agency has complied with the passover procedures at 5 U.S.C. § 3318(b).

Q. How do preference eligibles who have a compensable service-connected disability receive preference in selection?

A. Preference eligibles who meet the minimum qualification requirements and who have a compensable service-connected disability of at least 10 percent must be listed in the highest quality category (except in the case of scientific or professional positions at the GS-9 level or higher). As noted above, an agency may not select a non-preference eligible in lieu of a preference eligible in the same category unless there are grounds for a passover and the agency has complied with the passover procedures at 5 U.S.C. § 3318(b).

Q. Are the procedures used to pass over a preference eligible under category rating the same as those used in traditional numeric rating, ranking, and selection?

A. Yes. The procedures used to pass over a preference eligible under category rating are the same as those used in the traditional “rule of three” process. In the traditional and category rating processes, an agency may not select a non-preference eligible before selecting a higher ranked preference eligible or a preference eligible within the same category unless the agency receives approval to pass over the preference eligible in accordance with 5 U.S.C. § 3318.

Q. May an agency apply the “three consideration” rule under category rating?

A. The “three consideration” rule that is embodied in 5 CFR 332.405 does not apply to category rating. The reference to “three considerations” in 5 U.S.C. § 3317(b) is associated with the traditional process for the discontinuance of certification of preference eligibles from a register, and only applies to category rating in that limited context.

Office of Personnel Management

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