



From the Office of
Congresswoman
Jo Ann Davis



Opening Statement
April 1, 2003
Hearing of the Subcommittee on Civil Service and Agency Organization
“Compensation Reform: How Should the Federal Government Pay Its Employees?”

This is the first hearing of the Government Reform Subcommittee on Civil Service and Agency Organization in the 108th Congress, and the topic is both important and timely. The subject of compensation reform gets right at the heart of many of the challenges facing the civil service, from recruitment and retention to improving the efficiency and performance of the government itself.

Before I begin my own remarks, I would like to express my thanks to the witnesses who have agreed to join us today. We have brought together a broad and knowledgeable array of voices as we begin our exploration of this issue, and look forward to hearing all of your perspectives. I want you to know that I begin this hearing with an open mind. I see this session as a learning opportunity for the Subcommittee.

Just over two months ago, the National Commission on Public Service, known as the Volcker Commission, issued its report on how to revitalize the federal government. At about the same time, the President issued his fiscal 2004 budget proposal. Both documents contain bold recommendations to reshape the civil service: The Volcker Commission, for example, suggests abolishing the General Schedule and allowing managers to base employees' salaries on “competence and performance;” the White House's budget proposal includes a \$500 million Human Capital Performance fund, to reward top-performing employees, as well as a proposed shift of the entire Senior Executive Service to a pay-banding system.

More and more often, federal agencies are seeking permission to develop a compensation system outside the General Schedule. More than 20 percent of non-postal civil servants now work under alternate personnel systems, according to the Volcker report, including those developed at the Federal Aviation Administration, the Internal Revenue Service and the General Accounting Office. In all of those examples, the change in compensation system was designed not merely as an end to itself, but as a way to improve agency performance. The GAO is here today, and we're looking forward to hearing how the various pay-for-performance systems are working so far, including GAO's own.

We are also fortunate in holding this hearing just one week after the Office of Personnel Management released its Federal Human Capital Survey. The results contained lots of good news – 91 percent of employees believe they are doing important work, and the overall percentages of federal workers who are satisfied with their job (68 percent) or who believe the work they produce is high quality (81 percent) are consistent with findings in the private sector. Moreover, more than 60 percent of employees are satisfied with the basic pay and benefits.

Not all the news was good, however. Fewer than half of the employees are satisfied with the recognition they get for doing a good job, and just 30 percent said the awards program gives them an incentive to do their best. Only 27 percent of employees believe that steps are taken to deal with poor performers.

On the surface, it appears that those results point to a workforce that is generally satisfied with their pay, their benefits, and their jobs, but would like to see a work culture that better rewards performance and does not reward sub-standard work. I would like to hear the witnesses' perspectives on this picture and what the federal government should be doing in the area of compensation reform.

Thank you. I look forward to a lively, informative discussion.

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