

**Opening Statement  
Chairman Tom Davis  
Government Reform Committee Business Meeting  
On HR 1836 and HR 1837  
May 7, 2003**

The purpose of today's business meeting is to mark-up two bills that embody the reform agenda that is so important to this Committee, the Administration and our nation.

H.R. 1836, the "Civil Service and National Security Personnel Improvement Act" includes critical civil service reforms for the Department of Defense, the National Aeronautics and Space Administration and the Securities and Exchange Commission; several government-wide civil service provisions; and language authorizing the creation of a human capital performance fund.

We will also be marking H.R. 1837, the Services Acquisition Reform Act of 2003 (SARA) that I recently introduced along with Chairman Duncan Hunter of the House Armed Services Committee.

Primarily, H.R. 1836 authorizes the Department of Defense to establish a human resources management system that is agile, flexible, and achievement-oriented – and in conformance with public employment principles of merit and fitness set forth in title 5, United States Code.

The bill also includes language approved by the Financial Services Committee earlier this year that would streamline the hiring process for accountants, economists and examiners at the Securities and Exchange Commission, and provides a number of personnel flexibilities to the National Aeronautics and Space Administration, provided that OPM approves the workforce plan developed by the Administrator.

H.R. 1836 also includes an array of government-wide civil service provisions: from a modification of the student loan repayment authority to a change in the frequency of Cabinet Secretary pay periods.

Finally, the bill authorizes the establishment of a human capital performance fund, based on a proposal made by the President in his FY2004 budget blueprint. The fund offers federal managers a new tool to incentivize agencies' highest performing and most valuable employees.

It is time to bring these three agencies – and ultimately the rest of the federal government – into the 21<sup>st</sup> century. Without the ability to recruit and retain the best and the brightest employees, modernization will never become a reality. It's simple: productivity should be the name of the game. What we get out of government depends directly on who we get into government – and it's getting harder and harder to attract good people into government. So much of what we call 'management' today consists of making it difficult

for people to work. When it comes to our civil service system, the tradition of preserving traditions has become a tradition. It's time for that to change.

The saying necessity is the mother of invention. We have before us a reform plan borne out of the necessities of an ever-changing and dangerous world, where new challenges, threats, and enemies await. This is about instilling agility, flexibility and a culture of achievement into our civil service system, so it can function and thrive in the 21<sup>st</sup> century.

We have worked closely with all members to craft a bill that reflects the concerns of all stakeholders. Therefore, I will be offering an amendment in the nature of a substitute that will include the following: safeguards for performance management systems, Congressional notification of decisions affecting the workforce, additional review by Congress of DoD decisions, an SES pay cap increase, and improved flexibilities for NASA.

**The second bill we will consider today, H.R. 1837, has been a priority of mine, and a carefully constructed work-in-progress, for nearly three years now.**

It responds to the reality that we do not have the right people with the right skills and the right tools to manage the acquisition of services and technology that the government so desperately needs.

SARA is targeted at the root causes of our current dilemma. It consists of a carefully crafted set of interrelated legislative proposals that will address the multiple deficiencies plaguing government acquisition today: (1) the lack of up-to-date, comprehensive training for our acquisition professionals; (2) the inability of the current government structure to reflect business-like practices by integrating the acquisition function into overall agency missions and facilitating cross-agency acquisitions and information sharing; and (3) the lack of good tools and incentives to encourage the participation of the best commercial firms in the government market.

H.R. 1837 will put the tools needed to access the commercial service and technology market in the hands of a trained workforce that will have the discretion necessary to choose the best value for the government -- and be held accountable for those choices.

As is the case with H.R. 1836, we have worked with other members to further refine the legislation. Thus, here too I will be offering an amendment in the nature of a substitute that will include the following: a program to be developed cooperatively by the Office of Federal Procurement Policy and the Office of Personnel Management under which federal employees are to be detailed to private-sector firms pursuant to the Government-Industry Exchange Program, a clarification that options for extension of contract performance are only exercised within existing limits in law or regulation governing overall contract duration, a provision for the collection of data on performance-based contracting for services and a sunset for such contracting after 10 years, a provision that services would be considered a commercial item if they are offered and sold competitively in substantial quantities in the commercial marketplace. The substitute

also limits domestic source restrictions in the Buy American Act and the Trade Agreements Act on commercial information technology and eliminates a provision that allowed for electronic transmission of certain bi-monthly payments.

The federal government faces historic challenges. At the same time it sits on the brink of unprecedented opportunity. We need to develop new methods to harness the magic of our dynamic private marketplace to meet the needs of the American people. SARA will do just that.