

**GOVEXEC.COM****PAY AND BENEFITS WATCH**  
**March 15, 2007****Raising Expectations****By Karen Rutzick**  
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Pay for performance and market-based pay for government workers came into vogue in part because of their use at the Government Accountability Office.

David M. Walker, the chief of GAO, has made federal human capital reform, as he calls it, a focus of his tenure, and has led by example. Many managers across government looked on as Walker began to pay GAO staff according to what similar private sector employees were paid and according to their job performance.

But now, the archetype is being questioned. First, a group of GAO employees began a campaign to form a union, with a vote planned in the coming months. And last week, GAO's system was scrutinized before Congress.

Curtis Copeland, head of executive branch operations in the government and finance division of the Congressional Research Service, testified about the GAO system before a House Oversight and Government Reform subcommittee on March 8.

Copeland, who worked at GAO for 23 years until moving to CRS in 2004, addressed why 308 GAO analysts, out of about 1,800 in the new system, received no pay raise last year even though they had satisfactory performance ratings.

The primary reason for their flat pay was a study conducted by the Watson Wyatt Worldwide consulting firm that compared GAO salaries to those for comparable private sector jobs. Watson Wyatt found that some employees already were paid more than the maximum market rate.

In September, nine congressmen sent a letter to Walker expressing disappointment with his decision not to give everyone at least a small pay increase.

In his testimony last week, Copeland noted that on seven different occasions, Walker had publicly promised that all employees with satisfactory performance ratings would receive raises. Among them was the GAO chief's testimony at a July 2003 House hearing in which he said, "I have made it clear that, as long as employees are performing at the 'meets expectation' level or better, then they will be protected against inflation."

According to Copeland, GAO officials explained in response to previous congressional questions that Walker's statements were "accurate at the time ... [but] there have been significant subsequent events that have altered the comptroller general's views on whether and when employees should receive pay raises."

Watson Wyatt concluded that for some of the GAO analysts, their peers in the private sector were making at most \$101,600 while they were earning around \$110,000.

That may be a compelling argument for freezing some employees' pay. And whether Walker went back on his word is almost irrelevant. The more central point is that in pay for performance and market-

sensitive pay systems, agency officials' word is all an employee has.

At a September 2006 hearing, Deputy Defense Secretary Gordon England assured Sen. Susan Collins, R-Maine, that the National Security Personnel System would not result in lower pay for employees.

"So Secretary England, just to close out this issue for the federal employees who are watching today or who may read about this hearing, there's no intention on the part of the department to spend less on overall pay under NSPS than under the old system?" Collins asked. "That's not a goal of the system?"

"It's not a goal," England said. "Employees can feel very confident that under NSPS there's a defined pot of money for employee raises and for pay for performance."

In the Defense Department's new system, as with its archetype at the GAO, employees will have to take their leaders at their word.

*This document is located at <http://www.govexec.com/dailyfed/0307/031507pb.htm>*

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