

**STATEMENT OF CHAIRMAN DANNY K. DAVIS  
AT THE SUBCOMMITTEE ON FEDERAL WORKFORCE  
AND POSTAL SERVICE, AND THE DISTRICT OF COLUMBIA  
HEARING ON**

**GAO PERSONNEL REFORM: DOES IT MEET EXPECTATIONS?**

**May 22, 2007**

Good morning. Chairman Akaka and Ranking Member Voinovich, Ranking Member Marchant and I welcome you and your colleagues to the House and this joint hearing on GAO's personnel reforms. The Subcommittees thank the witnesses, some of whom have traveled here from out-of-town at their own expense, to participate in today's hearing.

This is an important hearing. It is important because GAO historically been viewed by the Congress and the federal community as a model agency in the area of personnel reform. It was against this back drop that GAO was granted broad authority, with the passage of the Human Capital Reform Act of 2004 (Human Capital II), to implement a new personnel management system.

GAO gained its new personnel authority during a period when other major executive branch agencies were also receiving authorization to undertake major personnel reform. Two of those agencies, the Department of Homeland Security and the Department of Defense, have since been mired in court challenges brought by employee organizations that have questioned both the legality and fairness of the new personnel rules and procedures that have been implemented. We have also seen efforts undertaken within Congress to address the problems that have been identified.

The situation that has unfolded at GAO is of particular concern to me, as well as many of my colleagues, because it involves a legislative branch agency. It is close to home. It involves the agency we rely on to ensure all the others do right. That is why for the last 15 months, the Subcommittees have been researching, and now investigating, GAO's implementation of Human Capital II. What we have uncovered provides the basis for some very considerable concerns.

The Comptroller General has testified on numerous occasions, that the new personnel systems being launched across the government must be "modern, effective, credible, and as appropriate, validated performance management systems in place with adequate safeguards, including reasonable transparency and appropriate accountability mechanisms, to ensure fairness and prevent politicization and abuse." I agree with him on that point. That is part of what my colleagues and I want, but there is more. GAO also recommended that any new performance management systems developed contain: meaningful distinctions in individual employee performance; involve employees and stakeholders in designing the system; have employee buy in; and achieve consistency, equity and nondiscrimination. Here again, I agree. These are the standards, the prism through which new personnel systems must be evaluated and judged. However, when

applying them to GAO itself, our staffs have uncovered a record of noncompliance that is troubling and that warranted the extraordinary joint hearing that we are conducting today.

Beginning in November of 2005, increasing numbers of GAO employees began calling our Subcommittees about GAO's new personnel system. By February 2006, GAO employees were complaining that the Comptroller General had not kept his promise to Congress and had denied annual across the board increases to employees who met and even exceeded their performance expectations.

GAO's management responded that these were just a few disgruntled employees or employees having difficulty adjusting to change. The key question for the Subcommittee was whether the concerns raised had merit? These employees were not represented by a union and their concerns were not being addressed by GAO so they came to the place they viewed as their last hope, Congress.

As much as I, other Members, congressional staff, the federal community, and the public hold GAO in high esteem, it must be subject to the same level of oversight and accountability as other federal agencies. GAO's helps Congress hold other agencies accountable for their actions. The only body that can hold GAO accountable for its actions is Congress.

As it pertains to employees claims that the Comptroller General did not keep his commitment to Congress, Subcommittee staff searched the congressional record and reviewed House and Senate testimony of the Comptroller General delivered in 2003 in connection with Human Capital II. Staff also reviewed House and Senate committee reports, GAO's Employee Advisory Council 2003 testimony, GAO's own annual reports, Member statements, and asked the Congressional Research Service to examine the issue. The record reflects that the Comptroller General told Congress that GAO employees would receive an annual across the board increase unless they were performing poorly, or the agency was experiencing severe budgetary constraints.

In March 2006, in response to questions submitted by Rep. Hoyer at a GAO appropriations hearing on this issue, the Comptroller General acknowledges his commitment but said that his views changed as a result of a Watson Wyatt compensation based study that lead to a split in Band II and the finding that some, 308 were being overpaid. The employees, on the other hand, said that they were never involved in the Watson Wyatt study process, and were not provided any of the documentation to support the claim that they were overpaid.

The Subcommittee determined that the concept of splitting Band II arose with the results of a job questionnaire administered to GAO employees by Personnel Decisions Research Institute (PDRI) in 2000. Furthermore, in its 2004 contract with Watson Wyatt, GAO requested compensation ranges not for the three bands that existed at GAO at the time, but for four pay bands: Band I, Band IIA, Band IIB, and Band III. The fact is the idea of splitting Band II predated the Watson Wyatt study by approximately four years and that Watson Wyatt provided compensation ranges that reflected a split in Band II because that was what GAO asked them to do.

The Subcommittee also found that the job descriptions that were used to survey jobs for the compensation study was written by GAO and vetted by approximately 30 senior level managing directors and three members of GAO's Employee Advisory Council (EAC). The senior level managers also validated the job matches that Watson Wyatt proposed for the compensation study. The fact is that the analysts employed at

GAO that were affected by this process were not substantively involved. The employees were advised and kept up-to-date as to what was transpiring but they had no real input.

The Subcommittee, like GAO employees, has had difficulty getting information on GAO's restructuring and the Watson Wyatt study. In early 2005, the Subcommittee was initially provided one set of Watson Wyatt slides that outlined its compensation study for GAO. However, it was not until I, as Chairman of the Subcommittee, demanded that GAO provide all documentation and communications pertaining to the Watson Wyatt study that the materials requested were received.

Members of Washington, D.C. delegation and Members who support the federal community, each year fight for "pay parity" for federal employees. We fight for federal employees to receive an annual across the board increase. It is of great concern that GAO never consulted with Congress, either before, or after, it denied GAO employees, who met expectations, their cost of living increase. According to the CG's testimony, many of these employees will continue to be denied the annual across the board increase until he leaves office in 2013.

The CG's reasons for breaking his commitment to Congress hinge on the Watson Wyatt compensation study and the notion that some GAO employees are overpaid. But even Watson Wyatt has said that they present the data, they do not make policy decisions as to who is, and who is not, overpaid. That decision is made by the client. The content and quality of the study is important to our understanding of what transpired at GAO and why. We will thoroughly examine it during this hearing.

At the request of the Comptroller General, a member of GAO's EAC was invited to testify at today's hearing. EAC declined the invitation but asked that the Subcommittee submit their December 2006 letter to Members of Congress for the record. The letter was in response to a bipartisan and bicameral request by congressional staff that the EAC report directly to Congress on employee concerns. A supermajority of the EAC voted and approved the issuance of the letter. The Comptroller General has requested that his response to the EAC letter also be included in the record. Without objection, both letters will be included. It is so ordered.

Blacks in Government (BIG), which is represented on the EAC, informed me of their concerns regarding disparate performance ratings between African Americans and Caucasians at GAO. Employee ratings were central to who was, and was not, promoted to a Band II B. Blacks in Government urged the Comptroller General, in 2004, to study the issue and not to go through with the restructuring until the disparity between African Americans and Caucasians at GAO was better understood. While I commend the Comptroller General for recently acknowledging the disparity in ratings and taking steps to commission a study on the issue, it would appear that African Americans at GAO have been harmed by the restructuring and this brings into question the fairness and credibility of GAO's performance management system.

Based on meetings with members of GAO's Executive Committee, I understand that the EAC can survey GAO employees as long as it informs GAO management that it intends to do so. I am requesting that the EAC survey all GAO employees on the Band II restructuring and the Watson Wyatt study and that it consult with the Subcommittees in the development of the survey.

Last year, in a meeting with congressional staff, an EAC member was asked if she was so unhappy at GAO why not leave. The EAC member responded that she had been

working for GAO for over 10 years and that her job at GAO helped Members and influenced public policy. That is why she stayed – out of her dedication to public service, which outweighed her concern about being treated fairly at GAO.

Last night, GAO provided the Subcommittee with documentation they received from Watson Wyatt on May 11, 2006, regarding the compensation study. This document is substantive in that it included the data that was used for the analyst and certain other jobs. This data was different from data provided earlier. However, these new documents do not alter the Subcommittee views on the reliability of the survey. If anything, it draws into further question the record keeping and documentation of the entire process. It appears that a hearing is needed that focuses specifically on how compensation studies are executed and documented.

My hope is, that at the end of this hearing, GAO will take steps to regain its credibility by honoring its commitments, obeying the law, and addressing employee concerns.