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N E W S R E L E A S E

Congress Refuses to Reward Federal Employees

Omnibus Appropriations Bill is Missing the Human Capital Performance Fund

FOR IMMEDIATE RELEASE
January 19, 2004

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ARLINGTON, Va. – When the Senate reconvenes tomorrow to consider the Consolidated Appropriations Bill, missing from its Treasury-Transportation component will be President Bush's Human Capital Performance Fund.

"Congress has stripped away one of the most transformational reforms to the federal pay system in modern history," Carl DeMaio, president of The Performance Institute, said today. "The federal government is facing a serious human capital crisis, and the Fund was a legitimate attempt at providing agencies with a tool to address the problem head-on. The most talented managers are fleeing the government for jobs with private-sector companies that know how to motivate and retain their employees."

"The government is competing for employees on the same playing field as the private sector. It's the same game, but we're playing by a different set of rules – and we're losing."

Independent studies have estimated that half of the federal government's civilian employees are currently able to retire, or will be eligible to do so over the next few years. Without the flexibility to reward their hard-working employees, government managers will be confronted with the loss of even more of their experienced and talented workers.

The Human Capital Performance Fund was the first step toward government-wide implementation of a performance-based pay system – a system that would force agencies to integrate an efficient performance management system into their human capital plans. Such a step would improve the results generated by government programs by generating better job performance from each employee.

"Federal employees are always talking about *the* pay raise," DeMaio said. "With this, they'd be talking about *their* pay raise."

Originally proposed by the President at $500 million, the Fund was eventually written into the FY04 Treasury-Transportation Appropriations bill. It was slashed to $2.5 million during House conference committee negotiations and was subsequently eliminated altogether in the Senate conference committee.

"It's surprising that the AFGE and the NTEU are fighting these reforms, because these changes will benefit employees," DeMaio said. "Money is being kept out of employees' pockets."

The Performance Institute is a private think tank seeking to improve government performance through the principles of competition, accountability, performance and transparency. The Institute serves as the nation's leading authority and repository on performance-based management practices for government. Its mission is to identify, study and disseminate the leading management innovations pioneered by "best-in-class" organizations.

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