



Highlights of [GAO-07-872T](#), a testimony before Congressional Subcommittees

Why GAO Prepared This Statement

The subcommittees asked the Comptroller General of the United States to discuss recent human capital reform efforts at the U.S. Government Accountability Office (GAO). In 2004, GAO conducted its first ever market-based compensation study after laying the necessary foundation by implementing a modern, competency-based performance management system. GAO hired a top compensation consulting firm on a competitive basis to conduct a market-based pay study using generally accepted approaches and based on independent and professional judgment. As a result of the study, the 2006 pay ranges for about 25 percent of GAO's employees were raised and about 10 percent of GAO's employees were determined to be paid above market levels based on their roles, responsibilities, and/or relative performance. No GAO employee has had his or her pay cut as a result of GAO's classification and compensation changes. Still, GAO's approach to market-based pay and related Band II restructuring efforts, which were very challenging and likely unprecedented in government, have been the source of considerable attention and some controversy.

www.gao.gov/cgi-bin/getrpt?GAO-07-872T.

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UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

Status of GAO's Human Capital Transformation Efforts

GAO seeks to assist the Congress in improving the economy, efficiency, effectiveness, ethics, and equity within the federal government. The Comptroller General considers these important principles in connection with all of his decision making relating to GAO. Furthermore, because GAO audits, investigates, and evaluates others, it seeks to "lead by example" in every major management area, including the human capital area. GAO fully appreciates that it is not perfect and never will be, but it strives to do what is right and to continuously improve.

While GAO's transformational human capital changes have required some difficult adjustments, they, along with other key reforms, have helped GAO to achieve record results for the Congress. Furthermore, GAO has continued to achieve very positive results with its key people measures. For example, on the basis of the results of GAO's latest employee feedback survey, which was conducted after its classification and compensation changes and Band II restructuring effort, GAO was ranked number 2 among large federal employers in the most recent "Best Places to Work in the Federal Government" rankings.

GAO is possibly the first major agency to implement broad banding, market-based pay, and skills-, knowledge-, and performance-oriented pay systems on an agencywide basis. This is a major accomplishment, and GAO's reforms have been the subject of many positive case studies and articles by various external parties on how to achieve tough transformation changes within the federal government.

Nonetheless, the Comptroller General regrets that there were certain expectation and communication gaps that occurred in connection with GAO's initial implementation of market-based pay ranges and related across-the-board pay adjustments in 2006. GAO has, however, taken numerous steps to address this matter over the past year so that any such gaps should no longer exist. Furthermore, the Comptroller General believes that all of GAO's actions have been fully consistent with the law and principles of economy, efficiency, effectiveness, ethics, and equity.

GAO has taken steps in the past year to provide additional opportunities for pay increases to many employees. In addition, GAO will soon submit legislation that will seek to enhance the pay and pension provisions applicable to its employees.