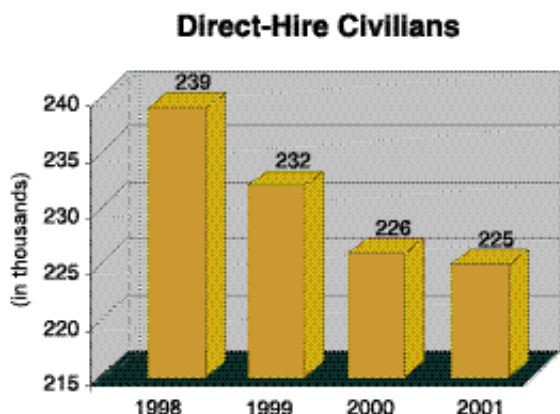




## Department of the Army Civilians: A "Crisis in Human Capital"

Since 1989, the Army has reduced its civilian strength by 42 percent, while the average age of Army civilians has increased from 43 in Fiscal Year (FY) 1989 to 48 in FY 2000.

During the downsizing in the 1990s, virtually all college recruitment, internships, cooperative education, etc., were dramatically curtailed or halted, thereby adversely affecting retention of existing civilian staff. As a result, there has been a sharp decrease in the number of employees under the age of 30, from 17 percent in 1989 to 6 percent in 2000. With little or no infusion of "new blood" in the recent past, the civilian workforce has been aging in place.



At the same time, those same civilians have fallen victim to a major inequity—a huge pay gap between their earnings and those of their private-sector counterparts. It is estimated that the pay gap ranges from 22 to an overwhelming 32 percent. In fact, within the FY 2002 budget resolution was the observation that civil-service employees are now paid on average 32 percent less (calculated according to base pay rates) than their private-sector equivalents. While critics argue that such a large gap does not exist, the Office of Management

and Budget (OMB) has "never proposed an alternative to the locality pay process—designed to close the pay gap—that [was] negotiated with officials who served in the administration of Bush's father."\*

The 1990 Federal Employees Pay Comparability Act (FEPCA)—designed to close the gap between government and private-sector pay to within 5 percent by 2002—has been ignored, postponed and basically overruled, at the expense of Army and other government civilian salaries. Since FEPCA was enacted, federal employees have only once—in 1994—received the full raise to which they were entitled.

The result: an employee retention problem—a "crisis in human capital"—that affects the entire federal government. And nowhere is that crisis more evident than within the ranks of Department of the Army civilians.

The need for strong civilian personnel programs has increased with the advancement of technology. Army civilians have assumed managerial positions traditionally assigned to military personnel. They comprise much of the Army's sustaining base, performing complex functions in critical fields such as contracting, logistics, research and development, and health care. On many installations, Army civilians perform functions that are directly related to readiness and quality of life for soldiers and their families.

The federal civilian pay gap is an Army-wide (and government-wide) employee retention issue that cannot wait for the next budget. **The administration, Congress and OMB urgently need to move to close the pay comparability gap between Department of the Army civilians and the private sector by 2006!**

\* Stephen Barr, "Federal Diary: Hoyer Outlines Case for Parity in Military-Civilian Pay Raises," *The Washington Post*, February 27, 2001, p. B02.

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## **Key Points**

- n After more than a decade of downsizing, the Army civilian workforce is aging rapidly and in need of more employees under 30.
- n Approximately half of the civilian workforce is eligible for retirement by 2005.
- n The pay gap between government civilian workers and their private-sector counterparts is estimated around 32 percent.
- n The downsizing of the workforce coupled with the pay gap has adversely affected the recruitment and retention of civilian workers.
- n Without a strong civilian sustaining base, the Army is at risk of being unable to fully accomplish its mission.
- n Through annual increases and appropriate legislation, the civilian pay gap must be eliminated by 2006.