
Defense Report

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The Civil Service Reform Act — A Good Idea Gone Astray

One of the first activities of the Carter Administration was to promote legislation that would improve the management of the federal civilian work force. Congress passed the Civil Service Reform Act in 1978 with the hope that the newly created Senior Executive Service (SES) would attract top management talent to federal employment by rewarding excellence and linking pay to performance. The program was also attractive to middle managers already employed by the government who had a choice of opting for the new system at the expense of some of the traditional civil service guarantees. In the Army's civilian work force, 98 percent of the executives chose to convert to the SES.

But the promise of the 1978 legislation has never been fulfilled. Just a year later, Congress began the now-regular practice of "capping" federal executive pay so that no civil servant or senior military officer could earn more than the legislators. The freedom to adjust executive pay to meet responsibility and to recognize outstanding performance has been lost. The reform act also authorized payment of bonuses to up to 50 percent of the occupants of SES positions, but this has since been cut to 25 percent. The Army was initially authorized 178 bonuses a year, but Congress cut that to 89 and the Office of Personnel Management (successor to the Civil Service Commission) later reduced the number to 52, or just 20 percent of the eligible positions.

The Army had hoped to begin paying performance bonuses in fiscal year 1981, but a dispute between the Office of Personnel Management and the Office of the Comptroller General erupted and all any SES member has received is the same pay adjustment granted to all federal civilian employees — a bare cost-of-living allowance. All this renegeing has brought about a serious SES retention and recruitment problem for the Army. In 1980, 20 percent of the Army's SES employees retired, compared to just six percent in 1979. Of the 55 SES vacancies in the Army's civilian ranks 40 are in engineering or scientific fields for which recruitment is extremely difficult.

Quite understandably, pressure is growing to abandon the reform act and return to the older, more stable civil service system. An excellent vehicle for better management has been washed away.