



G A O

Accountability • Integrity • Reliability

United States Government Accountability Office  
Washington, DC 20548

Comptroller General  
of the United States

March 21, 2007

The Honorable Danny K. Davis  
Chairman, Subcommittee on Federal Workforce,  
Postal Service and the District of Columbia  
Committee on Oversight and Government Reform  
House of Representatives

Dear Mr. Chairman:

Thank you for your letter of March 16, 2007. As you properly point out, I actively sought and achieved enactment of the GAO Human Capital Reform Act of 2004 (Pub. L. 108-271). That Act was designed to facilitate GAO's effort to move to a more market-based, skills, knowledge and performance oriented pay system.

While the Act did not require me to undertake a market-based compensation study, I concluded that such a study would be the best and most effective means to ensure that GAO's pay practices were competitive so that the agency could attract and retain top talent. I also felt that such an independent study would enable me to more effectively consider the factors listed in section 3 of the Act, including, among others, providing for equal pay for work of equal value, and considering existing pay disparities and pay rates in markets where GAO has employees.

Based on the results of the Watson-Wyatt competitive pay study, our constrained budget, and the section 3 factors that I am required to consider, I determined that providing the annual pay adjustment to employees who were paid above market levels would not be appropriate from a policy perspective and would not be consistent with the full range of statutory factors under the 2004 Act. Importantly, such persons were eligible for certain performance based compensation even though they were paid above market.

Although I am confident that my decision on this matter was fully consistent with the law, I regret that some unfortunate and unintended gaps in expectations occurred in connection with the 2006 annual adjustment. I would note, however, that we have engaged in an extensive internal and external communication effort, including with Congress, over the past year in regard to this matter. Therefore, such a gap in expectations and communications should not exist in connection with our recent 2007 pay adjustments.

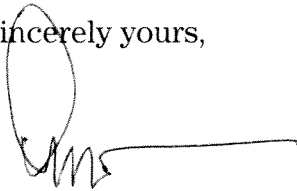
With regard to the Watson-Wyatt study, I did not make the statement you reference from the recent Federal Times article. More importantly, we intend to expeditiously

respond to your request for information related to the Watson-Wyatt competitive compensation study. While GAO's Executive Committee has been told that certain information Watson-Wyatt used in its work could not be released because it was proprietary, copyrighted, or otherwise protected, I have asked my Office of General Counsel to review all Watson-Wyatt documentation that we have and to provide it to you and to CRS within the timeframe that you specified. We will, however, be sure to identify any restrictions on redistribution or public dissemination (*e.g.*, information protected by copyright or the Privacy Act).

Finally, we will provide you under separate cover our responses to the questions CRS had previously raised, including those involving matters pending before our Personnel Appeals Board (PAB). The related PAB case has proceeded to a point where it is now possible to answer such questions.

I trust that this fully responds to your letter. Should you have any questions or concerns, I would be happy to discuss them with you at your earliest convenience.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'D. Walker', with a long horizontal line extending to the right.

David M. Walker  
Comptroller General  
of the United States