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S.552--THE FEDERAL EMPLOYEE COMPENSATION EQUITY ACT OF 1987

Statement of
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Before the
Subcommittee on Federal Services,
Post Office and Civil Service
Governmental Affairs Committee
United States Senate

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the proposed federal pay equity study called for in S.552. We have issued several reports in recent years concerning the issue of pay equity or federal pay and classification systems. One of these reports, Options for Conducting a Pay Equity Study of Federal Pay and Classification Systems (GAO/GGD-85-37, Mar. 1, 1985), served as a basis of the legislation currently under consideration. Therefore, I would like to discuss the proposed legislation in light of the information provided in that report as well as other recent studies we have conducted in this area.

Let me begin by saying that, while we take no position on the desirability of a federal pay equity study, we believe S.552 reflects many of the suggestions made in our Options report as to how such a study could be constructed. For example, in that report we compared two potential approaches which could be used to study the pay equity issue in the federal workforce--economic analysis and job content analysis--and suggested that a combination of the two approaches may be the best study method. Therefore, we believe the bill's prescription to utilize both job evaluation and economic analysis techniques is proper.

We also believe that the bill's designation of a Commission on Compensation Equity to oversee the proposed study is generally consistent with our conclusion that a steering committee is needed to resolve policy issues and provide overall direction to the conduct of the study. The experiences of states in conducting pay equity studies indicate that such steering committees can facilitate the objectivity needed in this type of analysis and should represent a broad spectrum of individuals with differing views on the pay equity issue. For a study at the federal level, members could include experts from the fields of equal employment opportunity, compensation, classification, and economics as well as representatives from Congress, women's groups, employee organizations, the private sector, and the Office of Personnel Management (OPM).

The bill does not, however, mandate that Commission membership be diverse. Except for three labor union representatives which are to be appointed by the Director of OPM, the proposed legislation is generally silent with regard to the backgrounds of the other Commission members. It does state that members shall not be Members of Congress and shall, to the maximum extent practicable, be chosen from among persons who have extensive knowledge and technical expertise in the major areas of the Commission's consideration and study (Section 6[a][2]).

Another suggestion in our <u>Options</u> report was that the steering committee call upon technical experts from a variety of fields for assistance in resolving technical and policy issues which may arise in the conduct of the study. The bill does not specifically create such a group of experts, but neither is the Commission precluded from forming such a group.

The study called for in S.552 would analyze the classification, grading, and pay setting processes "within and between" the white-collar General Schedule (GS) and the blue-collar Federal Wage System (FWS) to determine whether "distinction(s) between rates of basic pay for Federal jobs in executive agencies of the United States Government reflect substantial differences in the duties, difficulty, responsibility, and qualification requirements of the work performed..." The GS and FWS systems cover 83 percent of federal civilian employees outside the Postal Service. We believe it is reasonable to focus on these two systems rather than trying to include all of the 60 or more federal pay systems within the study. In this manner, the scope of the study will be significantly reduced, and, at the same time, cover a large proportion of the federal workforce.

A study focusing on jobs <u>within</u> each of the two pay systems could be accomplished by utilizing one of the existing job evaluation techniques for all jobs within that system, provided

that the jobs being studied are properly analyzed and described, standards accurately reflect those descriptions, and the evaluation technique used is properly designed, weighted, and implemented. For example, in the GS system, the Factor Evaluation System (FES), used to evaluate about 34 percent of GS employees' jobs, could be used to evaluate all GS occupations included in the study.

The GS and FWS pay systems use different job evaluation methodologies and have different grade structures. A study of pay equity between the GS and FWS systems would require the development of a single job evaluation technique that could be used for both systems. This should not be a major technical impediment to the study, as such single evaluation systems can be developed and are prevalent in state personnel systems. In a recent survey we conducted at the request of Senators Cranston and Evans, 46 of the 48 states we contacted said they use job evaluation to set pay for their classified jobs, and 34 of those 46 states use only one evaluation system for all classified jobs (Pay Equity: Status of State Activities, GAO/GGD-86-141BR, Sept. 19, 1986). The development of a coordinated job evaluation and ranking system for all federal civilian positions was one of the objectives of the Job Evaluation Policy Act of 1970 (Public Law No. 91-216, 84 Stat. 72, Mar. 17, 1970), but that goal was never realized.

The type of evaluation system used to assign job worth is only one of several policy issues which will have to be resolved by the Commission. Another is the designation of the particular jobs which will be the object of the study. Section 4(a)(1) of S.552 states that the study should focus on positions "in which either sex is numerically predominant or any race or ethnic group is disproportionately represented." The degree of numerical predominance or disproportionality for inclusion in the study is not further specified. A number of state pay equity studies have considered jobs which have at least 70 percent male or female employees to be sex segregated. As we pointed out in our Options report, OPM Federal Civilian Workforce statistics indicate that, of the 885 GS and FWS occupational series, 735 (83 percent) are at least 70 percent male or female dominated. (Of the 735, 658 are male dominated and 77 are female dominated.) Thus, virtually all of the GS and FWS occupations would be included in a study using the 70 percent level as its measure of sex segregation. Using a 90-percent measure, the number of occupational series included would fall to 481 or 54 percent of all GS and FWS occupations (455 male dominated and 26 female dominated).

Few state pay equity studies have addressed the issue of race or ethnic group-based pay equity, so no clear definition exists as to what constitutes disproportionate representation of these groups. Using the 70 or 90 percent standards to identify occupational series in the federal government in which racial and

ethnic groups are overrepresented would result in almost no occupations being included in the study, so some other measure should be developed to identify those series. For example, OPM statistics indicate that, in 1984, blacks comprised 14.7 percent of the federal civilian white collar workforce. If a 30 percent proportion in a series were chosen as the measure of overrepresentation, 40 of the 885 occupations in the GS system would be included in the study. Setting the cut-off point at 20 percent would result in 105 occupations being included.

The bill requires that the study be completed and a report transmitted to the appropriate committees of Congress no later than 18 months after the effective date of the legislation. This, again, is consistent with the views of experts we spoke with in preparing our Options report. They said that studies taking longer than this amount of time could result in job documentations being out of date before completion of the study. The ability of the Commission to meet this deadline will depend, at least to some extent, on the resources available (i.e., having large enough staff available to perform tasks such as job analyses and evaluations) and the resolution of relevant policy issues as soon as possible.

Section 5(e) of S.552 says that the consultant's study and any findings, conclusions, recommendations, or comments by the consultant or the Commission will be advisory only. This, we

understand, is to preclude any effort to require that the study results be implemented. As we pointed out in a July 29, 1986, letter to Senators Cranston and Evans (B-217675), federal case law indicates employers are not required to implement any changes a study suggests, as this would create a disincentive to employers to conduct such studies at all (AFSCME v. State of Washington, 770 F.2d 1401 [9th Cir. 1985]; American Nurses Ass'n v. State of Illinois, 606 F. Supp. 1313 [N.D. Ill. 1985], rev'd, 783 F.2d 716 [7th Cir. 1986]). We also noted in that letter that the Supreme Court has held that employees are not entitled to backpay for a period of wrongful classification (United States v. Testan, 424 U.S. 352, 398-405 [1976]).

A study of the sort contemplated by S.552 could address classification and compensation concerns apart from the issue of pay equity. OPM and other agencies have expressed concerns on several occasions about the accuracy of position classifications and the assignment of grade levels based on those classifications. There are also related concerns about the age of the classification standards, as many of the standards are over 15 years old and the occupational studies and position descriptions may be out of date. OPM has issued virtually no new standards in over four years. Thus, the study could provide valuable information about the accuracy of a significant portion of the federal classification system.

Finally, allow me to reiterate a concern expressed in our *Options* report. While we stand ready to serve the interests of Congress on this matter, there is a question as to whether we could best serve those interests as a study participant or as an independent reviewer of study design, progress, and results. As described in the proposed legislation, we do not believe the role assigned the Comptroller General to provide, along with the Office of Technology Assessment and the National Academy of Sciences, a list of consultants appropriate to conduct the study would impinge on our role as an independent reviewer. However, to set the amount to be made available from OPM's budget to pay the expenses of the Commission would involve our Office in an administrative process which we believe would be inconsistent with the concept of independence and objectivity implicit in any review by our Office of the activities of the Commission. Accordingly, we urge that the reference to the Comptroller General in section 11 be deleted.

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That concludes my prepared statement, Mr. Chairman. I would be glad to answer any questions you may have.