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### Congresswoman Jo Ann Davis Chairwoman, Subcommittee on Civil Service and Agency Organization Government Reform Business Meeting February 26, 2004

Mr. Chairman, thank you for the opportunity to discuss the Civil Service and Agency Organization's budget views and estimates. The Subcommittee has mission jurisdiction over the Federal Labor Relations Authority, Federal Retirement Thrift Investment Board, Merit Systems Protection Board, National Aeronautics and Space Administration, Office of Government Ethics, Office of Personnel Management, and Office of Special Counsel. The subcommittee also has oversight jurisdiction on all matters relating to organization of the executive branch.

The Subcommittee shares the Administration's goals for strategic management of human capital across the federal government. We continue to monitor and work with agencies and departments that seek to move from the rigid framework of existing civil service law to a system that rewards performance and gives managers the tools they need to manage.

The major budget item concerning civil service this year the proposed Human Capital Performance Fund, which would reward top-performing employees with bonuses. This fund would supplement, rather than alter, the current General Schedule pay system. The President's budget includes \$300 million for this fund. Last year, the President's budget proposed \$500 million for the fund, but Congress decided to allocate only the \$1 million the program. The subcommittee supports the Office of Personnel Management's efforts to improve performance and accountability of both managers and employees and will continue to work with OPM on this proposal.

Other major civil service items in the budget:

- Funding for some of the President's six e-Government projects, designed to use technology to streamline and improve government performance.
- A proposal that the United States Patent & Trademark Office fund the full cost for retirement pay for Civil Service Retirement System (CSRS), as well as fund the accruing costs associated with post-retirement life insurance and health benefits for all PTO employees. This is part of the Administration's efforts to better account for future retirement costs.
- The continuing efforts to coordinate the Medicare and Federal Employees Health Benefits programs, which jointly finance health insurance for about 2 million federal annuitants.