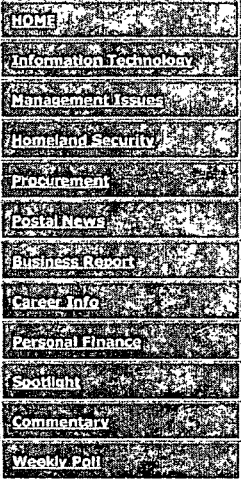


2 Mar 05

Mr Bunn,

I am Federally Employed and
Our agency is getting ready to
start the pay banning program.
I found this article and it
explains the same concerns that
I have regarding pay banning.

Sincerely,
Carey Mayhew



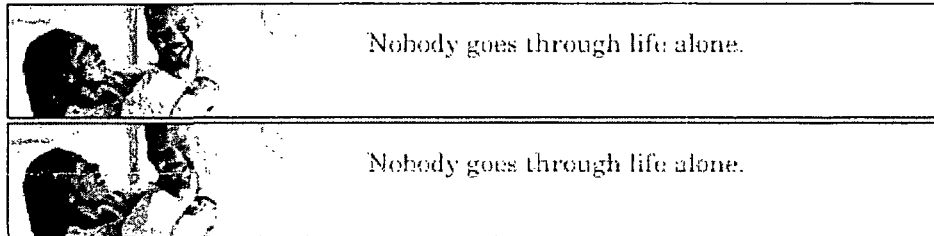
DefenseNews.com

ArmyTimes.com

NavyTimes.com

AirForceTimes.com

MarineTimes.com



December 13, 2004

Pay reform failure: How FAA's bold experiment led to inequity, poor morale

By **TIM KAUFFMAN**

Under the Federal Aviation Administration's reformed pay system, Kenneth Woitaszek earns \$3,000 a year less than a colleague doing the same job in the same location.

Woitaszek, a staff specialist at the Buffalo, N.Y., Automated Flight Service Station, is one of more than 800 employees at the agency who have hit the top of their pay scales and are receiving bonuses in lieu of pay increases. His colleague, however, belongs to a union that negotiated a waiver of that rule. So, Woitaszek says he stands to lose thousands in cumulative raises and pension payments. He figures the inequity will cost him \$5,000 per year over the rest of his life.

When the FAA sought permission in 1996 to step outside the General Schedule, the intent was to pay employees based on their performance and what their jobs are worth in the market.

But that noble goal hasn't worked as advertised because of special exemptions the agency approved that allow some employees to be paid more than their peers based on nothing more than when they entered the system or whether they belong to a union.

The problem FAA is encountering with its performance-based pay system highlights the challenges other agencies could face as they craft new pay plans that reward performance rather than longevity.

Woitaszek, who is 52 and can retire without penalty in three years, says his pay is frozen because the FAA hasn't adjusted its pay scales for the past two years. The FAA says market surveys show its employees are paid well above what they would earn outside government, so there's no need to raise the caps. That's cold comfort to Woitaszek, however, since his colleague keeps earning more each year.

Woitaszek's colleague belongs to the National Association of Air Traffic Specialists, while Woitaszek does not belong to a union. That union negotiated a separate arrangement with the FAA that exempts its members from the pay caps.

"What about the guy right next to me making \$3,000 more, doing the same thing?" Woitaszek asked. "That's the thing that bothers me. I don't think it's fair."

At the heart of the FAA's problems is a question of fairness — a key attribute of any successful pay-for-performance system, according to noted pay consultant Howard Risher.

"The design of the pay-for-performance system is not nearly as important as getting acceptance and buy-in from employees," Risher said. "People, if they think they're being paid fairly, aren't going to be sitting there screaming. It's really the question of fairness and the perception of fairness."

A 1996 law authorizes the FAA to replace Title 5 with new rules governing how employees are paid and managed. The law allowed unions to negotiate terms of how their members would be paid under the new performance-based pay system. The largest unions, chiefly the Professional Airways Systems Specialists and the National Air Traffic Controllers Association, brokered deals ensuring their members always receive annual raises as an addition to their base salaries.

FAA granted the same exemption to more than 1,000 nonunion employees who were at the top of their pay scales when they were converted from the General Schedule pay system to the FAA's new pay bands.

All told, about half of the 38,000 employees paid under the FAA's pay-for-performance system are subject to the pay band caps, and 813 of them are now at the caps. More will reach the caps in future years unless the rules are changed.

"The problem I have is all the exemptions they've given out," said Mark Lash, manager of the FAA's civil aviation registry in Oklahoma City. "More than half are already being exempt by the policy, so why is it applying to us?"

Lash, 52, estimates the FAA's policy will cost him \$491,000 if he retires in three years and lives to be 80. The FAA takes exception with Lash's projections, noting they are based on future pay raises that might not materialize and presume the pay bands won't be increased in the future.

FAA Administrator Marion Blakey acknowledged in a November town hall meeting that many employees are treated differently under the pay system. She said she's committed to crafting a more uniform pay system.

Ventris Gibson, the FAA's assistant administrator for human resources, said the agency will make leveling the playing field part of contract negotiations with unions beginning next year.

"It's our intent to bring some uniformity to how these matters affect the work force," Gibson said. "Making sure we have a system that's perceived as fair to all is critical to us."

It'll be a tough sell to the unions, however. Tom Brantley, president of the Professional Airways Systems Specialists, said he believes the FAA wants to change the rules for the thousands of union employees not subject to the caps rather than allowing the 800 employees who are to earn their full salaries.

"The agency isn't looking at raising the bar for the small group of employees who aren't getting their full pay raises. The agency is looking at lowering the bar for the large group of employees who are," Brantley said. "An arbitrary pay cap that's designed to do nothing but drive wages down, as a union, is something we're not going to agree with."

Risher said the FAA's experience demonstrates what can happen when unions, not the agency, set the ground rules for how performance-based pay systems will work.

"I don't think collective bargaining works if you're making a transition to pay for performance," Risher said. "Certainly unions should have a say in the design of the system, but the basic decision to move to the system is up to agency. You really can't in any way compromise on the decision to move to pay for performance and

expect to move to a viable system.”

Robert Tobias, former president of the National Treasury Employees Union, said collective bargaining isn't the cause of the FAA's problems. Management, not unions, wrote the terms of how the performance-based pay system would be applied to the FAA's employees, Tobias said.

“Management has the flexibility to do what it chooses to do with the non-bargaining unit employees and if it has chosen to perpetuate a discrepancy, that's not a problem with the collective bargaining process,” Tobias said. “That's a problem with how it's managed.”

Tobias, a professor at American University in Washington and director of the Institute for the Study of Public Policy Implementation, said the lesson to Homeland Security, Defense and other departments developing performance-based pay systems is to be mindful of the freedoms they have been given.

“When you have the flexibility, how do you exercise it in a way that ensures that people who perform in the same manner are compensated in the same manner?” he said.