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PILOT ALTERNATIVE PAY SYSTEMS SHOW SUCCESS

Administration details plans to implement government-wide strategic pay system

The performance-based pay systems that cover over 90,000 federal employees have led to improved results and lower turnover rates, officials at the Office of Management and Budget and Office of Personnel Management said in response to a Congressional inquiry.

Over the past 25 years OPM and Federal agencies have made considerable progress in recognizing what works and what does not work when it comes to implementing performance-based pay systems. Under the alternative systems, performance – not time – drives pay, resulting in better results, increased pay satisfaction, and a stronger link between pay and performance than under the GS system. Pay-for-performance programs also led to significantly reduced turnover of outstanding employees.

“25 years of experience with 90,000 federal employees on alternative pay systems tell us pay-for-performance is better than the current system,” OMB Deputy Director for Management Clay Johnson said. “Government-wide pay reform can improve program results and employees’ satisfaction.”

The report also outlined key steps the Administration is contemplating to establish and maintain the strategic compensation system purposed on the Working for America Act. The implementation plan includes who would be responsible for what and when the work must be done.

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