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TESTIMONY

of

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President

SENIOR EXECUTIVES ASSOCIATION

Before the

SENATE HOMELAND SECURITY & GOVERNMENTAL AFFAIRS COMMITTEE,  
SUBCOMMITTEE ON THE OVERSIGHT OF GOVERNMENT MANAGEMENT, THE  
FEDERAL WORKFORCE AND THE DISTRICT OF COLUMBIA

September 26, 2006

Chairman Voinovich, Ranking Member Akaka, and Members of the Subcommittee:

I am Carol Bonosaro, President of the Senior Executives Association (SEA), a professional association that represents the interests of career federal executives in the Senior Executive Service (SES) and those in Senior Level (SL), Scientific and Professional (ST), and equivalent positions. SEA appreciates your invitation to testify before this committee regarding our recent survey on SES pay and performance management.

In its 1987 report, the Twentieth Century Fund Task Force on the Senior Executive Service observed, “The nation could not function effectively without SES executives.” The importance of the SES was emphasized, too, by both National Commissions on the Public Service, in 1988, and again in 1993, when it observed, “No organization in this country is more dependent on qualified senior leadership than the federal government.” Many other reports and studies have also pointed to both the importance and the quality of the career Senior Executive corps.

Given this, it is in the public interest to attract and retain the best corps of Senior Executives possible and to compensate them and manage their performance in as fair and effective a manner as possible.

As you know, prior to adoption of the new SES pay and performance management system, pay compression was severe in the SES corps. Therefore, the Association has had a clear interest in seeing this new system, with its higher pay caps, be successful, and our efforts have been directed to ensuring that the system would be fair and effective and seen as such by the executives subjected to it.

Over the past two years, the Association received complaints regarding the system’s implementation. In several cases, we urged OPM to take corrective action, and in one case, we urged a department to do so. When concerns about the new pay system persisted, we decided to conduct a survey to obtain information from the executives themselves regarding their experience with and views of the new system. Through our partnership with Avue Technologies, we were able to survey 850 respondents (approximately 12 % of the career corps). The respondents’ characteristics closely mirror those of the Senior Executives corps. Especially important is the fact that the salaries of those surveyed almost perfectly mirror those of the entire group of career Senior Executives. Therefore, one cannot argue persuasively that the respondents hold negative views because they have not fared as well as others in the new system. The end result is a survey that sought objective information, as well as opinion, and showed substantial evidence of problems in the implementation of the new system. To put it another way, although the provisions of both the statute and the regulations – with a few clear exceptions – made sense, something has been “lost in translation” as the system has been implemented.

The view of many survey respondents is that agencies’ implementation of the pay system has often resulted in a disconnect between ratings and pay adjustments, imposed systems of arbitrary quotas and failed to be transparent. From all accounts, it appears the system could and must be improved.

While over 96 percent of respondents believe they should be held accountable for performance, 86 percent said the new system had no effect on their performance, and 56 percent said it had no effect on their motivation. Meanwhile, 40 percent saw the system as having a negative effect on morale.

The results of the survey clearly show three major issues that must be addressed: 1) Many Senior Executives believe that de facto quotas are being enforced that are affecting final performance ratings; 2) Senior Executives see no clear, consistent correlation between ratings and pay adjustments or how bonuses are distributed; and 3) Senior Executives doing a good job at the fully successful or higher level often receive no salary adjustment.

Simply put, the Senior Executive Service pay for performance system needs attention. SEA does not believe it is beyond repair. I ask that SEA's survey report and proposed corrective legislation, along with a narrative explaining this legislation, be included in the record of this hearing.

The legislative remedies we propose are common sense solutions. For example, a Senior Executive who receives a rating of fully successful or higher should receive a salary increase sufficient to keep pace with the rest of the civil service. However, 15 percent of respondents with the highest possible ratings at their agencies for 2005 received no increase in salary in 2006.

We also believe that the SES pay system should be reformed to recognize the reality that performance awards are a part of SES pay. These awards should count toward retirement, and our legislative proposal suggests a way to do this.

Another remedy we propose would require that an agency inform an executive of his or her final rating and the reasons for it within a reasonable period of time, namely, 60 days. Seventeen percent of respondents reported not having their rating discussed with them at all last year, while 37 percent received only a cursory discussion.

Our legislative proposals are necessary to correct perhaps the most disturbing findings, which are: (1) with 31 percent of SES currently eligible for retirement, and 90 percent to be eligible over the next ten years, 16 percent of respondents indicated they are accelerating their plans to separate from the government due to the pay system; and (2) 47 percent indicated the new system has had a negative effect on interest in the SES by GS-14s and GS-15s.

Apart from the legislation we recommend, we believe that OPM and the agencies themselves must take steps to examine their practices and correct the problems identified in this report.

This is not an issue of pay. It is an issue of providing a SES system that is guided by the public interest. The successful mission accomplishment of the federal government depends on the expertise and skills of current and future highly qualified and experienced career Senior Executives.

I close with a comment from one of the survey respondents—and I hope you read as many of the 158 comments we provided in the report as you can, because they provide very graphic illustrations of the survey data. A Senior Executive from Justice wrote:

Most all SESers I knew were highly motivated people who did not need the alleged incentives of the new-style PWP [pay with performance] to work hard. Few if any appreciated being in “competition” with their peers for positioning in the pay and bonus rankings. Those of us who got Outstanding got pay increases that were slightly less than the GS ... cost-of-living adjustment. I’d planned to retire 09/05 and the new system made it exquisitely easy to carry thru with that plan. I count being free of such make-work nonsense as one of the most enjoyable parts of being out of a career that I loved otherwise.

Members of the Committee, I thank you for your time and look forward to working with you on the solutions necessary to ensure the Senior Executive pay and performance management system operates fairly and effectively.