

**STATEMENT OF  
THE HONORABLE LINDA M. SPRINGER  
DIRECTOR  
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**before the**

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

**on**

**SENIOR EXECUTIVES:  
LEADING THE WAY IN FEDERAL WORKFORCE REFORMS**

**SEPTEMBER 26, 2006**

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before you today to discuss progress to date on the implementation of a pay-for-performance system for members of the Senior Executive Service (SES). I want to thank you, Senator Voinovich, for the continuing support you and other Members of the Subcommittee have demonstrated for effective performance management. In particular, I appreciate your support for providing the statutory authority for a performance-based system for SES members under the National Defense Authorization Act of 2004.

The Office of Personnel Management (OPM) is playing a pivotal role in ensuring the successful implementation of the pay-for-performance system for the SES. Our role is twofold. First, OPM is committed to providing agencies the assistance they need to

design and implement these systems successfully. Working through published guidance, agency training events, and the everyday efforts of OPM's individual agency human capital officers, we are partnering with agencies on the successful deployment of a performance-based compensation system.

OPM's second role is to oversee the effectiveness of these systems, chiefly through the certification process outlined in the statute. Under the law, agencies must receive performance system certification from OPM before their SES members can be paid above level III of the Executive Schedule. To guide agencies through the process, OPM published detailed regulations with criteria for certification in 2004, and has provided additional guidance as needed since. We scrutinize agency submissions carefully and certification is granted as either a "provisional" or one-year certification or a "full" two-year certification, depending on the extent to which the agency has met the criteria. Certification decisions require the concurrence of the Office of Management and Budget.

We are completing the third year of the certification process, and agencies' data submissions have improved significantly since the first review. In the past, Federal executive performance plans and measures had generally focused more on activity, and less on achievement. Today, well-documented performance plans with measurable goals closely aligned to mission requirements are the norm.

The certification submission package also includes information on ratings, as well as average increases in base salary and performance awards paid. According to the most

recent information received by OPM, progress is being made in this area as well.

Agencies are using multi-level systems effectively and making meaningful distinctions in ratings. We have seen increasing linkage between the general level of executive ratings and indicators of overall organizational performance.

Transformations of this type take time, and agencies are continuing to perfect the required elements of performance plans and measurement. To date, only a few agencies have been approved for full certification. Although it remains a work in progress, we believe that certification is having the desired effect of driving improvement in agency performance management. We are currently preparing guidance for the 2007 certification cycle, highlighting areas of improvement for agencies to address in their upcoming submissions. We anticipate continued progress next year.

Implementation and oversight of the system have been complicated by a gap in the underlying statute. Under the current law, agency certification expires at the end of the calendar year. Most agencies, however, complete their performance payouts from the previous year in January, which delays their certification submission to OPM, often until several months into the calendar year. As a result, most agencies have a gap of time beginning January 1 until their certification submission is submitted and approved where they cannot hire new SES members at a rate higher than the rate for Executive Schedule level III and cannot increase pay for SES members who are already at or above the rate for level III. Agencies have been disadvantaged in their recruitment of senior executives during this time.

Earlier this year, OPM issued regulations to provide some relief. When agencies receive certification of their performance management and pay systems, they may now provide pay increases to SES members impacted during the time when the agency's system was not certified. This is only a partial fix, however, and we ask that this Subcommittee consider the draft legislation we submitted to the Congress on June 2, 2006, eliminating the calendar year basis for certification. We would propose an agency's certification remain in effect for up to 24 months from the date of last certification.

Another limitation inherent in the current statutory framework is the inability of senior-level (SL) and senior scientific and technical personnel (ST) to have access to Executive Schedule level II pay. As a result, these senior leaders are deprived of the incentive of a higher compensation opportunity.

OPM is committed to systems of compensation that reward Federal employees for performance, in contrast to those systems driven by longevity. We steadfastly believe the SES pay system is a good system. We recognize, however, that there may be some inconsistencies with how the new system is being implemented across the Government.

We are reviewing the study released last week by the Senior Executives Association and believe it will help us understand areas where managers may be executing the system improperly. We will address specific issues with the Chief Human Capital Officers Council.

I remain firmly convinced that pay-for-performance is critical to the success of Government and will achieve even greater results as we work to improve its operation both at the Senior Executive Service level and throughout all levels of Government.

Mr. Chairman, thank you again for the opportunity to be here today. I'd be happy to answer any questions you or other Members may have.