



THE UNITED STATES FEDERAL CAREER SENIOR EXECUTIVE SERVICE

ITS PURPOSE, MAJOR FEATURES AND ROLE IN POLICY FORMULATION AND IMPLEMENTATION

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This paper is written to enable readers to understand the purpose, objectives, major features and policy formulation and implementation roles of career senior executives in the federal government of the United States. The paper begins with a brief history of the American civil service, including the origins of the merit system and the establishment of governmental personnel systems covering federal employees. The paper focuses in greater detail on more recent laws and policies creating the federal senior leadership system and the roles, responsibilities and challenges faced by the senior career executives who support their nation and serve the American public working under the direction of the President of the United States and the political appointees in his Administration.

It is important to understand how the career senior executive service is constructed and how it operates, including how the selection and development of executives relates to the merit system, how executives must ensure absolute integrity and provide leadership and continuity in the implementation and administration of federal laws and programs, and how executives carry out the policies of the President and his Administration, but do so in an impartial, lawful, and non-partisan manner that best serves the national interests of the United States and its citizens who depend on the federal government for vital services and support. Achieving these objectives is not without challenge. In this regard, this paper will also look at some of the current major challenges facing career senior executives and the impact these challenges are having on the recruitment and retention of a talented leadership corps and the performance of the federal government.

The Senior Executives Association, of which I am President, was founded in 1980 and is a professional, not-for-profit, organization established to improve the efficiency, effectiveness and productivity of the federal government, advance the professionalism and advocate the interests of career senior executives and enhance public recognition of the many valuable contributions of these executives.

Origins and History of United States Civil Service Law

The United States uses two distinctive systems of jurisprudence: public law and private law. The federal government was established by the United States Constitution of 1789. In the federal government, the constitutional presumption is that the actions of an agency or employee must have their basis in public law. Silence in law is generally a prohibition to act. In contrast, in the private sector, the reverse presumption holds sway. That is, private persons may act as unless there is a law prohibiting their actions.

The context for human resources management in the federal civil service reflects that same distinction. Being a federal employee, i.e., a member of the public service, is not the same as being an employee of a private sector organization. Public service carries obligations that do not apply in the same way outside government. For example, a fundamental concept of public service is to put the public interest above private interest, and public servants have an obligation to support that principle and are held to high standards of conduct. The American public expects its public servants to be competent and trustworthy, and laws established by the United States Congress and administered by the President and his Administration provide consequences, including expulsion from the service, should those expectations not be met.

At the same time, civil service laws that apply to public servants offer them protections from arbitrary treatment and establish a merit system of employment in the federal government. The basic tenet of the federal government merit system is that appointing and promoting civil service employees will be on the basis of merit rather than political affiliation or loyalty and that employees will be treated fairly and equitably in matters of employment. The system of merit in federal employment replaced a “spoils system” (where hiring, pay and promotion were formerly based on political affiliation and cronyism) and was formerly codified in the Pendleton Act of 1883 which established a merit system for a large portion of the federal workforce as well as the United States Civil Service Commission to establish rules the agencies would use to recruit and competitively appoint civil service employees.ⁱ

Civil Service Reform Act of 1978

Nearly a century later, the Civil Service Reform Act of 1978 (CSRA) was enacted. CSRA abolished the Civil Service Commission and transferred and expanded its functions in two new agencies -- the U.S. Office of Personnel Management (OPM) and the U.S. Merit Systems Protection Board (MSPB). OPM became responsible for government-wide human resources policy making and planning as well as monitoring and providing advisory services to agencies to enhance merit-based employment in the federal government. MSPB’s primary functions were to oversee and safeguard the federal government’s merit system and to hear and decide individual employee appeals of employment disputes based on alleged mistreatment or improper actions taken against them by management. Within MSPB, an Office of Special Counsel was given authority to investigate claims of political abuse and other prohibited personnel practices as well as to provide an appeal avenue and protections for “whistleblowers” (i.e., employees who alleges that dishonest, fraudulent, unhealthy or illegal activity is occurring in a government organization).ⁱⁱ

The Senior Executive Service: Major Purposes and Goals

The Senior Executive Service (SES) was also created by the Civil Service Reform Act of 1978 and became effective on July 13, 1979. A major stated purpose of the SES was to “ensure that the executive management of the government of the United States is responsive to the needs, policies, and goals of the nation and otherwise is of the highest quality.” To achieve this purpose, the CSRA gave greater authority to agencies to manage their executive resources and assigned OPM the responsibility for government-wide leadership, direction, and oversight.ⁱⁱⁱ

While there still exist several other executive personnel systems which are substantially equivalent in rank and pay to the SES, such as Senior Level and Senior Professional and Technical positions, they will not be addressed here since the SES is by far the largest and most common government-wide – and is the most important from a public management standpoint.^{iv} As of September 2012, approximately 7,100 career executives were employed in the SES in over 75 different agencies across the United States government.^v The SES is a totally distinct system from the general federal personnel system (i.e., the General Schedule and similar structures) in which the vast majority of the remaining 1.8 million other federal civil servants are employed.

In establishing the SES, the Civil Service Reform Act represented a vision, a coherent system of carefully balanced risks and rewards, with advantages to both the government and career executives. Specifically, the political leadership within the government gained greater flexibility to assign executives where they would be

most effective in accomplishing agencies' missions and where the best use could be made of their talents. Further, the Senior Executive Service was intended to clarify the policy role of the highest-ranking career members of the civil service and to replace their rigid, longevity-based pay system with one that has a significant performance-driven compensation component. In some respects the new SES system was intended to move career executives toward the American private-sector model of a proactive leader with adequate authority and discretion to manage the resources and programs for which they were responsible – while still maintaining responsiveness to the political direction of Presidential Administrations – a difficult and demanding balance.

Under the new SES system, career managers became eligible to be considered for sizable, performance-based cash awards and Presidential recognition based on annual appraisals of executive performance and special accomplishments in their positions. These financial incentives were established in the SES system to enhance individual and organizational productivity by motivating senior career managers to pursue program and policy goals in their agencies more aggressively. The new SES system also allowed career executives to be held more accountable, including being removed from their positions quickly and with limited recourse for poor performance. Thus, career executives under the SES system accepted greater risk in exchange for the possibility of greater rewards.

Key features of the SES System and Roles of the Leaders who Serve in it

Demographic Overview and Types of Positions

At any one time between 7,000 and 8,000 SES employees occupy SES positions across the U.S. government. Career SES employees comprise almost 90% of the government's SES workforce (with non-career SES employees comprising 8.5% and limited appointees comprising 1.5% - see below). Approximately 66% of SES employees are men and 34% are women. The average age of a career SES employee is 54 years.^{vi} On average, over 700 career SES jobs are filled each year, with turnover in SES positions running just over 8% in 2012 – up substantially from 2009 when turnover was just over 5%.^{vii} Major reasons for SES executives leaving their positions are either to retire or accept employment in the private sector of the U.S. economy.

SES positions are highly managerial in nature and are responsible for directing major federal programs in critical functions such as national defense and security, commerce, transportation, public health and safety, energy, environmental protection, and education (see Appendix A for additional details on and examples of SES duties as well as other information on SES employees). While both career and non-career (political) executives are included in the SES, the number of all SES positions allocated to be filled by non-career executives is limited to 10% government-wide, and the actual number of non-career executives employed in any one agency cannot exceed 25% of all SES employed in that agency. Further, some SES positions are designated career-reserved; that is, they can be filled only by career executives. More specifically, there are two types of positions and four types of appointments in the SES:

Types of Positions

Career Reserved positions are those which, as defined in law, are "to ensure impartiality, or public's confidence of impartiality of government." These positions can only be filled by career appointees.

General positions may be filled by any type of SES appointee -- career, noncareer, limited term or limited emergency.

Types of Appointments

Career appointments may be to a General or Career Reserved position; rights of the individual are the same in either case. Incumbents are selected by agency merit staffing process and must have their executive qualifications approved by a Qualifications Review Board (see below) convened by OPM.

Non-career appointments are approved by OPM on a case-by-case basis and the appointment authority reverts to OPM when the non-career appointee leaves the position. Appointments may be made only to General positions.

Limited Term appointment may be made for up to 3 years, is nonrenewable and must be to an SES General position which will expire because of the nature of the work (e.g., special project).

Limited Emergency appointment is also a nonrenewable appointment, may be for up to 18 months, and must be to an SES General position established to meet a bona-fide, unanticipated, urgent need.

The total number of limited appointments may not exceed 5% of SES positions allocated Government-wide. Each agency has a pool equal to 3% of its allocation for making limited appointments of career or career-type employees from outside the SES. OPM must approve use of this type of appointment authority in other cases.

SES positions are centrally allocated to agencies based on demonstrated needs by the U.S. Office of Personnel Management (OPM) – the federal government’s central personnel management agency with responsibility, among other things, for SES system oversight and regulation. Every two years federal agencies are given the opportunity to request position allocations from OPM based on a detailed justification of their executive position needs. OPM closely reviews allocation requests and informs agencies of the number of SES position they may fill. Overall OPM has limited SES position allocations (for both career and non-career) to between 7,000 and 8,000 for many years.

The Role of Career SES Executives in Policy Formulation and Implementation

With creation of the SES, political leaders within the government gained greater flexibility to assign career executives where they would be most effective in accomplishing agencies' missions and where the best use could be made of their talents. Generally, the career executive corps functions extremely well, is comprised of very able, talented and experienced executives who are devoted to public service and whose achievements are substantial. By all accounts the career executive corps has served every Administration with distinction since its creation, but has remained free of the taint of partisanship.

In theory, political appointees develop policy and career executives implement policy. Generally, careerists usually stress continuity and fidelity to traditions, practices, policies and laws, while political appointees come in with short term goals, often requiring substantial agency changes in practices and policies. This “quick strike” mentality of many political appointees sometimes requires careerists to serve as the buffer during wide swings of policy ideas which may not be fully or carefully considered. In practice, however, career executives contribute to the development of policy in a variety of ways, including through the annual budget process, legislation, and agency development of the detailed policies and procedures required to implement federal laws and programs.

The degree to which career executives are involved in policy issues depends on the particular responsibilities of the executive's position, the executive's relationship with the political appointee to whom he or she reports, and the agency or department in which the executive is employed. Also, although career executives are non-partisan and are charged with carrying out Administration policies, there is no doubt that they may exercise influence not only by what they do, but in how they do it.^{viii}

Political appointees expect career executives to also provide support after decisions have been made, and a fine line must be walked in deciding when to express disagreement with an appointee. Career executives weaken

their positions by serving as "yes" persons: on the other hand, by expressing disagreement, they may be viewed as obstructionists. Career executives are also obligated to raise legal requirements and ethical concerns that arise in the revision and implementation of policies and programs – some of which may not be to the liking of their political bosses. All of this involves a delicate balancing act subject to many variables – some of which are outside the career executive's control.

Career executives are also needed to keep the "business" processes of the agency functioning and to timely identify and educate political appointees on sensitive issues and present options for courses of action. Even when the career-political relationship is a good one, the career executive's influence over policy matters may be limited by the greater numbers of political appointees who have been brought into federal agencies and who constitute increased layers between the career executive ranks and the higher echelons of agency leadership.

Thus, there is a broad spectrum of career executive involvement in policy matters, however; their greatest influence derives from their abilities, experience, knowledge and personal savvy - as well as their underlying commitment to public service.

Selection for Career SES Positions

Selection for a career SES position is competitive and based on merit. To be selected, candidates must demonstrate superior technical qualifications as well as general competence in five fundamental core qualifications areas designed to assess executive experience and potential. They are: leading change, leading people, results driven, business acumen, and building coalitions.

Once agency leadership, with the participation of the agency's Executive Resources (ERB), selects an applicant for an SES job, that candidate must be independently certified by a Qualifications Review Board (QRB) managed by OPM. QRBs operate under law to ensure merit-based SES selections and that the above listed executive core qualifications are met. These QRBs (which must be composed of a majority of career Senior Executives) assess qualifications of individual candidates after they are tentatively selected for SES positions by agencies but before they are actually appointed. QRB reviews contribute significantly to appropriate, meritorious selections. Selections for entry into the SES are monitored especially closely following presidential elections to prevent politicization (the selection of political executives or operatives to career positions) during the transition to a new Presidential Administration.

Under law, federal agencies may also establish formal SES candidate development programs. Although agencies are not required to establish them, and candidates for entry to the SES are not required to have completed them, entry into the SES is facilitated for those candidates who do successfully complete such programs (i.e., successful candidates can be selected for SES positions for which they technically qualify without formal competition or QRB review).

New Hire Probationary Period for SES Appointees

Whether hired from inside or outside of government, new SES employees are subjected to a one year probationary period. Probation reduces the risk to the government if a newly hired SES employee performs poorly. If performance is not satisfactory during the one year period the government can return the executive to his or her former position level (typically, the highest grade served in the General Schedule) if they previously worked in the federal government. If the unsatisfactory performer had not previously worked in the government he or she can be removed from federal service.

Performance Management in the SES

The SES system is geared to "pay for performance." Every career SES is required to be formally appraised at least annually based on written performance goals and standards that measure the executive's achievements in his or her position. The performance goals are established by an executive's superiors with input from the executive. The annual appraisal results in a formal written rating ranging from unacceptable to outstanding

that is used as the basis for decisions related to pay, awards, training and/or retention. Further, before executive performance ratings are finalized agencies must establish one or more Performance Review Boards (PRB) to review all proposed SES ratings and make recommendations to the head of the agency on final ratings as well as proposed performance bonuses and pay increases driven by the ratings. More than half of PRB members must be career executives with demonstrated knowledge of and integrity in the process.

Career executives earn bonuses and pay raises for excellent performance. No more than one pay raise can be granted to a career executive in any given year. Pay can also be reduced by up to 10% based on poor performance. The minimum bonus payable is 5% of an executive's basic pay; the maximum is 20%. Under law, performance awards paid to executives in an agency cannot exceed 10% of their aggregate salaries in any given year (this has been lowered to 5% by direction of the current Presidential Administration). In 2011, for example, 68% of career executives in the federal government received bonuses that averaged \$10,889 (non-career executives are not eligible).^{ix} The law also provides for Presidential Rank Awards to recognize exceptional performance of career executives over a period of at least 3 years. Only 5% can receive the Meritorious Rank (for sustained accomplishment), and only 1% can receive the Distinguished Rank (which recognizes sustained extraordinary accomplishment). Meritorious Rank Award winners receive a cash award equal to 20% of their salary and Distinguished Rank Award winners receive 35%. Average SES salary in 2011 was \$166,529 per year.^x Out of 7,088 career executives in 2011, only 54 received the Distinguished Rank Award and 137 received the Meritorious Award.

SES Pay and Leave Administration

There is a ceiling and a floor within which the President sets the Senior Executive Service pay range. While the floor is tied by a formula to pay above the minimum rate for the General Schedule, the ceiling is set by the U.S. Executive pay schedule which contains ranks which set pay for Members of Congress and Presidential Cabinet members, as well as other political appointees. Currently the SES pay minimum is \$119,554 and the pay ceiling maximum is \$179,700. The maximum level has been in place for over three years as Congress and the President have frozen federal employee pay as part of their efforts to reduce the U.S. federal budget deficit. In addition to base pay and the above-mentioned performance bonuses and Rank Awards, agencies also have authority to pay special bonuses (not to exceed 25% of base pay) to facilitate recruiting and retaining critical executive talent. These bonuses must be reviewed and re-justified every year to ensure that the need for the executive's services remain critical to accomplishing the agency's mission.

In the SES hours of work are unlimited. Unlike other federal employees SES executives are not eligible for overtime pay, compensatory time off or the accumulation of credit hours. However, executives do earn annual leave (vacation time) at a higher rate than most other federal employees (eight hours every two weeks) and may accumulate and carry over up to 720 hours (90 days) of unused annual leave – which later can be used by the executive or cashed out and paid to the executive in a lump sum at retirement or upon resignation from the federal service. Other lower level employees may only accumulate and carry over 240 hours (30 days) of leave.

Risks of being in the SES

Removal Based on Performance Deficiencies

The most serious risk faced by a career Senior Executive is that, unlike employees in the General Schedule, there are no effective appeal rights available to him or her in connection with a performance-based removal or demotion. While removal can be effected on the basis of just one unsatisfactory performance rating, agencies must remove a career executive who has:

- Two unsatisfactory ratings within 5 consecutive years.
- Two ratings of minimally satisfactory within 3 consecutive years.
- If one unsatisfactory rating must be moved to another SES position or removed from the SES

Only two types of appeals are possible in the case of a performance-based removal and neither is likely to succeed or to offer effective relief. First, the executive may appeal his or her removal to the Merit Systems Protection Board. Even if MSPB finds the removal action to be defective in some respect, it lacks authority to order a specific remedy, such as reinstatement to the SES. The MSPB can only comment on the executive's appeal and recommend action to the appropriate agency. Second, if he or she believes the action was the result of a prohibited personnel practice, such as political motivation or reprisal for "whistleblowing activity," the executive may appeal his or her removal to the Office of Special Counsel. Even if the action is proven to be unlawful, the Office of Special Counsel cannot itself order a remedy; additional legal steps must be taken to request a delay of the action or reinstatement. If the executive believes his or her removal resulted from discrimination on the basis of race, sex, national origin or disability, the executive may appeal the removal to the U.S. Equal Employment Opportunity Commission. In any case executive appeal claims are extremely difficult to prove, and the avenues of appeal require costly legal counsel, a further deterrent. A more effective appeal right (with greater due process protections) exists in cases where an executive faces removal or suspension based an adverse action due to a charge of misconduct.

Reassignment Within or Outside an Executive's Local Commuting Area

A career executive can be reassigned to any other SES position in his or her agency with 15 days advance notice if the move is within his or her local commuting area and with 60 days advance notice if the reassignment requires a geographical move outside the commuting area. Executives may not refuse a reassignment without being subject to removal or retirement (retirement is possible only if the executive is otherwise eligible and only if the reassignment involves a change in commuting area).

The government's ability to reassign career SES executives is limited only by the 120 day "get acquainted" period following appointment of either a new political superior or a new head of the agency. During this period, which is intended to provide time for the executive to establish a working relationship with the new political superior and to demonstrate his or her ability, reassignment is prohibited. The 120 day "get acquainted" period is usually observed in law but not always in spirit. In many cases, it has been relatively easy for a new political appointee to ignore or marginalize a career executive, wait out the 120 days, and reassign him or her without having given a full and opportunity for the executive to demonstrate proficiency.

Ethics Requirements and Post-Employment Restrictions

Government-wide ethics regulations which implement a number of statutes provide tougher standards for executives than the rest of the federal work force. Such regulations constrain executives' relationships with contractors, prohibit their receiving gifts, and restrict their employment and contacts when they leave government. In this regard, SES employees who leave government are prohibited from contacting their former agencies, with intent to influence, for one full year after leaving government (there are criminal penalties for violating this restriction). In another area, and unlike the rest of the work force which can engage in some forms of partisan political activity when off duty, executives are prohibited from doing so.

Defending Management Actions

It is not unusual for Senior Executives to find themselves the subject of employee complaints or grievances, given the supervisory and managerial nature of their responsibilities. Even though very few of such employee complaints or grievances have merit, they are very time-consuming and often put executives in defensive postures where they, in effect, are "guilty until proven innocent." In some cases, when supervisors are found to have taken inappropriate actions, they are disciplined up to removal. SEA survey data reveal that 56% of career executives reported they had been the subject of a complaint or grievance, while 27% had been made the subject of an agency Inspector General investigation (such investigations of wrongdoing can be triggered by anonymous allegations). As a result, many executives now carry professional liability insurance, and the Senior

Executives Association has secured legislation requiring agencies to reimburse executives and certain other employees for up to half the cost of such insurance.

Current Issues and Challenges facing Career Executives

Federal career executives are currently facing unprecedented challenges as they attempt to effectively administer large scale government programs under exceedingly constrained and uncertain financial circumstances as the U.S. budgeting process remains in flux, with agency appropriations being reduced in many areas due to Congressionally-mandated funding sequestration. Added to these fiscal realities are growing weariness, circumspection, caution and fear that the difficult decisions they are tasked with making could be subject to second guessing and retribution by partisans in the Congress. Further there is a growing sense among career executives that Administration political appointees are underutilizing their talents, undervaluing their contributions, questioning their expertise and judgment, and not being fully supportive during these difficult times.

Growing Frustration with Stagnant Compensation: The cumulative effect of these circumstances, coupled with a long-standing (over three years) pay freeze and Congressional attacks on federal employee benefits, is becoming apparent (see Appendix B for an explanation of the myths versus realities of salary compression and pay inequities pertaining to SES executives) . More specifically, in 2011 the Administration reduced the percentage of SES bonus money available in agency pay out pools from a maximum of 10% of aggregate salary to a maximum of 5% - a 50% reduction in available pay for performance funding.^{xi} Also, earlier this year Administration decided to suspend until further notice Presidential Rank Awards and replace them with forms of non-monetary recognition (even though the governing law provides for monetary recognition). This decision was made despite the significant documented cost savings, program improvements and innovations brought about year after year by Presidential Rank Award winners (see Appendix C for a detailed description and examples of the beneficial accomplishments of Award winners). Further, several bills have been recently introduced in Congress that would further reduce, or in some cases eliminate, performance awards for career SES employees pending the outcome of U.S. budget negotiations.

Risk Aversion is on the Rise: In addition to bills to restrict performance awards, legislation has also recently been introduced in Congress to allow SES employees to be placed in non-duty, non- pay statuses (without recourse) if they are the subject of a Congressional or internal agency investigation into the propriety of their decisions. Other recently introduced bills would allow, in certain circumstances, agency heads to remove career SES executives at will – taking away appeal rights that are currently in place. Even though these bills have not yet been enacted they are having a negative impact on the morale, risk aversion and commitment of career executives. With increasing frequency, many career executives are avoiding risk and are becoming inclined to make “safe decisions” as opposed to the “right decisions.” This situation was recently recognized in a recent report published by the Professional Services Council that stated, “Government’s ability to attract and retain critical talent is in serious doubt. And the punitive, risk-averse culture that has grown over more than a decade of second guessing, finger pointing, and casting aspersions, rather than seeking to learn and improve, is deepening its roots.”^{xii} Unfortunately, avoiding the more difficult and critical issues (and the tough decisions associated with them) diminishes opportunities for breakthroughs in technological innovation and productivity, increased cost savings, process and program enhancements, improved resources utilization and other overarching government policy goals. Moreover, avoiding risk and choosing safe vs. right decisions ultimately does a disservice to the American public who, as taxpayers, deserve their government’s very best talent and efforts.

Growing Turnover in the SES: In increasing numbers, career SES employees are choosing to retire or seek employment in the U.S. private sector rather than continue working in a system in continual financial and political turmoil that offers fewer rewards for doing a good job and diminishing retention incentives as well as employment protections. The net result is an increasingly huge brain drain and loss of institutional capability at a time when government most needs career executive leadership, expertise and commitment. Looking ahead,

nearly two-thirds of current career SES executives will be eligible to retire in the next five years. In the last three years alone turnover in SES positions has increased by over 40%.^{xiii}

Lack of Succession Planning and Employee Development: There is a growing reality that many agencies, due mostly to budgetary and workload pressures, have not done a particularly good job of succession planning or otherwise preparing the next generation of replacements for key career SES executives who are becoming retirement eligible and leaving government. Leadership training, executive coaching and mentoring programs that otherwise would contribute to increased succession readiness are also being cut for the same reasons. In addition, training and executive development provided to employees already in SES positions is also being cut, making it more difficult for current executives to meet emerging technical and managerial challenges or to take on broader responsibilities.

Waning Interest in SES Jobs by Talented Potential Replacement Candidates: There is increasing evidence that many of the most talented and capable potential replacement candidates (in lower ranked positions) are not even applying for SES jobs due to the perceived thanklessness of the positions coupled with the pay compression, reduced pay for performance, and other disincentives previously cited. In this regard, a 2009 survey by the Senior Executives Association of potential SES replacement candidates found that the perceived stress, disappointing rewards and financial incentives and concerns about work/life balance served as disincentives to applying for SES level jobs. Further, there is a growing sentiment among current executives and their potential replacements that it is becoming more difficult to work effectively with some political appointees due to basic issues of trust, utilization and support. Moreover, there has been recent push by the Administration to seek executive talent from outside the current ranks of government – a move that is sending negative signals to current career employees already occupying or considering aspiring to SES positions.

Increased Workloads and Executive “Burnout”: Although implied in many of the aforementioned sections, due to sequester and other budgetary pressures, many agencies are choosing not to backfill key executive positions when vacancies occur. This often results in managerial work being shifted from the vacant position to a filled SES position in a related program area. The added workload and managerial pressures can result in insufficient attention being paid to key programmatic and organizational activities – and also increased executive stress, overload, and burn-out – all of which further contribute to costly and ill-timed turnover as well as increased risk in program management and oversight.

The Mission and Goals of the Senior Executives Association

The Senior Executives Association is a professional, not-for-profit, organization with a mission to improve the efficiency, effectiveness and productivity of the federal government, advance the professionalism and advocate the interests of career senior executives and enhance public recognition of the many valuable contributions of these executives. SEA also disseminates information to Americans and the news media on public policy issues affecting federal executives. SEA also engages in active lobbying with Congress and Executive Branch political leadership, joins with other groups with similar interests and, when necessary, institutes legal action to protect the interests of its membership.

SEA’s key goals are to ensure equitable compensation, fair treatment, continuing professional development and appreciation for the seven thousand plus career federal executives who comprise the United States’ highest civil service ranks. In terms of organizational values, SEA actively supports and promotes a federal career executive corps that, among other things:

- Exhibits the high degree of competence essential to effective government, both in providing continuity and in meeting the challenges of change
- Upholds the highest standards of professional integrity and ethics and exhibits a strong commitment to public service

- Responds to policy direction while ensuring fair and impartial treatment of all citizens consistent with our laws and the Constitution of the United States
- Is committed to the highest quality service to the American people
- Maintains and enhances its management skills through continuing professional education and development for executives and their subordinates

SEA is a membership organization with over 2,000 current and former senior executives and professionals from across the U.S. government. SEA is governed by a Board of Directors whose 15 members are elected by the membership and who represent a broad spectrum of government agencies. SEA is managed and operated on a day-to-day basis by a President and a small staff. Over the years SEA has been highly successful in helping to improve executive management in the federal government, including influencing the passage of legislation to promote fair and equitable treatment and compensation for senior career leaders.

Summary

The Senior Executive Service, which is comprised largely of career civil servants, is an essential component of the U.S. government's management and policy systems. This highly important career executive corps is selected, paid, retained and removed on the basis of merit. Career executives who serve in SES positions must ensure absolute integrity and provide leadership and continuity in the implementation and administration of federal laws and programs, and carry out the policies of the President and his Administration in an impartial, lawful, and non-partisan manner that best serves the national interests of the United States and its citizens who depend on the federal government for vital services and support. Achieving these objectives is not without difficulty given the budgetary uncertainties and deficits, political discord and daunting national security, defense, economic, public health, education, and other major national challenges facing the U.S. government coupled with the growing imbalance between incentives and disincentives that exist for recruiting, retaining and motivating current and future career executives. The Senior Executives Association will continue its work to advocate for good national governance and to support the talented men and women who comprise the senior career executive service and whose leadership, expertise and commitment to their country are so vital in ensuring an efficient and effective United States government.

Appendix A

Who Are Career Senior Executives and What Do They Do?

Members of the SES serve in the key positions just below the top Presidential appointees. SES members are the major link between these appointees and the rest of the Federal work force. They operate and oversee nearly every government activity in approximately different 75 Federal agencies. Based on a 2011 survey of Senior Executives administered by OPM, nearly 1/3 of Senior Executives oversee more than 200 employees. On average Senior Executives oversee 50-200 employees, but the span of control is generally bigger at larger agencies.

Senior Executives also have budgetary responsibility. Only 20 percent of Senior Executives responding to the 2011 survey oversaw budgets under \$1 million (or didn't have budgetary responsibility). Most Senior Executives oversee budgets that range from \$1 million to over \$500 million (19 percent). Senior Executives serve in nearly every agency. At some agencies, the highest level career federal employees may be designated Senior Level (SL) or Scientific & Professional (ST). They do much of the same work, although may have fewer supervisory duties, as Senior Executives. They are highly skilled in their fields and oversee programs and budgets within their respective agencies.

Senior Executives have been Nobel prize winners (in physics and chemistry for example) and leaders in professional their fields (e.g., discovered the effects of thalidomide; commanded the first space shuttle mission devoted to life sciences). Here are a few recent examples of the high level of work performed by Senior Executives.

Pasquale Tamburrino, Jr., Department of the Navy, – managed a \$32 billion annual budget, equivalent to #77 on the Fortune 500 list.

Michael Grochowski, Social Security Administration – Administers Social Security programs to 57 million people with monthly payments of \$13 billion.

Jeffrey Parsons, Department of the Army – Stood up and led the Army Contracting Command, the first time in history that an SES member was put in charge of a military command, with personnel in 117 worldwide locations, awarding and managing \$97 billion of contractual accounts each year – 19% of all federal contract dollars.

Donald Shriber, Department of Health and Human Services – The first non-physician to lead CDC's Washington operations; he was chosen to lead the Administration's Global Health Initiative, a \$63 billion, 80 country plan to save millions of lives from infectious diseases like malaria and tuberculosis.

Lynn Cline, National Aeronautical and Space Administration – Served as the lead negotiator for the international agreements for the International Space Station, providing for partner contributions valued at \$8 billion. She received the American Institute of Aeronautics and Astronautics International Cooperation medal, having been nominated by her counterparts from Canada, Europe, Japan and Russia.

Jeffrey Orner, Department of Homeland Security – Oversees maintenance and support of the Coast Guard's inventory of 200 aircraft, over 2,000 cutters and boats and 23,000 facilities, a total capital plant values at \$25 billion.

John Swales, III, Department of the Treasury – Directed a retail internet site with sales of over \$17 billion and systems which affect the 55 million owners of saving bonds and marketable securities worth \$272 billion, as well as the 40,000 financial institutions selling and redeeming bonds.

Education Levels of Senior Executives

According to the Office of Personnel Management's 2012 Senior Executive Service Report, over 93 percent of Senior Executives hold a college degree or higher, with the majority (70%) of those holding some form of advanced degree.

Where Do Senior Executives Work and in What Professions:

Federal agencies with the largest number of SES employees include the Department of Defense with 1,243, Department of Justice with 749, Department of Homeland Security with 614, Department of the Treasury with 493, Department of Energy with 471, and the Department of Health and Human Services with 460. Almost three quarters (73%) of SES employees work in the Washington, DC area and the other 27% are in regional offices across the United States in or near major cities such as New York, Chicago, and Los Angeles. In terms of major occupational areas, senior executives are in the following types of positions: General Managerial and Administrative 41%; Scientific and Engineering 22%; Legal 13%, Financial 5%; Medical 5% and 13% in all other occupational areas.

Appendix B

Myths vs. Realities in SES Pay

MYTH - Senior Executives in the federal government are severely overpaid.

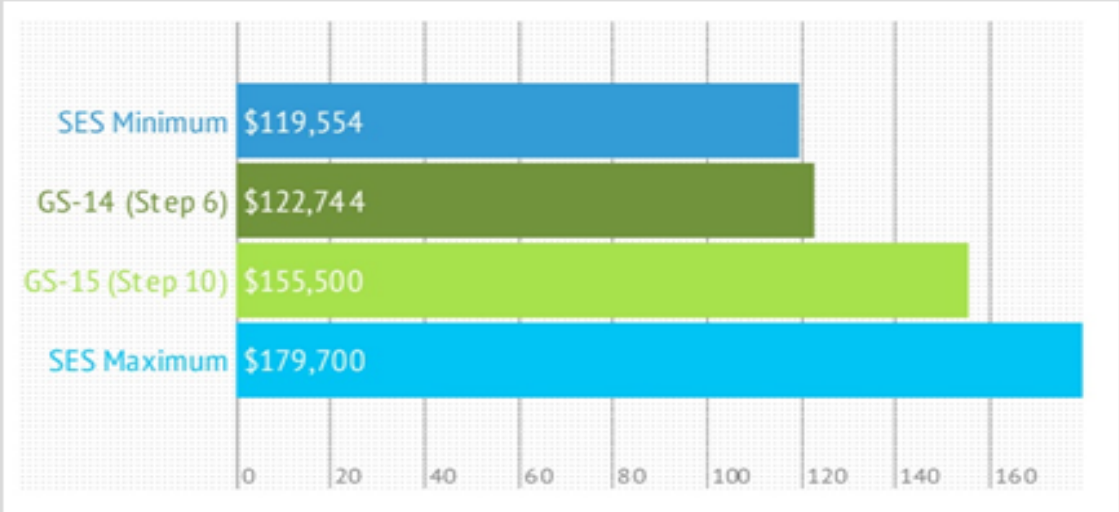
REALITY - Due to several years of freezes in the 1990s, the abolition of locality pay in 2004, and years of smaller increases than those received by GS employees, SES pay has been overlapped by the General Schedule. If Senior Executive pay had increased at the same market-based annual percentage as the General Schedule, the SES pay cap would now be \$248,600 rather than the current cap of \$179,700.



MYTH - Members of the Senior Executive Service (SES) make more than their General Schedule (GS) subordinates.

REALITY - In 2012, approximately 25% of SES executives made less than the GS employees who report to them due to salary compression in the executive pay system. This overlap presents a significant obstacle to attracting high performing managers into the executive corps. If current trends continue, pay overlap will increase and more lower level employee salaries will overlap Senior Executive salaries.

Myths vs. Realities in SES Pay



Appendix C

Presidential Rank Awards

Following the establishment of the Senior Executive Service (SES) in 1978, each year since 1980 every President has recognized a small group of career Senior Executives and Senior Professionals with the Presidential Rank Award. There are two categories of awards: **Distinguished** and **Meritorious**. Award recipients are chosen through a rigorous selection process. They are nominated by their agency heads, evaluated by boards comprised of private citizens, businesspeople, educators, and community leaders, and approved by the President. The evaluation criteria focus on leadership and results. The *Distinguished* Rank is awarded to leaders who achieve extraordinary results, and to no more than one (1) percent of SES or Senior Professional employees. Distinguished Rank recipients receive 35 percent of their rate of annual basic pay. The *Meritorious* Rank is awarded to leaders for sustained accomplishments, and to no more than five (5) percent of SES or Senior Professional employees. Meritorious Rank recipients receive 20 percent of their rate of annual basic pay. All Rank Awardees receive a framed certificate signed by the President and a pin. Following is a summary of the estimated cost-savings generated by recent Distinguished Presidential Rank Award winners.

Year	# of Distinguished Rank Recipients	Total Savings to Government
2009	75	\$49.0 Billion
2010	65	\$36.6 Billion
2011	54	\$36.5 Billion
2012	46	\$94.9 Billion

Below are examples for which recipients were awarded the Presidential Distinguished Rank Award.

- Overseeing and validating geospatial intelligence strategy and methodologies applied in the final pursuit of and successful raid on the Osama bin Laden compound in Abbottabad.
- Managing a Global Information Grid - a network which extends into 90 countries - assuring its infrastructure under all conditions including war, and providing “all the way to the foxhole” service, expanding information support by over ninety-times that of Desert Storm 1.
- Developing the afterhours Tele-Nurse Triage Program which provides clinical telephone care services to seven networks of hospitals in multiple time zones; it serviced 1.4 million veterans in 2011.
- Containing the spread of contaminated corn in the \$25 billion corn market stemming from the first occurrence of the unauthorized release of a genetically-modified grain.
- Spearheading the Identity Theft Assessment and Action group, developing filters which screened and stopped hundreds of thousands of questionable tax returns with fraudulent refunds of over \$1 billion.
- Establishing Medicare Fraud “Strike Force” operations, with almost 1200 defendants charged for falsely billing Medicare for more than \$3.6 billion.
- Standing up and leading the new Army Contracting Command, the first time in history that an SES member was put in charge of a military command, with personnel in 117 worldwide locations, awarding and managing \$97 billion of contractual actions each year, 19% of all Federal contract dollars.
- Leading numerous landmark policy changes including implementation of the V-chip in TV receivers and closed captioning for digital receivers as well as enabling the development of products such as Wi-Fi, Bluetooth, cordless phones, baby monitors, security alarm systems, and keyless entry systems.

ENDNOTES

- ⁱ *The Foundation of Merit: Public Service in American Democracy* (John Hopkins Press, 1995), Patricia Wallace Ingraham, p. 20-33.
- ⁱⁱ Ibid. p. 83-84
- ⁱⁱⁱ Ibid. p 77-80
- ^{iv} The United States Career Executive Service: Its Operation and Role in Policy (October 2000), Carol A. Bonosaro, p. 1.
- ^v Central Personnel Data File/FED Scope (September 2013), U.S. Office of Personnel Management
- ^{vi} Ibid
- ^{vii} *Building the Leadership Bench: Developing a Talent Pipeline for the Senior Executive Service* (July 2013), Partnership for Public Service and McKinsey and Company, p.6.
- ^{viii} The United States Career Executive Service: Its Operation and Role in Policy (October 2000), Carol A. Bonosaro, p. 12-13
- ^{ix} Central Personnel Data File/FED Scope (July 2013), U.S. Office of Personnel Management
- ^x Ibid.
- ^{xi} Guidance on Awards for Fiscal Years 2011 and 2012, (June 2011) U.S. Office of Management and Budget and U.S. Office of Personnel Management, p.2
- ^{xii} *From Crisis to Opportunity – Creating a New Era of Government Efficiency, Innovation and Performance*, The Report of the Professional Services Council’s 2013 Leadership Commission, Introduction, page 6.
- ^{xiii} *Wave of Retirements Hitting Federal Workforce*, (August 26, 2013) *The Washington Post*, Lisa Rein.

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BIOGRAPHICAL SKETCH

CAROL A. BONOSARO

Carol Bonosaro is President of the Senior Executives Association, the professional association representing the top career executives in the Federal government. Ms. Bonosaro was herself a Senior Executive until her retirement from Federal service in 1986 to become SEA'S full time President. She served on the Association's Board of Directors from 1981 to 1986, including as Chair from 1983-1986.

Ms. Bonosaro began her government career at the then Bureau of the Budget (now Office of Management and Budget) as a management intern. At 33, she became a super-grade executive at the U.S. Commission on Civil Rights. Among the various positions she held there was Director of the Women's Rights Unit. As Director, she developed and implemented programs in response to the agency's jurisdiction over sex discrimination (congressionally mandated in 1972), including a Commission study of sex bias in the U.S. Code conducted by now Supreme Court Justice Ruth Bader Ginsburg and a consultation on the issue of domestic violence in 1978; the consultation led to the founding of the National Coalition Against Domestic Violence. Ms. Bonosaro directed the Commission's Congressional and Public Affairs Program from 1980 to 1986 when she retired from the Senior Executive Service.

A graduate of Cornell University, Ms. Bonosaro attended George Washington University for graduate study in economics and Harvard University's Program for Senior Managers in Government. A veteran of many radio and television appearances and an often quoted expert in newspapers and professional journals on matters dealing with management in the federal government, Ms. Bonosaro is listed in Who's Who in America. She is a member of the Advisory Board of the Asian American Government Executives Network. She served as a member of the National Partnership Council and is currently a member of the National Council on Federal Labor-Management Relations. She received the 2005 Stan Suyat Award from the Asian American Government Executives Network.