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TESTIMONY

of

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Before the

HOUSE SUBCOMMITTEE ON MANAGEMENT, INVESTIGATION AND OVERSIGHT

“PUTTING PEOPLE FIRST: A WAY FORWARD
FOR THE DEPARTMENT OF HOMELAND SECURITY WORKFORCE.”

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Chairman Carney and Distinguished Members of the Subcommittee:

The Senior Executives Association (SEA) is pleased to testify before this Subcommittee concerning Senior Executive Service matters at the Department of Homeland Security (DHS). SEA is a professional association that for the past 29 years has represented the interests of career federal executives in government, including those in Senior Executive Service (SES) and equivalent positions, such as Senior Level (SL) and Scientific and Professional (ST) positions.

Now that we are at the beginning of a new presidential administration, it is more important than ever, especially at agencies like DHS that are tasked with ensuring our national security, that critical initiatives are maintained and that there is expertise, leadership and continuity at the highest levels. The members of the career SES are uniquely positioned to lead agencies through this transition and to ensure that this happens. Career executives also serve as the interface or link between policy and implementation. An effective relationship between political appointees and career executives is the key to mobilizing the federal workforce to carry out new initiatives, reforms and improvements of existing programs.

In considering the personnel practices and workforce challenges facing DHS, I will focus on those related to the Senior Executive Service and first on the significant issues at the Department specifically affecting the SES. Many of the issues discussed below are not only a concern at DHS, but government-wide. Therefore, it is necessary to examine the problems faced by DHS in the context of overall reform of the SES. This includes recommendations by the Senior Executives Association to restore career leadership, create a more fair and transparent pay and performance management system, and provide for training and continuing development of the SES. Making such reforms to the SES system across the government will help all agencies, including DHS, recruit and retain the best Senior Executives and ensure that they have the necessary tools to effectively carry out the missions of their agencies.

The Department of Homeland Security Senior Executive Service

When the Department of Homeland Security was created, Senior Executives were brought together from across the government to lead the department. Since its inception, DHS has faced problems regarding its SES corps. They include continuing high rates of vacant positions and a high turnover of Senior Executives.

In bringing career executives to the Department in 2003, DHS appears to have drastically underestimated the levels of leadership necessary to effectively run the agency. A 2008 report by the National Academy of Public Administration, commissioned by DHS under funds granted through the 2007 Supplemental Appropriations Act (Public Law 110-28), to study the state of DHS at the 2009 transition, found that “DHS’ initial allocation of total senior executive slots was well below the number it ultimately would need to accomplish its mission” (*Addressing the 2009 Presidential Transition at the Department of Homeland Security*, p.51). In the years since, DHS has made requests to the Office of Personnel Management (OPM) to increase its number of SES positions. Even though the

number of allocated positions has increased (from 323 positions in 2003 to 536 positions by the end of 2007), there are still too few Senior Executives at the agency to ensure the effective implementation of policy and oversight of the workforce. In fact, as of March 2008, the NAPA report found that 139 positions remain vacant, creating a large gap in the career leadership structure at DHS. While we are not aware of whether political appointees from the last administration may still be in office, current vacancies in the career corps may well have necessitated such a situation. If so, that would most likely slow down, if not inhibit, the institution of new policies.

Problems with recruiting and retaining Senior Executives contribute to the high vacancy rate. It is not clear that DHS has determined precisely what contributes to those problems, for example, by conducting regular exit interviews with those leaving. In any event, many of the original Senior Executives tasked with starting DHS in 2003 were already close to retirement. Several congressionally mandated reorganizations of DHS have created increased challenges for Senior Executives and may well have hastened the retirement or transfer to other agencies of still other Senior Executives. According to the DHS strategic plan for FY09-13, 25% of career SES were eligible to retire in 2008, with the number increasing to 34% in 2009 and 41% in 2010. Of DHS executives responding to the 2008 OPM SES survey, only 64% agreed that the department was able to attract and retain high quality Senior Executives. Therefore, it is critical that problems affecting recruitment and retention be resolved as quickly as possible.

A lack of transparency in the SES pay and performance management system at DHS concerns many career executives. Like all federal employees, Senior Executives value clear performance standards and feedback from their supervisors (in many cases, political appointees). According to one member of the Senior Executives Association, who is an employee at DHS:

“It is bewildering why political leadership do not discuss performance nor explore an executive’s development. As I near retirement I have not had a meaningful discussion on my performance with any political leader. While I have enjoyed the bonus and pay adjustments, they occurred without a word. It’s as if it is always a surprise.”

According to the 2008 OPM survey, only 51% of DHS executives understand how their salary increases were determined; 34% don’t know. The responses with regard to performance awards were virtually identical. 36% had no discussion of their progress in a required mid-year discussion with supervisors. In fairness, these results are not unusual; similar ones were reported for other agencies and departments.

Transparency and clearly communicated standards are necessary to an employee’s morale and ability to adequately do his or her job. The Senior Executives Association has continuing concerns about the pay and performance system at DHS and also at other agencies.

Fortunately, the vacancy rate for SES positions at DHS is not uniform across the Department. Many components have a lower vacancy rate and are doing a much stronger job of managing their Senior Executive corps. A quick review of the 2008 Federal Human Capital Survey questions regarding supervisors shows a diversity of responses across the components of DHS.

Recommendations for Reform of the Senior Executive Service

Due to many of the workforce challenges regarding the SES corps at DHS – problems that are endemic throughout the federal government – an overall reform of the Senior Executive Service is necessary to ensure that the career executive corps is attractive and promotes the recruitment and retention of the most qualified employees.

Given the myriad of jobs and the substantial responsibilities exercised by the career federal executive corps, these almost 7,000 men and women are critical to high performing government and are key to implementing the political and management agenda of each agency and the Administration. These are the top career professionals in government, with an average of 26 years of experience, who obtained their positions on the basis of merit.

For many years and several prior Administrations, utilization of the advice and creativity of the career SES corps has been steadily diminished. It has been politically fashionable to denigrate and mistrust the “bureaucracy” and to give less attention and compass to the career corps. The complex and critical work of the hundreds of separate Federal programs they run has frequently been underestimated and undervalued, often resulting in negative impacts on Administration initiatives and on the quality of services provided to the American public. Rather than being treated as the “most valuable players” in the Federal enterprise – which they truly are – they have been increasingly taken for granted and buried under layers of non-career appointees. This trend has generated serious problems in the past, most dramatically in FEMA’s disastrous handling of Hurricane Katrina. If not reversed, this erosion of the salience of the career SES will become even more dangerous as the current corps ages and retires, recruitment becomes more difficult, and the nature and magnitude of the issues facing our nation grows exponentially in the coming years.

To this end, the Senior Executives Association proposes several reforms to the SES, both at DHS and government-wide, that will restore its stature and allow its members to effectively and efficiently serve their agencies.

1. Restoration of Career Leadership

Career Senior Executives have spent their careers in civil service and are committed to the mission of the federal government and their agencies. Years of neglect have lowered morale, but with the proper focus and respect, the career executive corps is ready and willing to step up and lead their agencies through the transition, implement new policies and programs and effectively serve the American people.

The work of career executives is rated highly by appointees. In the Spring 2001 issue of the Brookings Administration journal, *Governance*, George C. Edwards wrote, “[A]ccording to surveys of appointees ranging from the administration of Lyndon Johnson to the present, political appointees—regardless of party, ideology, or administration—find career executives both competent and responsive. ‘In interview after interview,’ observes Paul Light, “presidential appointees celebrate the dedication of their bureaucrats.”

The most recent data, from the Brookings Presidential Appointee Initiative, confirms that more than four out of five appointees found the career officials with whom they worked to be both responsive and competent. Only 25 percent of appointees found directing career employees to be a difficult task. Indeed, every other task about which appointees were asked was more difficult. More than a third of appointees, for example, found it hard to deal successfully with the White House.

Given the transition and the critical issues facing the country, it is imperative that career leadership is given attention by Congress and the new Administration. Career executives will be the key to the continuity and expertise necessary to ensure critical programs and daily agency operations continue to function while there is a lack of political appointees in place. Career senior executives will also play a crucial role in overseeing the effective and proper use of the economic stimulus funds that will go to DHS and other federal agencies. To ensure that Senior Executives at DHS and across the government have the necessary support and tools to carry out their mission, the Senior Executives Association suggests the following reform:

Consider placing high-performing career executives in Assistant Secretary for Administration and other key positions requiring long-term experience at each agency, specifically, as Deputy or Chief Human Capital Officers, Chief Information Officers, Chief Financial Officers, and Chief Operating Officers. These positions are now reserved almost exclusively for political appointees, as is the position of Assistant Secretary for Administration, which was formerly held by senior career employees in cabinet departments. In only two departments – Justice and Transportation – do career Senior Executives now hold that position, as a result of a statutory requirement (at Justice, the Assistant Attorney General for Administration is also required to be held by a member of the competitive service). On May 14, 2008 the Homeland Security Department’s acting Deputy Secretary Paul Schneider told the Senate Homeland Security and Governmental Affairs Committee that the department's highest human resources office should be held by a career official, not a political appointee, as is now the case.

Deputy Secretary Schneider stated: “The fact that by law it’s a political appointee means that, for the most part, that person will leave on January 20. Having a career civil servant in that job — especially...at this point in time — somebody that could carry over to the next administration would be absolutely essential ...to improve national operations [in the] department.” While this position is, by statute, restricted to a political appointee, many others throughout government are not, and career executives could be named to fill them.

We make this recommendation because a) continuity in leadership and expertise during the transition from one Administration to another is needed and the need is not satisfied when a political appointee resigns and another takes his or her place, and b) relatively short-term political appointees have limited ability to accomplish long term agendas. Further, Administrations are not gaining the benefit they might from seasoned and accomplished career executives who know how to operate government programs and to pursue the agendas of their political leadership.

2. Reform the SES Pay and Performance Management System

The current SES pay and performance management system has been in place for four full years of performance ratings and pay adjustments. There has now been sufficient time and experience to examine how well the system works. Congress has had the opportunity to review the SES system, identify problems and implement solutions. We believe the system needs to be fine tuned and modified to ensure that quality applicants will aspire to the SES and that those who are in the SES will want to stay. The large number of Senior Executives eligible to retire makes a review of the SES system even more imperative. Such a review will also yield valuable lessons learned which should inform your consideration of other pay for performance systems which are proliferating in the Federal government.

In 2008 OPM conducted a survey of the SES. This survey was preceded by an SEA survey in 2006 that also covered concerns and opinions about the SES pay system, albeit in far greater detail. In a number of ways the two surveys complement each other and show that Senior Executives feel good about their jobs, but the results are more mixed when addressing the pay system.

When SEA surveyed Senior Executives in 2006, one of the most telling findings was that 47% of those that responded believed that GS-14 and GS-15 employees were losing interest in aspiring to SES positions. The 2008 OPM survey reported that only 50% of Senior Executives believed that the current SES pay and performance management system was helpful in recruiting qualified applicants for SES positions. GS-14's and 15's losing interest in aspiring to SES positions is a disturbing trend that is regularly reported to SEA and confirmed now by two survey results.

In our opinion, there are several reasons for this unfortunate situation. First, SES annual pay increases have not kept up with GS increases over the past several years. This is true because increases in the Executive Schedule, which sets the caps for SES pay, have lagged behind GS increases. From 1994 to the present, if the EL-II pay rate had increased each year by the same percentage as GS pay in the Washington DC area, EL-II (the cap on SES pay in certified agencies) would now be \$242,318, not \$177,000. Second, in addition to the lack of locality-based pay adjustments, SES annual pay increases are entirely discretionary, irrespective of performance, creating the accurate perception that a new Senior Executive cannot rely on the receipt of annual comparability increases upon entry to the SES. Third, GS and alternate pay systems have become more

generous with the result that today some GS-15 or equivalent employees make more than the Senior Executives they work for, particularly if the Senior Executive is new.

While pay is an issue, we are well aware that pay is not a primary motivator of those in Federal service. What it does in this situation, however, is to give GS-14's and 15's pause. With SES positions come added responsibilities, added risk, and less time with families. This is especially true at DHS, where many SES jobs are viewed as "24/7."

Many Senior Executives also express concerns about a distinct disconnect between ratings, pay adjustments and performance awards. The SEA survey found that many executives believe the connection between their performance ratings and pay adjustments were based on administrative decisions and budgetary constraints, not actual performance. Further, there was no connection between increased responsibilities and pay; of the 233 executives reporting increased responsibilities since the implementation of the new pay system, 191 (82%) received no salary increase.

To that end, SEA has several legislative remedies to propose. These are common sense solutions that directly address the concerns of Senior Executives and potential SES members.

When the Senior Executive Service was created by the Civil Service Reform Act of 1978, the corps was designed to provide a careful balance of increased risk and increased rewards to the GS 16's, 17's and 18's who were to be asked to convert to the Service. Over time, that balance has been eroded. The centerpiece of our proposal consists of two provisions that would restore the balance of risk and reward so that the SES will be attractive to potential Senior Executives.

First, we recommend that all Senior Executives rated as "Fully Successful" or better performance level receive at least some annual increase. In an October 31, 2006 memorandum regarding Certification of Performance Appraisal Systems for Senior Employees for Calendar Year 2007, OPM Director Linda Springer expressed OPM's expectation that "senior employees who are at a pay level consistent with their current level of responsibilities and who receive an acceptable ("fully successful" or better) rating should receive a pay increase." Agency discretion (as noted above), however, interferes with this outcome. In January 2008, Senior Executives rated "Fully Successful" in F.Y. 2007 received an average 2.5% pay increase; contrast this with a GS employee in the Washington DC locality pay area, who received a 4.49% adjustment without regard to his or her performance rating. An annual guaranteed increase for executives who have performed successfully should be at least as much as the increase in the Executive Schedule plus the increase in locality pay for the geographic area in which the executive works. That would still, in most years, be below what GS employees receive.

Second, performance awards should be included in a Senior Executive's "high three" in calculating his or her retirement annuity. We believe that this second provision would make the SES an attractive career goal for the best applicants and will help assure a high

quality future SES. Also, it recognizes the reality that performance awards have become an integral part of the SES compensation system.

3. Focus on Continuing Development and Training for Senior Executives

Training and development for Senior Executive positions is most often provided in Candidate Development Programs (CDP's). Without regard to how well CDP's prepare new Senior Executives, there is a need for continuing development and training. That includes specific "on-boarding" programs (which may include, for example, executive coaching and/or a mentor for the first year), as well as attention to activities which can keep a career executive up to date and revitalized throughout his or her time in the SES. Because 34% of DHS executives responding to OPM's 2008 survey of the SES have been members of the SES for 3 or less years, professional development is especially important as many executives face, in their first years, unexpected challenges for which they were unprepared.

On November 7, 2008, Acting OPM Director Michael Hager issued a memorandum for Chief Human Capital Officers, emphasizing steps that agencies should take to "broaden" their SES members' experiences throughout government, in order that they might become more effective leaders. He noted that the original creation of the SES envisioned "broad careers," and that "recent history has ... proven the disadvantages for national security and disaster preparedness when leaders lack a Government-wide perspective or are not experienced in working across agency lines to respond to national threats or issues."

Specifically, the memorandum urged agencies to offer developmental opportunities such as details or assignments to other major components within their departments, training, and education opportunities for SES members designated as "National Security Professionals" under Executive Order 13434. Issued on May 17, 2007, this Executive Order was meant to promote the development of federal employees in national security positions to ensure that deficiencies apparent in the handling of Hurricane Katrina were addressed.

The Hager memorandum builds upon the idea of continuing development that should be a priority for all agencies and their career executives. Although OPM runs some training programs through the Federal Executive Institute, these are by no means mandatory or utilized throughout federal agencies. Senior Executives must use their own initiative to seek out training opportunities, but are often hampered by a lack of designated funds or an inability to take time away from their duties to do so. OPM acknowledges that "ongoing development of current and potential executives is critical to their effective performance as leaders in an environment of constant change and advancing technology, as well as to enhancing organizational achievement." However, SEA questions whether this is truly a priority at DHS or other government agencies.

In fact, in a 2007 US Citizen and Immigration Services (USCIS) Ombudsman Annual Report to Congress, it was found that training and leadership programs are pursued separately from development and retention needs and that the programs offered by the agency had no clear correlation to career development. The Annual Report went on to

recommend “a comprehensive merger of core job career paths with necessary training requirements – mandatory, technical, and leadership – oriented to future needs and groups, as well as transparency from entry to executive levels.”

We have no information as to whether these recommendations have been implemented, not only at USCIS, but at other component parts of DHS. The OPM survey found that only 54% of DHS executives were satisfied with the developmental opportunities they receive; 23% disagreed that there are sufficient funds available for their job-related development to maintain up-to-date skills; in fact, only 34% said that their developmental needs were even assessed.

The lack of training and development related to a strategic plan is a problem that not only affects the preparedness and effectiveness of DHS, but has an impact on all agencies across the government. SEA recommends that a comprehensive review of the strategic plan of DHS and all agencies is needed to ensure that training and continuing development needs of the Senior Executive Service are being pursued and implemented. This includes assessing the funding given to implement OPM’s new training directives.

Conclusion

Many challenges remain that must be addressed at DHS and government-wide to ensure an effective Senior Executive Service. We encourage you to implement the reforms outlined above. The Senior Executives Association looks forward to working with you on these issues and serving as a resource on reforms to strengthen the SES.