SENIOR EXECUTIVES ASSOCIATION
PROFESSIONAL DEVELOPMENT LEAGUE

REFLECTIONS

OF
PRESIDENTIAL DISTINGUISHED
RANK EXECUTIVES

THE NEW NORMAL?

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In 1980, the Senior Executives Association was formed to improve the federal government's efficiency, effectiveness, and productivity; to advance the professionalism and advocate the interests of career federal executives; and to enhance public recognition of executives' contributions. By 1981, SEA's founders recognized that special attention had to be focused on promoting executive education and heightening public awareness of federal executives' achievements. As a result, SEA created the Professional Development League. PDL sponsors training events, communications activities and research programs designed to advance federal executive professionalism and enhance public recognition of career executives' accomplishments.

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ACKNOWLEDGEMENTS

This monograph was prepared under the direction of **Carol A. Bonosaro**, President, Senior Executives Association and SEA Professional Development League. The principal author was **Travis M. Perry**, formerly SEA Issues Coordinator and currently Director of Capital Operations and Planning for The University of Virginia's College at Wise. Bert Subrin, former SEA Director of Agency and Member Liaison, edited the monograph. Design and production work was completed by **Jeff S. Spinella**, SEA Director of Communications.

SEA PDL is indebted to **Peter B. Zimmerman**, Lecturer in Public Policy, Senior Associate Dean for Strategic Program Development, and Faculty Chair of the Senior Executive Fellows Program at Harvard University's Kennedy School of Government, for leading each year's sessions.

The League is also grateful to the Defense Nuclear Facilities Safety Board, for providing the Board's meeting facilities as the site of the "mornings" since 1997.

PREFACE

The Senior Executive Service, established by the Civil Service Reform Act of 1978 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" (5 U.S.C. 3131), consists of managerial, supervisory, and policy-making positions at the highest levels of the federal government. The objectives of the SES system are: to provide greater authority to agencies in managing their executive resources; to attract and retain highly competent executives, and to assign them where they will be most effective in accomplishing the agency's mission and where best use will be made of their talents; to provide for the development of managers and executives; to hold executives accountable for individual and organizational performance; to reward the outstanding performers and remove the poor performers; and to provide for an executive merit system free of prohibited personnel practices and arbitrary actions.

There is no more revered accomplishment for a career federal executive than achieving the Presidential Rank of Distinguished Executive. Annually, a maximum of one percent of SES members are eligible for this pinnacle of executive achievement.

Normally, at the beginning of each fiscal year, the Office of Personnel Management requests that agencies nominate individuals for their "sustained extraordinary accomplishment." (The second Presidential Rank – Meritorious Executive – is awarded for "sustained accomplishment" and limited to five percent of the SES.) Following the receipt of nominations, the Director of OPM, with the aid of representatives from private sector corporations, academic institutions, and public interest groups, conducts a lengthy and stringent review of the nominees. This panel forwards their recommendations to the President, who makes the final selection. A monetary award (currently 35% of base pay) is given in recognition of the Rank, as well as a gold pin and certificate signed by the President.

Distinguished Executives are also honored at an annual black-tie banquet hosted by SEA PDL, with the cooperation of the Department of State and the Office of Personnel Management. Since 1986, SEA PDL has hosted the banquet at the United States Department of State Diplomatic Reception Rooms amid priceless early American antiques, furniture, and paintings with a majestic view of Washington. In celebrating the exceptional achievements of the winners of the Presidential Distinguished Rank Award, PDL recognizes the contributions of the entire SES.

After 11 years of hosting this annual banquet, SEA PDL realized that, while the Rank Award winners are publicly recognized at the event, they had never been brought together to reflect upon their careers and experiences. On the morning following the 1997 banquet, SEA PDL, in partnership with Harvard University's John F. Kennedy School of Government, held the first annual "Morning of Reflections." In contrast to the celebratory nature of the banquet, the Morning of Reflections was convened for the purpose of permitting the Rank Award winners to share their views and relate their experience with regard to the challenges presented by the current environment.

The event has continued annually (with different topics each year) since the first gathering, and in 1999, "Reflections," a monograph detailing the first two Mornings of Reflection (1997 and 1998), was published; a second monograph was published in 2003 chronicling the four subsequent gatherings.

This monograph details the discussion of the 2012 Presidential Distinguished Rank Executives and Senior Professionals who met on April 24, 2013. Candid conversation at the "Mornings" is encouraged by an agreement that no participant will be quoted by name; accordingly, this publication reflects that practice.

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INTRODUCTION

Sequestration refers to an austerity fiscal policy of automatic spending cuts in particular categories of federal outlays, as mandated by the Budget Control Act of 2011 (BCA). Initially set to begin on January 1, 2013, the cuts were postponed by two months by the American Taxpayer Relief Act of 2012 until March 1 when this law went into effect.

The reductions in spending authority are approximately $85.4 billion (versus $42 billion in actual cash outlays[) during fiscal year 2013, with similar cuts for years 2014 through 2021. The cuts are split evenly (by dollar amounts, not by percentages) between the defense and non-defense categories. Some major programs like Social Security, Medicaid, federal pensions and veteran's benefits are exempt. The sequestration requires cuts in discretionary spending and, for many agencies, will result in furloughs.

For career executives – whether Senior Executives or Senior Professionals – the cuts present a management challenge, namely, how to continue to meet the agency's mission and produce the results expected while doing so with reduced resources. Presidential Distinguished Rank awardees typically have substantial responsibility – for both personnel and budget – in their agencies. Therefore, they are well positioned to assess the impact of sequestration.

This monograph does not assess the impact of sequestration by citing data that reflects financial, program or service results; rather, it is intended to illuminate the managerial challenges which these and other executives are facing and their view of the ultimate impact on government.

THE NEW NORMAL?

Presidential Rank Executives Discuss The Impact of the Budget Process and Sequestration

A group of Senior Executives and Senior Professionals awarded the Presidential Distinguished Rank in 2012 met to discuss the on-going budget crisis, including the current government-wide "sequestration" and its effect on career executives' ability to carry out their missions of managing their organizations and their workforces.

As has been customary, the annual event was moderated by SEA President Carol Bonosaro and Peter Zimmerman, Senior Associate Dean for Strategic Program Development at The Kennedy School of Government at Harvard University. The participants – from tenF departments and agencies – shared their views of the turbulence and disruption caused by a budget process that has increasingly broken down as the Executive and Legislative Branches have proved unable to come to an agreement. As one participant put it, "it has been a rollercoaster ride" for some time, from the American Recovery and Reinvestment Act, to the Affordable Care Act, and now to the most recent budgetary challenges of "sequestration."

The Budgetary and Management Challenges

Distinguished Executives gave their varying personal perspectives. One executive from the military pointed out that DOD has been at war for the past several years, yet has been forced to rely on supplemental dollars. Previously, the culture was to get it done at any cost, whereas today's cost cutting measures have required a real and pressing organizational adjustment. It was also felt that there was a lack of understanding within the Legislative Branch of the very real impacts of the decisions being made in Congress, with one Hill staffer having said to an executive, “we signed the bill two weeks ago. Why don’t you have your money yet?”

Both elected and appointed officials have proclaimed their belief that the fiscal crises being profiled in the media are only “manufactured crises.” The public still turns to the government “when something goes wrong – a bombing, extreme weather, a financial or health crisis – and expects us to resolve the crisis and fix it.” Usually it has the capacity to do so, but the budgetary decisions being made and the directives being issued in today’s climate are going to be a direct challenge to the ability of the federal government to maintain that capability. “We’re expected to complete the same missions that we did before and when something goes wrong….nobody stands up and says, ‘Well, it’s because we gave them less money.’”

Has the Impact Hit Yet?

Several in the group expressed the view that the seriousness of the situation has not been fully realized yet. “Until it hits an individual, whether in their pocketbook or in their day to day life, it’s just something nebulous that they may hear about on TV or read in the news, but until it becomes real to them – when they drive up to Yellowstone and the gate is closed – then it becomes personal, and becomes something they’re going to get involved in.”

One awardee pointed out that, although it is frequently stated that the nation over the past decade has been at war, only the military and their families have been at war. The public has not been at war, and there have been no war impacts on the average person; in the same manner, the issues of sequestration have not significantly impacted anyone yet. Moreover, one attendee noted, because the entire economy is tight, individuals with tight budgets in their own families are less sympathetic to hear government officials talk about having less money and lowered expectations from the government.

The sentiment was expressed that there is a need for leadership by Congress and the administration, and decisions to be made about what government ought to do – rather than indiscriminate "squeezing that isn't good for anybody."

At this point the discussion turned to the impacts of sequestration. Though one executive, who said he was an optimist, believed that sequestration could be a positive force by forcing every bit of efficiency and excellence out, albeit at a faster pace than usual. Another said that she believed her agency "could innovate and improve program delivery, but where is the point that we cut so deeply into the bone that we start to risk the collapse of agency infrastructure?"

Yet another executive sounded a less dire note, saying her agency had made the decision to raise building-set temperatures to 80 degrees, which she nonetheless considered a penny-pinching morale killer. "To make matters worse," another added, "you hear people on the Hill saying 'well, what's the big deal about raising the temperature a little – or furloughing an employee for one day a period?' Great solutions," he added mockingly.

Other impacts were mentioned. One agency told its executives "not to fix it. Let the effects be seen and felt." While another executive said her agency had been applauded for reducing its training budget by 87 percent, "we're going to crumble on the back end because the very people who will end up out there doing the work are not going to be properly trained."

Dealing With It

Nonetheless, the executives made it clear they had considered and in some cases implemented strategies to deal with this the best they could. Several thought the federal government and its workforce needed to implement some quasi-marketing strategies to make the American public understand how committed they were, and what they were capable of accomplishing – while at the same time setting forth what happens when we're forced to "take certain things off the table," citing as an example the Navy's not deploying a carrier group of warships, which the world at large takes notice of, and considers to be a sign of American weakness. One said the Senior Executives must go beyond simply hoping "not to be one of those stories. We must build some trust, help people realize the value in what we do, so that they can and will trust us when we say there really are no more dollars to be cut."

This same executive added that the tremendous loss of efficiency as a result of the time spent chasing sequestration-cut strategies and the like is a tremendous burden, saying "I wish someone could put a price tag on redoing who knows how many budgets, who knows how many times, this year alone. How many dollars have we spent across the federal government because of sequester considerations?...I wish we had a way to quantify and tell that story." Zimmerman agreed, asking whether there is any way that a "grand barter could be struck between the career service and the Administration and Congress, something like, 'if Congress would ease off on the micromanagement and the budgetary strings attached and the like, here is what we could do….'

It was clear that the group did not favor sequestration as the way to solve the nation's budget problems. It was suggested that the only way to "convince Congress to reverse the sequester, not just this year, but for the ten years we have to deal with it, is to say that something bad is going to happen. Right now, we're basically being asked whether enough bad things are going to happen that it's worth raising taxes, worth creating a new inflation measure for taxes or Social Security, worth making some minor cuts in Medicare?" Because the legislative branch is not being convinced of that, one executive opined, "there is still a good deal of gimmickry going on. Folks are looking for an easy way out, but long term we have to talk about things that we're not talking about in our agencies and on the Hill. Cutting back on travel as a strategy is a joke," he said.

Judging Performance: Catch 22

At this point, Zimmerman questioned the group how they thought their performance during these turbulent times as career federal executives would be judged down the road. One attendee offered what seemed to be the sense of the group that "there are probably very few around this table who are worried about our performance. We're just going to be doing whatever we can to make our situation work as best we can for the agency and for the taxpayer."

Nonetheless, the pessimistic view was expressed by more than one executive that "we'll be damned if we do and damned if we don't. If we avoid any big problems, then it looks like, 'oh, five percent cut, no big deal,' but if the problems do occur, there will be the casting of blame." Another executive said: "Yes, we're going to minimize the damage to the mission, to the organization, and to the nation, and then somebody up on the Hill is going to say, 'see, they were just hiding all the fat. We knew it was there. They managed a five percent cut. Next year, let's hit them with ten.' "

Rather than deal directly with that worry, Zimmerman asked, "So, if you're really adaptive and really imaginative, you're able to meet the budget targets of cuts without significant mission impact, that's the observation?" One executive's answer was "the first year, nobody is going to see (impacts). That's our reputation. We'll make it work. We're 'can do' kind of people. We didn't get where we are today because when you throw stuff at us, we curl up. We got here because we stay in the game, and we stay in the game all the time. We're going to make the adjustments to make it work. [But] it's going to be seen and felt on the back end. Something will eventually show up, something we're not going to be able to do. But right now, we're moving ahead."

Another agreed, "Yes, there's this surprising consensus that continues to go deeper. Our fixes have created a worse problem. People start to notice that we're going to manage it and then it becomes really scary because people stat realizing, 'wow, okay, they can manage it. Let's keep going," and that has real, long term ripple effects." On the other hand, one executive, the one who had previously described himself as an optimist, said he thought "good things will come out of the sequester. We will find more efficiency and discover some constraints that have been self-imposed (by agencies themselves)."

Long Term Effects and the Next Generation

The discussion moved on to consider even more directly the long term effects of the budget crisis and the sequester, which was an overriding concern of almost all those in attendance, seen as a dark cloud that would be hanging over the federal government in the future. Many executives noted that one of the first management decisions to handle the sequestration budget cuts has been to move toward "deferred maintenance [presumably of the workplace]." Yet some observed a different type of cloud, that the work environment had resulted in almost a "deferred maintenance" when it comes to personnel because of "hiring freezes, an unstable looking work future, and many talented people simply not wanting to come into the government." Another observed that "the best time to hire future leaders would be right now – and we can't do it."

Continuing in the same vein, one executive said "we are working in a completely different environment today. An environment of much more austerity, having to make some really critical decisions, when to take risks or avoid risks, yet we're not training a complete generation of leaders to handle those decisions," because we either can't hire them, can't entice them to join us, or we've completely gutted our training dollars. Another, agreeing, said that she "worried about the next generation of SESers. Are they going to be equipped to handle this 'dance' and still keep the focus on the mission of the agency?"

A degree of pessimism kept reappearing. One executive asked his fellow award winners if they were "watching how many retiree applications that OPM is processing?" He said he envisions the future as a tremendous knowledge drain. Coupled with those retirements, he is "under a strict hiring freeze. I'm supposed to be growing a workforce right now because of a new program, but it's actually going down because of turnover and retirements." Another executive said that if his agency's executives and executive-track employees were graphed by age group, there would be a tremendous trough – in effect, a missing generation of leaders – while the average age of existing leaders would be around 60. He would like the next generation of leaders to be able to "come in and sit with us before we walk out the door" but they are not going to be able to do so and, as a result, they're missing out on an environment of truly vital planning decisions.

When asked why there is missing generation of executives in government, the group almost unanimously agreed that the vilifying of the workforce as a whole was largely to blame. One executive described it as a message of "not wanting to celebrate outstanding performance," citing the example of Distinguished Rank Executives not being recognized or commended by Congress, the Administration, or the public at large.

The Bottom Line: The New Normal?

One executive lamented that there are so many "problems we face and they're all related. There's difficulty in hiring, limits on training our existing workforce, a media tendency to blow up scandals leading to a risk-averse culture that piles on so many extra layers of oversight that you have to go through six people who are each trying to figure out what the next person up the chain is going to be looking for, before you can get anything approved!" She went on to add that on a typical day, she feels as if she has "been given a really important mission and is encouraged to carry it out – as long as I don't actually hire anyone, fire anyone, train anyone, travel anywhere, spend any money, ask the same question of a least nine people, award any contracts, or, God forbid, issue any reports."

And yet another executive said she believed that "sequestration will get fixed and its impact will be minimized, but the whole game has truly, fundamentally changed forever. And by 'game,' I mean that the way government is looked at – not only by appropriators and folks on the Hill, but by the public." She related that she recently met with a group of her fellow executives and one of them asked, "once this sequestration mess is fixed, will we get back to normal?" and she answered that she believes the "normal that I grew up with as a public servant is gone. I believe we are going forward with a 'new normal,' an echo of the mid 90s," but multiplied to the nth degree.

Not wanting to end this occasion that was intended to be festive on a negative note, Zimmerman related that he had recently received an email from a former student who is a Pakistani police superintendent, asking for some advice with some issues facing him in his job, and said "we're still in a hell of a lot better situation than Pakistan!"

By this observation, Zimmerman was observing that the problems facing government executives in many international locations are even more trying and more frustrating than ours, but implying also that there are many things in the American federal system to admire. The Senior Executives Association would add - not the least of which is our existing cadre of career executives who are going to "serve the public good, come 'hell or high water' -- or sequestration."

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