



The Honorable Debra Lee James
Secretary of the Air Force
1670 Air Force Pentagon
Washington, DC 20330-1670

Dear Madam Secretary:

The Senior Executives Association (SEA), a non-profit, non-partisan professional association, represents the interests of career federal executives in government, including those in the Senior Executive Service (SES) and in equivalent Senior Professional (SP) positions, including Senior Level (SL) and Senior Scientific and Professional positions (ST). SEA engages in a variety of legislative and other activities aimed at improving the efficiency, effectiveness, and productivity of the federal government.

On behalf of the Association I would like to congratulate you on your recent appointment and wish you the very best of success in your position. SEA is very fortunate to have many active and retired Air Force Senior Executives and Senior Professionals as members. As you know, these career executives and professionals play crucial roles in preserving our nation's security and vital interests, both in the United States and around the world.

It has recently come to our attention that the Air Force is experiencing a relatively high level of attrition in its career Senior Scientific and Professional ranks. Although limited in number (according to data maintained in the U.S. Office of Personnel Management's data base there were 28 filled Air Force ST positions at the end of FY 2013), ST senior scientists and other technical personnel are responsible for leading edge research and critical military applications in key areas of the Air Force mission such as materials manufacturing, turbine engine aerodynamics, space vehicle and sensor technology.

Well-trained, mission-focused chief scientists and other ST personnel with high degrees of institutional knowledge in these and other areas are certainly very hard to replace. OPM data (again through the end of FY 2013) shows that since FY 2008, 16 senior professionals in ST positions have left the Air Force via retirement or resignation while only four have been hired – a net loss of 12. We understand, through communications with our members, that even more may be planning to leave in the not too distant future – further eroding the department's senior technical capabilities.

We have good reason to believe that a primary cause of increased attrition in the ST ranks at Air Force is the truncated compensation structure the department has chosen to apply to these personnel. At present, Air Force has elected to set the maximum salary level for ST personnel at \$167,000 per annum – tied to Executive Level III of the federal pay schedule. This is well below the maximum pay level that could be established for these positions (\$181,500 – tied to Executive Level II) given that the Department of Defense's (DoD) performance management system covering ST and SL positions (which extends to Air Force ST and SL personnel) has received OPM certification allowing the higher maximum compensation level to be used. It is also inconsistent with the vast majority of other federal agencies which have received OPM certification of their ST/SL systems and which have chosen to allow salary range maximums to be set at the Executive Level II

(\$181,500) level. Moreover, it appears inconsistent with the higher Executive Level II maximum range allowed for Air Force SES employees.

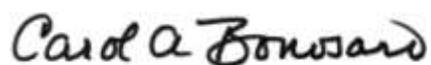
As you know, career executives and professionals, like other federal employees, suffered through three years of a government pay freeze. This freeze was lifted last month when the President signed an Executive Order allowing a small one percent increase for employees in General Schedule (GS) positions. However, this increase was not “automatic” for those in SES, ST, and SL positions. Pay raises for them are based on performance, as are performance awards, which, taken together, comprise the major components of their performance-driven compensation. Unfortunately, DoD’s policies governing performance-driven cash awards for FY 2013 for career senior executives and professionals limited the funding pool to 1% of aggregate salaries for SES and SP employees (as opposed to the 5% limit authorized by OPM and the Office of Management and Budget and later reduced to 4.8%). This virtually eliminated performance awards (which by law must be at least 5% of salary for SES, ST and SL employees) for high performers, including many who received “Outstanding” ratings.

We believe the net effect of the Air Force’s discretionary use of the lowest maximum salary level of \$167,000 for ST personnel, coupled with a long pay freeze and DoD’s decision to limit funding for performance awards, has and will continue to drive increased levels of attrition in mission-critical SP positions. In truth, many Air Force ST employees have been “stuck” at unnecessarily low salary levels for years – a situation which is demotivating and appears to be taking its toll on recruitment and retention. Given that federal retirement annuities are based, in large part, on employees’ highest earning years, it is little wonder that more and more talented Senior Executives and Professionals, noting their pay is not keeping up with inflation, are choosing to leave government – especially when agencies fail to utilize the tools and flexibilities available to enhance their retention.

Although we fully appreciate the daunting budgetary environment facing DoD and its components, as well as other critical management issues you must be facing, we urge you to revisit Air Force’s maximum salary level for ST employees (as well as those in similarly affected SL positions) at your earliest possible opportunity. Acquiring and preserving the talent needed to meet the department’s scientific and technical challenges is critically important as I am sure you will agree. We believe the relatively small expenditures associated with utilizing greater, performance-based pay setting flexibility will have a disproportionately positive pay off for the department and our nation’s defense.

Thank you for considering SEA’s views on these issues. I would welcome the opportunity to discuss them in further detail with you or your staff.

Sincerely,



CAROL A. BONOSARO
President