



the voice of career federal executives since 1980

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September 4, 2013

The Honorable Jeff Miller
Chairman
House Committee on Veterans' Affairs

The Honorable Michael Michaud
Ranking Member
House Committee on Veterans' Affairs

Dear Chairman Miller and Ranking Member Michaud:

The Senior Executives Association (SEA) represents the interests of career federal executives in government, including those in the Senior Executive Service (SES) and in equivalent positions, such as Senior Level (SL) or Senior Scientific and Professional (ST) positions. On behalf of SEA's members, we are writing to provide you with information on the SES pay for performance system as well as to weigh in on the continuing pressure to ban performance awards for Senior Executives at the Department of Veterans Affairs (VA) and to single out individual Senior Executives with regard to prior agency awards determinations.

By way of background, the Senior Executive Service was created by the Civil Service Reform Act of 1978 to be a cadre of highly-qualified employees whose compensation is based on the quality of their performance. That goal was expanded by the Bush Administration in 2004 when it made the SES a total pay for performance system based on private sector models. Unlike the vast majority of the federal workforce, all SES pay adjustments are discretionary – there are no guaranteed annual increases, no cost of living increases, no added locality pay for high cost geographic areas and no overtime compensation (whether in additional pay or leave accumulation). Also, performance awards granted to SES managers are discretionary and based on a rigorous review of executives' achievements against both individual and organizational performance goals.

Over the past year, SEA has witnessed a troubling push to cap or ban SES performance awards in many areas of government. The apparent reason for this is concern that Senior Executives are undeserving of these awards. There seems to be a misperception that federal career Senior Executives are collecting Wall Street salaries and bonuses while accomplishing little of value. Nothing could be farther from the truth. In fact, a specific comparison of federal career Senior Executives with their private sector counterparts in the hospital administration field evidences that federal executives' compensation is far under market value (e.g., a federal VA hospital director or Network director earns a maximum salary \$179,900 whereas a private hospital director earns an average salary of \$800,000).

Federal career Senior Executives are recognized experts in their fields who manage large and complex government programs. They have won Nobel prizes; in many cases they manage agency program budgets that would rank in the Fortune 100 in the private sector; and they have served on space shuttle missions. Further, in 2012, the 46 career executive winners of the Presidential Distinguished Rank award collectively saved the government an estimated \$94 billion. At the VA alone, the eight Distinguished Rank award winners of the past four years have saved a combined total of \$251 million.

SEA believes that all employees should be held accountable for their performance and for providing services to the American people while effectively managing taxpayer dollars. To the extent that there are actual instances of Senior Executives engaging in misconduct or sub-par performance and still receiving awards, it is the rare exception rather than the norm. In those very infrequent instances when a career executive abuses his or her position or fails to meet established performance requirements, their agency can and should take appropriate corrective and/or disciplinary action. However, all indications suggest that the federal career executive corps is an extremely hard-working, dedicated, and effective group of senior managers who work to maintain the public trust.

For these reasons SEA is concerned that recent characterizations of VA career executives as incompetent and overpaid senior managers is unfair and flies in the face of years of documented achievement, trustworthiness and integrity. These characterizations, coupled with threats to ban performance awards for some or all VA career executives, are also counter-productive and run the risk of detracting from mission accomplishment and driving high performing VA executives to retire or seek more rewarding positions in other parts of the government or the private sector.

As you exercise your oversight authority we urge you to focus on ensuring that a fair and effective SES performance management system that ensures thorough assessments of executive performance is in place at VA. Focusing on individual Senior Executives and the prior performance awards they received will not strengthen VA's performance management system or improve the services that our veterans deserve. Rather, the perceived continued anti-career SES focus may have the unintended consequence of jettisoning the talented people VA needs most now to improve hospital administration, reduce claims backlogs and improve patient care.

With these things in mind, SEA welcomes an opportunity to engage with you in discussing or providing additional information on SES pay and performance management systems. We believe such a dialogue will help clarify issues that will aid your Committees in your important oversight responsibilities. As such we stand ready to meet and/or provide more information as needed.

Sincerely,


CAROL A. BONOSARO
President