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TESTIMONY

of

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Before the

HOUSE SUBCOMMITTEE ON FEDERAL WORKFORCE, U.S. POSTAL SERVICE and the CENSUS

On the

“OVERSIGHT OF THE FEDERAL WORKFORCE: THE VIABILITY OF THE SENIOR EXECUTIVE SERVICE”

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Chairman Farenthold, Ranking Member Lynch and Distinguished Members of the Subcommittee:

Thank you for the opportunity to testify before this Subcommittee on the career Senior Executive Service and, specifically, regarding the management of the system, including identifying and compensating Senior Executives.

The Senior Executives Association (SEA) is a professional association that for 30 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. SEA has long promoted policies to ensure an effective government. In doing so, SEA has advocated for a strong SES system to ensure that the Federal government can attract and retain the best career leadership possible.

The Senior Executive Service is comprised of the approximately 7,000 men and women who are critical to a high performing government and are crucial to implementing an Administration's program goals and management agenda in each agency. These are the top career professionals in government, with an average of 26 years of experience and a majority who hold advanced degrees, who obtained their positions on the basis of merit following a rigorous selection and vetting process. Career Senior Executives undertake a myriad of jobs and hold substantial responsibilities, including overseeing budgets and programs that would place their responsibilities on par with executives in Fortune 500 companies. Those Senior Executives that have received Presidential Distinguished Rank Awards exemplify the work of the career leadership corps, with the 46 award winners in 2012 saving the government an estimated \$94 billion.

The Senior Executive Service was created by the Civil Service Reform Act (CSRA) of 1978 to change the General Schedule "super-grades" into a government-wide cadre of upper level managers to provide consistent leadership across administrations and to serve as a link between political appointees and the rest of the federal workforce. *The SES was crafted to provide 1) a careful balance of risk and reward (though that formula has eroded over the years) and 2) political leadership with greater ability to assign executives where they are most needed.*

The Bush Administration proposed amending the CSRA in 2003 to base all pay adjustments on performance and to eliminate locality pay; that change was enacted in 2004. Agencies have broad discretion over both pay adjustments and performance awards and can choose to deny both, even in the case of outstanding performance.

Along with a separate pay system, Senior Executives are also subject to fewer job protections under the law than their General Schedule counterparts – including the ability of agencies to remove them for performance with no effective appeal rights. Furthermore, they are subject to mandatory geographic reassignments (failure to accept can result in removal from Federal service). This provision is often used as a mechanism to push out Senior Executives and encourage their retirement, rather than being used as the private sector does, namely, as a means to ensure the right employees are in the right positions.

Senior Executives face long hours, heavy workloads, and are directly affected by the changeover in political appointees. It is difficult to be selected into the SES and the job is not for the faint of heart, especially in these challenging times of budget constraints and overwhelming scrutiny. Despite media assertions to the contrary, the overwhelming majority of Senior Executives are highly qualified individuals who have chosen a career in government service because they are dedicated to the missions of their agencies and to public service.

Instead of the punitive measures being considered by Congress, SEA does believe that there are areas for reform within the system that will create a more fair and transparent SES system that better serves both employees and the American taxpayer.

Identification and Selection of the SES

To gain entry into the SES, candidates must go through a rigorous selection process and demonstrate comprehensive executive qualifications, as well as substantive expertise in their fields. Although many groups have lately suggested that Senior Executives need to be general executives, able to function in any executive role, many agencies require a high degree of technical expertise in order to ensure that missions are met and resources and programs are managed appropriately.

SES Hiring Process

Discussions on reforming hiring have centered on the general hiring process as overly burdensome, opaque, and time consuming and a deterrent to the best applicants. While sharing some of the same problems, the system for filling SES spots is generally quite different from other systems.

Applicants must meet a set of Executive Core Qualifications (ECQs). Often the applicants outline their qualifications in a written submission, but recently OPM has encouraged the use of a resume based system which relies on agencies to ferret out the qualifications from the resume and structured interviews. When a selection is made, the candidate's information is then given to a Qualifications Review Board (QRB), run by the Office of Personnel Management, which reviews the information and determines whether the candidate is qualified. This rigorous process is necessary to ensure that the selection process is not politicized and that the most qualified candidates are chosen to become Senior Executives.

SEA understands that the complexities of the SES hiring process can be a deterrent to some applicants, especially those applying from outside government. The move to a "resume only" requirement for applicants appears designed to attract candidates from outside the government. SEA is primarily concerned that the resume only method not diminish the need for careful ascertainment that the applicant to the SES does actually possess executive capabilities. However, SEA would also like to share a note of caution that, while the push to bring in executives from the private sector should be part of a hiring equation, it is not always

appropriate for a private sector executive to be brought in at the SES level. Certain agencies and programs require technical and institutional knowledge and would be better served by identifying current federal employees with the necessary executive and technical qualifications.

One issue that has come to SEA's attention is the hiring of retired military officers to fill SES positions. Retired military officers have an advantage when compared to civil service candidates due to the leadership training provided by the services. In past practice, DoD Secretary Rumsfeld waived the six month waiting period before entrance to the civil service is allowed following retirement of the military. That, added to the ability of retired officers to now keep their full military annuities while receiving civilian pay, has made SES vacancies extremely attractive to them. While many of these retired military officers are highly qualified, SEA cautions that, given current trends, they could easily become the majority of an agency's SES corps and further inhibit qualified civilian applicants, as well as dilute civilian control of the department.

Perhaps of even more concern to SEA is the suggestion that agencies abolish their Qualifications Review Boards (QRBs). Critics claim that QRBs add more time to the hiring process and are a burden to applicant approval. SEA believes that QRBs are an integral part of the hiring process. During a QRB meeting, three Senior Executives assemble at OPM and study each candidate's case files in order to assure that candidates are well-qualified and are not chosen primarily for political reasons. Careful QRB consideration of SES selections is a very important part of the Civil Service Reform Act, designed to ensure that merit principles are followed. In the legislative history, numerous members of Congress voiced their concerns regarding possible politicization of the SES, and there were frequent references to "independent" QRBs administered by OPM as providing a counter check to such politicization. Furthermore, OPM has found that QRBs add at most two weeks to the hiring process.

Often the lengthiest part of the process stems from a delay by agencies in issuing the job announcement. Keeping overburdened personnel offices on top of managing paperwork and staying on top of the hiring process can also lead to delays, as can higher level sign-offs. Agencies can meet the shorter processing time if they are encouraged to make hiring a priority.

Putting aside the current problems related to attracting applicants to the SES, SEA believes that the SES hiring process generally fulfills its aim of selecting qualified SES applicants.

Candidate Development Programs & Succession Planning

Candidate Development Programs (CDPs) are the important first step in providing training to potential Senior Executives. CDPs are by no means uniform government-wide, and some agencies rarely conduct CDPs, making it difficult to groom aspiring candidates to the SES. Given the declining interest of GS-14s and GS-15s in joining the SES, it is imperative that agencies identify possible candidates, disseminate information regarding service in the SES, communicate CDP opportunities, and build a culture of opportunity for qualified candidates to enter and complete a CDP.

Many small agencies do not have the resources to run CDPs on a regular basis. And they are further disinclined to actively identify potential candidates by engaging in what could be viewed as “pre-selection.” However, if agencies do not take an active role in building the candidate pipeline and ensuring funding for CDPs, qualified candidates will not necessarily be inclined to enter a CDP.

Should an aspiring candidate complete a CDP, problems remain. Some agencies conduct programs that place all of their graduates in SES positions, while other programs leave many of their graduates without prospects for receiving an SES appointment. *More effort needs to be channeled into selecting the right candidates for the programs, assessing CDPs to understand why graduates are not being placed within the SES if they are well-qualified and looking to CDP graduates when SES vacancies occur.* SEA supports legislation or regulation to encourage agencies to consider already certified candidates (those GS employees who have successfully completed a CDP, but have not yet been selected for a position) before sending more employees into a CDP. Doing so would constitute a cost-conscious process that allows the government to capitalize on the investments it has made in its promising GS-14 and 15 employees.

In addition, SEA encourages this committee to take up legislation to establish an onboarding program- focusing on agency mission, individual and organizational performance objectives, and other criteria- for newly appointed career and non-career Senior Executives. The first year in the SES is a probationary year, and greater effort needs to be made to help new executives to succeed.

Agencies also need to prioritize succession planning. Having such plans in place will allow agencies to identify needed positions before they become vacant, allowing them time to broadcast vacancies and identify qualified candidates, thereby speeding up the hiring process.

To facilitate bringing aboard well qualified candidates and furthering succession planning, agencies should be encouraged to hire SES candidates without regard to an existing vacancy. This is often done in private industry, and agencies can request temporary SES allocations from OPM to further this process.

Reforming Executive Resources Boards

Although ERBs are often thought of in context of initial hires, SEA believes their role can and should be more expansive. SEA has received disturbing accounts of reorganization actions affecting Senior Executives being taken by agencies without input or oversight by an ERB.

In examining existing OPM regulations and the statute governing ERBs, it appears that OPM regulations have addressed only the scope of an ERB’s role in merit staffing as it relates to initial appointments to the SES. (5 C.F.R. §317.501) However, the statute appears to give ERBs oversight responsibility of the entire merit staffing process, which we believe includes

reassignments and determining which positions are designated as SES. It is reasonable to infer that Congress used the term “staffing” as it is generally accepted for all areas in Human Resources functions that fall under hiring, transfers, or reassignments as they relate to either competitive or non-competitive processes. Essentially, “staffing” is that process that determines which person should go to a particular job. Merit staffing is, in our view, the process by which a particular executive is placed into an executive position by application of merit system principles. Our information is that some ERBs operate under this broader charter.

Since 2010, SEA has encouraged OPM to address the ERB role in regulation, and barring that, has pushed for statutory reform. Specifically, SEA recommends that OPM encourage ERBs to be run in a business-like manner, including using an agenda, keeping minutes and making bylaws publicly available. Further, ERBs should have oversight responsibilities to review all SES positions to ensure they are SES level, to exercise oversight over reassignments to ensure they have a business-purpose, and to utilize their authority to make recommendations concerning major reorganizations of the SES.

Given the complex nature of the SES system, and the ability of agencies to make staffing decisions with minimal oversight, SEA believes that firmer guidance regarding the scope of ERBs, through OPM regulations or statute, is necessary to ensure that staffing decisions are made in a manner that is transparent and fair and helps an agency more effectively meet its goals.

Recruitment & Retention Challenges

One barrier to identifying and hiring the next generation of Senior Executives is the SES system itself. Since completing a survey in 2009 of GS-14 and GS-15 employees regarding their views of the attractors and detractors to serving in SES and SP positions, SEA has been extremely concerned that the SES is increasingly becoming less attractive to qualified GS employees.

Responses to the survey (“Taking the Helm,” www.seniorexecs.org) confirmed that there is a brewing recruitment problem. GS-14s and GS-15s are losing interest in joining the SES and the attractors of the system (e.g. the chance to contribute to the agency’s mission, increased responsibility, and greater opportunity for innovation) are outweighed by the detractors (e.g. skewed work-life balance, increased job risks, lack of assured pay, and the possibility of geographic reassignment).

In the years since the survey, the detractors to serving in the SES have increased dramatically. Pay compression and overlap has grown, with on average 25 percent of GS-15s making more than their SES supervisors, even as the ability of Senior Executives to receive fair consideration for pay adjustments and performance awards has declined. SEA has also been made aware that some major agencies have appointed GS-15s to SES positions, or offered them SES positions, without increasing their pay from their previous position.

A related disincentive is that potential candidates to the SES know that the SES system may entail mobility, yet *agencies are increasingly declining to pay relocation expenses when career executives have the opportunity to apply for a position in a different geographic area*; in fact, SEA has received reports of instances where agencies have encouraged executives to apply for such positions rather than exercise their right to transfer them – thus avoiding the need to pay relocation expenses. Unfortunately agencies are viewing mobility and relocation as budgetary and procurement functions rather than a key human capital element designed to encourage recruitment and retention of a high caliber workforce.

Compounding the detractors at the SES level is a related, emerging trend – the lack of succession planning and reduced bench strength. 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. For example, the number of formal agency SES Candidate Development Programs (CDPs) is declining due to current budgetary constraints and increasingly restricted replacement hiring into SES positions.

Other 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.

On the other side of the coin are retention challenges as nearly two thirds of the current SES corps is eligible to retire within the next five years. Already the retirement rate among the SES has increased from 5.7% in FY 2009 to 8.0% in FY 2013 – a 40% increase. The challenges listed at the beginning of this testimony will only serve to accelerate retirements among the current SES corps. This turnover of executive leadership is costly for agencies as it results in brain drain and loss of institutional capability at a time when government most needs career executive leadership, expertise, and commitment.

One of the drivers leading to turnover has been sequestration. Due to 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.

While the issue of budget cuts and sequestration is not likely to be addressed in the near term, SEA calls on Congress to focus on the positive incentives that will reverse current recruitment and retention trends. For current Senior Executives, addressing fairness in performance management and righting the skewed risk to reward ratio would be a good first step.

Another driver leading to executive turnover has been the increasingly negative rhetoric about Senior Executives and the lack of public support and recognition from the Administration and Congress of the achievements of the career leadership. Recognition of key achievements is one of the most treasured rewards for federal career executives. Recent actions by the Administration culminating with the cancellation of Presidential Rank Awards for FY 2013 have raised concerns about the Administration's willingness and commitment to recognize the significant contributions of career Senior Executives.

Even prior to this "penny-wise and pound foolish" approach, the White House had delayed the review and selection process for the FY 2012 SES Rank Award winners (including those from the Intelligence and Foreign Service communities) to a point where awardees began to wonder whether their achievements were truly valued. Since the outset of the Obama Administration, the number of Distinguished Rank Award winners has dropped each year from 75 in FY 2009 to 46 for FY 2012 (39% drop). Even more drastically, the number of Meritorious Rank Award winners has dropped from 269 in FY 2009 to 78 in FY 2012 (65% drop). Further, OPM currently does not publish the names of the awardees (SEA does) and agencies have been under instructions to do nothing to identify them publicly. *This is in sharp contrast to previous Administrations; prior recognition included President Reagan presenting the awards personally and OPM publishing booklets highlighting Rank Award winners.*

The perception created by the lack of recognition and the lack of action to address many of the detractors of the SES system have exacerbated the trend of increased executive turnover.

SES Pay and Performance Management

Along with hiring and selection of qualified candidates into the SES, another important aspect of the system is the performance management and compensation of career Senior Executives. As the Subcommittee is well-aware, this system has come under much Congressional scrutiny over the past few months. *Although SEA has long called for reforms to the current pay and performance management system, SEA does caution against the quick, "scandal" driven solutions currently being considered.*

The current SES pay and performance management system is the main alternate pay system covering senior level employees. It was created by statute in 2003 and implemented in 2004. There has now been sufficient time and experience to examine how well the system works. SEA believes the system needs to be modified to ensure that quality applicants will aspire to the SES and those already in the SES will want to stay. The large number (upwards of 50 percent at some agencies) of Senior Executives eligible to retire makes a review of the SES system even more imperative.

Over the past several years, multiple surveys of Senior Executives have highlighted that the SES pay and performance system is a major factor in the recruitment and retention challenges facing the SES. SEA has become aware of a perception among an increasing number of federal managers that the SES is not a desirable career goal. This is due in large part to the skewed risk

and reward ratio that Senior Executives face. Senior Executives take on more duties and work longer hours, yet are not eligible for locality pay or annual comparability pay raises, all of which are a part of the compensation system for General Schedule (GS) employees, along with compensatory time.

While there are many managers who are motivated by a call to public service, incentives are still needed to encourage others to make the leap from the GS-14/15 level into the SES. While pay was not selected as a major detractor in our 2009 survey, pay was frequently mentioned in the over 3500 written comments submitted by respondents. The point was that the increased responsibility, lack of work/life balance, and possibility of geographic relocation was not worth the potential small increase in pay.

Those who do join the executive ranks find that the pay and performance management system does not work as intended. What is clear is that a system that was meant to relieve pay compression, to be transparent and flexible, and to reward superior performance, has instead become a disincentive for many of the best employees who might otherwise desire to serve in the highest ranks of the career civil service.

In the SES, all pay adjustments are based on performance, and performance awards were included in the 1978 legislation establishing the corps, as well as Presidential Rank Awards. Along with the current rhetoric surrounding federal pay, less than satisfactory agency administration of the SES pay system and the Administration's reduction in the pool available for performance awards is degrading the pay for performance concept. Yet performance awards are an essential part of SES compensation and they are made on the basis of meaningful distinctions in performance. Like all federal employees, Senior Executives were subjected to three years of frozen pay and even though that was lifted for GS employees, many agencies did not grant pay adjustments to their SES employees. Because SES annual pay increases are entirely discretionary, this has created the perception that a Senior Executive cannot rely on the receipt of an increase based on superior performance.

Moreover, there has been pressure on agencies to limit performance awards as well. In FY 2011 the Administration reduced the percentage of SES compensation available in agency performance award pay out pools from a statutory maximum of 10% of aggregate salary to a maximum of 5% - a 50% reduction in available pay for performance funding. This guidance has been repeated for FY 2012 and FY 2013. Some agencies (DoD most noteworthy) have further reduced the amount in SES performance awards pools to as little as 1%, resulting in drastic reductions in the number and amounts of awards granted – to the point where many SES executives rated as “Outstanding” are not receiving awards.

Along with efforts by the Administration to suppress performance awards, Congress has also passed or considered bills to limit or ban performance awards. OPM regulations governing SES performance management require making meaningful distinctions in rating and paying SES employees based on performance' the focus is on measurable results. Moreover, cancelling

performance awards may have the effect of putting in jeopardy OPM certification of agencies' SES performance management systems – which would further weaken pay for performance.

Given this situation, SEA conducted a survey of its members in February 2014 to determine attitudes about the pay and performance management system and to identify how it is being implemented. (The full report on the survey can be found at www.seniorexecs.org). The survey results paint a troubling picture of a broken performance management system, including eroding morale due to a deteriorating pay for performance system and lack of respect for the SES, as well as a performance appraisal process seen as slow, burdensome, and not transparent. In fact, a majority (51%) of survey respondents rated overall morale among Senior Executives and Senior Professionals at their agencies as "low or very low."

Underpinning any pay for performance system is the concept that excellent performance is recognized and rewarded. Currently, there is no guarantee that an outstanding rating will result in either a pay adjustment or performance award. When the main tenet of pay for performance is broken, the system becomes a disincentive to motivating and engaging employees. That is especially true of bills which have been introduced to withhold performance awards from all Senior Executives in an agency or department, no matter how well they have performed.

On top of the pay issue, the survey highlights areas that SEA has long raised of fairness and transparency in ratings. According to the survey, one quarter of respondents had not received an FY 2013 performance rating several months into the next performance cycle. Other respondents reported a lack of performance plans (by which individual goals are set and by which SES performance is measured) although the new performance cycle had already begun. Still other respondents commented on the lack of information and transparency by agencies, actions by OPM and OMB on funding awards, timing of ratings and final decisions, and a lack of accountability by the political appointees overseeing the process to ensure timeliness, fairness and accuracy. As is true at all levels of the federal workforce, fair and effective performance systems directly and positively impact both organizational and individual accomplishment.

For the past several years, SEA has sounded the alarm that the risk to reward ratio originally expressed in the statute creating the SES is becoming increasingly skewed. The premise of the SES system is that Senior Executives face greater risk (including no effective job protections and the possibility of geographic reassignment) for greater rewards (including performance awards and, for a very few, a Presidential Rank Award). Given the erosion of the pay for performance system, the risk remains but the reward is fading. The system has many disincentives for current Senior Executives and those in the pipeline. SEA is not advocating for "Wall Street bonuses" – which is a total misnomer for SES performance awards and Rank Awards - and the reality is that Senior Executives serve in the government due to a dedication to the missions of their agencies and the ability to serve the public – not for high levels of pay.

What SEA urges is for Congress and the Administration to restore the concept underpinning pay for performance, and encourage agencies to provide performance awards to high performers; this would put some measure of stability back in the system. This could be further

accomplished by restoring locality pay to the SES and providing an annual adjustment to Senior Executives rated fully successful or higher. Such an adjustment would be tied to the average annual pay increase of the General Schedule in order to ease pay overlap. Furthermore, each new Senior Executive, who has come from a General Schedule or equivalent position, should receive a salary adjustment that is at least 5% greater than the salary he or she made as a GS employee directly before joining the SES.

SEA also believes that OPM needs to continue to promote a unified performance appraisal system that it rolled out in 2012 and to ensure that agencies implement the process with timely ratings and performance plans and transparency in decision-making. To facilitate this work, SEA encourages Congress to codify the SES Performance Management Office at OPM.

Overview of Key Challenges Facing the Career SES

Along with the challenges and reforms noted above, SEA believes that the career SES, along with the federal workforce as a whole, is at a crossroads; without sustained attention and thoughtful reform, the best candidates will be deterred from entering government and current qualified employees will be driven out. This will result in a government that does not meet its mission or the needs of the American public.

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. 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 Members of 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.

It is no secret that federal employees are being debased on many fronts – in the media, in Congress, and perhaps most importantly, in the public eye. Several so-called “scandals” have surfaced and the entire federal workforce (and in particular the SES corps) is bearing the brunt of poor judgment and damaging actions committed by a few. Regrettably, there has been limited visible support emanating from the Administration or Congress in defense of federal workers, especially Senior Executives, despite their selfless service and noteworthy accomplishments.

The cumulative effect of these circumstances, coupled with the deterioration of their pay for performance system, is becoming apparent. With increasing frequency many career senior executives are concerned about making the right decisions and taking risks as opposed to making “safe decisions;” that is, they sometimes see the right decisions or risk taking as being potentially career-damaging or career-ending in the current climate. 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 and efficiencies, process and program enhancements, and improved resources utilization. Moreover, *avoiding risk and choosing safe vs. right decisions ultimately does a disservice to the American public who, as taxpayers, deserve our government's best – as opposed to just "good enough."*

The loss of key staff due to retirements and resignations and eroding employee morale have also added to pressures on career executives who continue to work tirelessly to manage mission essential programs across the government. On top of these challenges, career executives have increasingly been subjected to Inspector General and congressionally-mandated investigations into the propriety of their management actions and decisions – to the point where many feel they are being treated as "guilty until proven innocent."

Congressional oversight is a critical aspect of effective government, yet when such oversight and accompanying legislative action is taken to the point of micromanagement and punitive legislation, effective government becomes a difficult if not impossible goal to accomplish.

In the midst of these challenges, executives have witnessed a series of recent events and decisions by the current Administration and Congress that have shaken their faith in the fairness and intent of the government's policies and practices impacting their pay, recognition and employment security. *With greater frequency, high performing Senior Executives themselves are choosing to retire or seek employment in the private sector rather than continue in a system they believe does not support or reward their efforts – and in some cases seems to denigrate their value as critical front-line leaders of the most important and impactful federal programs that affect all Americans. As time passes, the situation is getting worse and not better.*

Nowhere is this situation more apparent than at the Department of Veterans Affairs (VA). SEA continues to be concerned that legislation to fire Senior Executives with no due process and to ban or rescind performance awards will make the situation worse, not better, and will result in an agency that is less able to provide the services that veterans deserve.

Rather than restating arguments that SEA has made over the past few months as events at the VA have unfolded, I have included at the end of this testimony a recent letter to the House Veterans' Affairs Committee regarding the SES pay and performance management system at the VA.

Conclusion

As the Subcommittee considers the state of the career Senior Executive Service, the challenges outlined above highlight the critical need for reform in order to ensure a strong executive corps that can continue to focus on innovation and efficient government operations. At a time when the President has issued a management agenda with an emphasis on employee engagement, the current state of the SES system is a barrier to achieving that goal. Despite the negative rhetoric emanating from some in Congress and the media, the vast majority of Senior

Executives are committed, highly qualified and experienced professionals whose leadership is integral to the effective functioning of government. An engaged and fully utilized career senior leadership corps is essential to any high-performing company. If a private company treated its Senior Executives the way federal career Senior Executives are treated (or frankly, the way the federal workforce as a whole has been treated), the company would fail.

SEA urges Congress to work with stakeholders and focus on reforming the SES to right the risk to reward ratio. As SEA's report on the member survey concludes: *"The beneficiaries of a properly balanced system are not only executives themselves, but government as a whole that benefits from their innovation, creativity and dedicated service to the nation. Unfortunately, this balance has eroded to a point where low morale, growing turnover, and increasingly dysfunctional human resources policies and practices are jeopardizing the administration of important agency programs and national goals."*

Thank you for your attention to these critical issues. SEA stands ready to work with you on addressing these issues and identifying fair, meaningful reforms.