

---

BY THE U.S. GENERAL ACCOUNTING OFFICE

**Report To The Chairwoman, Subcommittee  
On Civil Service, House Committee On  
Post Office And Civil Service**

---

**Evaluation Of Proposals To Alter  
The Structure Of The Senior  
Executive Service**

Perceived problems with the Senior Executive Service have generated several proposals to alter its structure. These proposals involve removing

- noncareer appointees from SES,
- all but the topmost executives from SES, and
- scientists and engineers from SES.

GAO found insufficient data to support the proposals to change the structure of SES. The Office of Management and Budget and the Office of Personnel Management generally agreed.



128317



GAO/GGD-86-14  
OCTOBER 11, 1985

033673

**Request for copies of GAO reports should be sent to:**

**U.S. General Accounting Office  
Document Handling and Information  
Services Facility  
P.O. Box 6015  
Gaithersburg, Md. 20877**

**Telephone (202) 275-6241**

**The first five copies of individual reports are free of charge. Additional copies of bound audit reports are \$3.25 each. Additional copies of unbound report (i.e., letter reports) and most other publications are \$1.00 each. There will be a 25% discount on all orders for 100 or more copies mailed to a single address. Sales orders must be prepaid on a cash, check, or money order basis. Check should be made out to the "Superintendent of Documents".**



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT  
DIVISION

B-219564

The Honorable Patricia Schroeder  
Chairwoman, Subcommittee on Civil Service  
Committee on Post Office and Civil Service  
House of Representatives

Dear Madam Chairwoman:

This report responds to your September 28, 1984, request to examine proposals to alter the structure of the Senior Executive Service. The report describes these proposals and their current status, and discusses the perceived problems each was designed to address. It also examines available data on the extent and seriousness of these problems.

As arranged with your office, unless you publicly announce this report's contents earlier, we plan no further distribution of this report until 10 days from its issuance date. We will then send copies to interested parties and make copies available to others upon request.

Sincerely yours,

A handwritten signature in black ink that reads "W. J. Anderson".

William J. Anderson  
Director



---

## EXECUTIVE SUMMARY

---

The Senior Executive Service (SES) was established in 1979 as a new personnel system for federal executives. Perceived problems with SES have given rise to several proposals to alter its structure. These proposals involve removing

- noncareer employees from SES,
- all but the topmost executives from SES, and
- scientists and engineers from SES.

The Subcommittee on Civil Service, House Committee on Post Office and Civil Service requested GAO to describe these proposals, review and analyze data concerning the perceived problems leading to this development, and assess the views and plans of the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) regarding them.

---

## BACKGROUND

SES was created by Title IV of the Civil Service Reform Act of 1978. It was designed 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 is otherwise of the highest quality." Because it encompassed most executive branch employees formerly classified at the upper levels of government (GS-16, 17, and 18 and Executive Levels IV and V or their equivalents), SES membership includes many professions. Top level managers, administrators, senior scientists, engineers, economists, and attorneys are in SES.

There are two types of SES positions--career reserved and general. Career-reserved positions are restricted to career employees. General positions may be filled by either career civil servants, noncareer (political) appointees, or individuals appointed for a limited term. The number of noncareer appointees is limited to 10 percent of the total number of positions.

The Reform Act limited the total number of SES and GS-16, 17, and 18 positions to 10,777. OPM assigns or allocates SES positions to agencies. The positions are, in turn, filled by each

---

**EXECUTIVE SUMMARY**

---

agency. As of March 31, 1985, OPM had allocated 8,048 SES positions to executive agencies; 6,938 of these positions were filled.

---

**RESULTS IN BRIEF**

GAO found insufficient data to support the proposals to change the structure of SES.

None of the proposals have been finalized and OMB and OPM have not expressed an official position on any of them.

---

**FINDINGS**

In examining the proposals, GAO reviewed several studies, analyzed various OPM data, and interviewed two dozen individuals in or formerly in federal service or academia who were knowledgeable about SES and represented a broad range of views on SES.

Remove non-careerists from SES

The proponents of an all-career SES and some of the interviewees maintain that including both career and noncareer executives in the SES increases tension between them and creates the potential for politicization of the executive branch. Other interviewees believe the present structure is desirable. They believe that the tension is not caused by the SES structure but by other factors, including the mixing of career civil servants and political appointees throughout government (see p. 4). GAO found that the potential for manipulating the 10-percent limit on the number of noncareer appointees in the SES exists, but noncareer appointees have not exceeded this ceiling (see p. 9).

Remove all but top executives from SES

The President's Private Sector Survey on Cost Control (PPSSCC) identified inadequate pay of top level federal executives as a major problem. Although it made no explicit connection to inadequate pay, the PPSSCC also asserted SES was too large, containing many individuals who were not "true executives" because they did not manage significant resources or did not hold significant policymaking positions (see p. 13). The PPSSCC suggested the size of the SES be drastically reduced from its 7,000 members as of March 31, 1985 (an SES of 1,000 to 3,500 members was suggested) and salaries raised by 20 to 30 percent.

---

## EXECUTIVE SUMMARY

---

Many of the GAO interviewees agreed that there may be a few individuals in SES whose responsibilities do not warrant senior executive status, but no one thought that a wholesale reduction in the size of the current SES was necessary or desirable. They believe that whatever fine-tuning is needed should be done by the agencies themselves (see p. 16).

Remove scientists  
and engineers  
from SES

Other proposals suggested removing scientists and engineers from the civil service and SES. Sponsors of these proposals and several interviewees believe that inadequate pay and rigid civil service rules make it difficult for the federal scientific community to attract, retain, and motivate qualified scientists and engineers (see p. 19).

One proposal developed by the Office of Science and Technology Policy (OSTP) would permit agencies to develop a separate pay system for all federal scientists, engineers, and other technicians. Under the proposal's guidelines, their pay would be keyed to market rates but could not exceed the pay limit for SES, except for the topmost 5 percent who would receive about \$25,000 above this limit (see p. 21). This proposal has been combined with a Department of Defense (DOD) proposal to implement broad pay ranges governmentwide (see p. 21).

The National Institutes of Health (NIH) has also prepared a proposal to organize its doctoral level scientists into a personnel system patterned after U.S. medical universities. Pay would be based on medical school salaries. NIH also proposed different retirement and appraisal systems for scientists (see p. 22).

GAO found little data have been developed to demonstrate the effects of inadequate pay and the current personnel system on the federal scientific and engineering community. Several interviewees pointed out that the difficulty in recruiting and retaining these employees is not unlike that affecting the entire civil service.

They suggested that a separate personnel system would provide a "wedge" which other groups could use to justify their own separate systems; the

---

**EXECUTIVE SUMMARY**

---

results of such a trend could unravel the Reform Act's objective of providing a common organization for senior managers. Further, GAO was told that other alternatives exist for accommodating the special needs of technical specialists. For example, special pay rates could be authorized and special non-SES hiring authorities already exist (see p. 27).

The private sector companies GAO contacted had separate career tracks for scientists and for managers. Scientists who become executives cross over into the executive career track.

OMB and OPM  
positions

OPM is considering PPSSCC's proposal. Also, OMB and OPM are studying the combined DOD/OSTP proposal, but have reported no official position. The other proposals have not been submitted to OMB or OPM. Officials at these agencies said any proposal to change the structure of the current federal employment system would have to be considered in light of the administration's drive to cut federal personnel costs.

---

**RECOMMENDATION**

Because GAO found insufficient data to support the proposals to change the structure of SES, it is making no recommendations on their adoption.

---

**AGENCY COMMENTS**

GAO sent a draft of this report to OMB and OPM for oral comment. (See pp. 12, 18, and 29.) Both agencies confirmed that they had no official positions on any of these proposals.

# C o n t e n t s

	<u>Page</u>
EXECUTIVE SUMMARY	i
CHAPTER	
1 INTRODUCTION	1
SES structure	1
Objectives, scope, and methodology	2
2 REMOVING NONCAREERISTS FROM SES	4
Tension between career and noncareer executives has been a longstanding problem	4
Merit system quandary: flexibility vs. potential abuse	8
Conclusions	12
Agency comments	12
3 LIMITING SES MEMBERSHIP TO TOPMOST EXECUTIVES	13
The PPSSCC concluded that SES is too large and paid too little	13
Those interviewed do not believe the size of SES needs to be reduced	14
Concerns that SES has been diluted by the addition of too many positions are not supported	16
Comparisons between the number of government and private sector executives are inconclusive	17
Conclusion	18
Agency Comments	18
4 SEPARATING SCIENTISTS AND ENGINEERS FROM SES	19
Inadequate pay is perceived as the greatest problem	19
Proposals that would separate scientists and engineers from SES	21
Separate career tracks have been suggested for specialists	27
Conclusions	29
Agency Comments	29

APPENDIX

I	Request letter from Chairwoman Patricia Schroeder, Subcommittee on Civil Service, House Committee on Post Office and Civil Service	30
II	List of interviewees	31
III	The PPSSCC's recommendations for increasing federal executive salaries	34

TABLES

2.1	Noncareer appointees in the SES	10
2.2	Conversion of noncareer SES employees to career SES appointments	11
2.3	Percent of SES members who meet the 5-year requirement	11
3.1	Changes in personnel levels in the Senior Executive Service July 1979-March 1985	17
3.2	Comparison of government and private sector executive ratios	18
II.1	List of interviewees	31
III.1	The PPSSCC's recommendations for increasing federal executive salaries	34

## ABBREVIATIONS

CSRA	Civil Service Reform Act
DOD	Department of Defense
FPM	Federal Personnel Manual
GAO	General Accounting Office
GOCO	Government-owned contractor operated
GS	General Schedule
MSPB	Merit Systems Protection Board
NIH	National Institutes of Health
NMC	Navy Material Command
QRB	Qualifications Review Board
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSTP	Office of Science and Technology Policy
PHS	Public Health Service
PPSSCC	President's Private Sector Survey on Cost Control
SEA	Senior Executive Association
SES	Senior Executive Service
TIAA/CREF	Teachers' Insurance and Annuity Association/College Retirement Equities Fund



## Chapter 1

### INTRODUCTION

The Senior Executive Service (SES) was created by Title IV of the Civil Service Reform Act of 1978 (CSRA) (Public Law 95-454, Oct. 13, 1978). It was established ". . .to ensure that the executive management of the government. . .is responsive to the needs, policies, and goals of the Nation and otherwise is of the highest quality."

SES was designed to provide agencies with more flexibility in managing executive personnel and to consolidate the numerous personnel systems which previously existed. Its membership includes many professions in government leadership. In addition to its purely managerial executives, it embraces many senior experts with specialized backgrounds in such fields as science, engineering, law, and economics. SES, with its varied membership, is responsible for providing leadership, experience, and managerial continuity to the government's many programs and responsibilities.

During late 1983 and early 1984, the Subcommittee on Civil Service, House Committee on Post Office and Civil Service, held oversight hearings on SES as part of a 5-year review required by the CSRA. Some organizations and individuals who testified at the hearings cited concerns with the "inclusiveness" of the present SES membership, and they proposed changes to SES' structure. In response to this testimony, the Subcommittee requested that we examine the proposals for altering SES and determine whether further analysis of these proposals was warranted. This report presents the results of our examination.

### SES STRUCTURE

SES is the first tier of government management below the President, Vice President, and the political appointees who require Senate confirmation. SES covers executive branch employees who, before the formation of SES, were classified as General Schedule (GS) 16, 17, and 18 and Executive Level political appointees at levels IV and V who did not require Senate confirmation.

There are two types of positions in SES--career reserved and general. Career reserved positions may only be filled by career civil servants. General positions may be filled by career civil servants, noncareer individuals with political affiliation, or individuals appointed for only a limited term. The CSRA limits the number of noncareer employees who can occupy

general positions to 10 percent of the total governmentwide allocation of SES positions.

Individual agencies are responsible for identifying how many SES positions they need. After the Office of Personnel Management (OPM) in consultation with the Office of Management and Budget (OMB) reviews agency requests and allocates positions to each agency, the agencies are responsible for filling them. CSRA limited the total number of top-level positions, including SES and all GS 16, 17, and 18 positions, to 10,777. At the end of March 1985, 8,048 of these positions had been allocated to SES and 6,938 filled.

The law also authorized the establishment of an additional 517 scientific and professional positions in research and development activities outside SES. This authorization replaced the numerous authorities that had previously been used by agencies to hire scientific and other technical personnel. Persons employed under this authorization are paid at the GS 16 to 18 level, although they are not on the General Schedule. OPM must also approve the allocation of these positions.

Even though overall control of the size of SES is based on a position allocation process, SES itself is a rank-in-person system. Salary and status within the six-level SES are largely based on personal accomplishments rather than the position an individual occupies. Career SES executives with fully successful performances are eligible for lump sum performance awards of up to 20 percent of their pay. CSRA limited the number of award recipients to 50 percent of the number of allocated SES positions. Noncareer SES members are not eligible for performance awards. More recent legislation (Public Law 98-615, Nov. 8, 1984) has replaced this percentage limitation on the number of awards with a limit that may not exceed the greater of 3 percent of the aggregate amount of basic pay paid to career appointees in an agency during the preceding fiscal year or, at the very small agencies, 15 percent of the average annual rate of basic pay.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

We reviewed three proposals suggested in the SES oversight hearings for altering the structure of SES. They relate to

- removing noncareer appointees from SES,
- reducing the size of SES to include only the topmost executives, and
- removing scientific and other technical specialists from SES.

Our objectives were to describe these proposals, review and analyze available data concerning the perceived problems that prompted their development, and ascertain the views and plans of OPM, and other knowledgeable individuals about these proposals.

We reviewed the proposals and talked with the major sponsors of each. We also considered variations on these proposals that were suggested by others we interviewed. Interviewees included people who had developed the different proposals or who were either currently or formerly in federal service or academia and were knowledgeable about the civil service and its structure (see app. II). We also talked with individuals at OPM and OMB about the proposals. In all we interviewed two dozen individuals who represented a broad range of views on SES.

We reviewed the history of the CSRA, as well as recent studies that had been completed before and after SES was established regarding problems with the federal executive structure.

For comparative purposes, we visited three private corporations to discuss their management structure for top executives and scientists. These corporations were selected because they employed a substantial number of scientists or engineers. We also gathered information about their salary and bonus systems.

Our work was conducted between October 1984 and March 1985.

## Chapter 2

### REMOVING NONCAREERISTS FROM SES

One of the three proposals we were requested to examine recommended that noncareerists be removed from SES. The Senior Executives Association (SEA), a professional nonprofit corporation that presents the concerns of SES employees to Congress, the executive branch, and the public, is the primary advocate of this proposal. The proposal would remove noncareer appointees from SES and establish a separate system for them. It would return to Congress the authority to determine which positions should be filled by noncareer appointees.

Proponents of an all career SES perceived that combining career and noncareer employees into one system increases tension between the two groups. Specific concerns that, in their view, contributed to this increased tension were the competition for general positions, the tendency of political appointees to view all career SESers as "holdovers" from the prior administration, and the statutory exclusion of noncareerists from SES performance award eligibility. In addition, there was concern that the SES structure creates a potential for increasing the number of political appointees in the executive branch.

Those opposed to the proposal believe that changing SES into an all career service would not solve the problem of tension between career and noncareer executives. They believe that this problem has causes other than the SES structure and that changing the structure would eliminate the original objectives of the CSRA. The objectives were to (1) have career and noncareer executives work together, and thereby reduce tension; (2) provide opportunities for career people to move to political positions without having to give up their career status; and (3) give agency heads the flexibility to move executives within the organization as needed. Many opponents of this proposal also believe that the polarization caused by separating career and noncareer executives would increase tension.

#### TENSION BETWEEN CAREER AND NONCAREER EXECUTIVES HAS BEEN A LONGSTANDING PROBLEM

The difficulty in forging cooperative relationships between career executives and political appointees was recognized long before SES was established. While there was agreement among all we interviewed that tension exists between career executives and noncareer appointees, several reasons were cited and solutions other than restructuring SES were offered.

Numerous factors contribute to the tension between career and noncareer employees

Various factors have been cited in personnel studies as well as by our interviewees as contributing to the tension between career and noncareer executives. The factors include

- the mix of permanent career employees and temporary political executives throughout the government;
- career and noncareer executives' misunderstanding of their own and each other's roles; and
- perceptions that attitudes of past and current administrations have been anti-career employee and that political appointees have been unqualified.

Tension is inherent in our form of government

Our government bureaucracy is headed by individuals appointed by an elected President. There is a division of power between the Congress, which authorizes programs and funds, and the President, who is responsible for administering them. In carrying out this responsibility, the President selects noncareer Cabinet heads and other top officials to carry out a political agenda that must be achieved within a short timeframe. They work with the nonpolitical career executives who have the programmatic knowledge, institutional memory, and a perspective that encompasses a longer timeframe.

The difficulties in establishing effective working relationships between career civil servants and political appointees have been noted by every major study dealing with federal personnel. For example, in 1955 the Hoover Commission noted the difficulties in achieving a balance between the need for noncareer executives to carry out the mandate of the President, and the need for trained, skilled, and nonpartisan employees to provide continuity in the administration of the government's activities.

Lack of understanding about career and noncareer roles

The lack of understanding by career and noncareer executives of both their own and each other's roles was cited by some of those interviewed as a source of tension. Some stated that when career and noncareer executives do not understand what to expect of each other, each becomes rigid in the definition of his or her role and tends to misinterpret the behavior of the other. Some interviewees stated that at the extreme, careerists may engage in turf-protecting behavior and may resist

administration changes; noncareerists may isolate themselves and lose valuable information and support. They see each other in a distorted way that is perhaps best captured by this description:

"Top political appointees say they have a problem achieving program objectives through an unresponsive, entrenched, and apathetic bureaucracy. Career managers say that they are periodically faced with total changes in top management, with the concomitant necessity of defending well-established, effective programs against impractical, if not hare-brained or illegal, innovations."<sup>1</sup>

There was general sentiment among those we interviewed that careerists need to understand the role of noncareerists and assist them in achieving the policy changes desired by the President. Also as one interviewee stated, noncareerists need to understand that when a career person says "we cannot do that", it may be for legal, historical or political reasons rather than a resistance to change.

The perception that an administration is "anti-career employee"

The anti-employee rhetoric of the past and current political administrations was cited by some interviewees as a source of tension. Interviewees also expressed concern about the tendency of recent presidential candidates to campaign against the bureaucracy. They felt that there was a difference between running against programs and running against bureaucrats; the latter increases the tension between career and political employees.

Another source of tension identified by interviewees was their perception that the current administration attempts to exclude careerists from participating in the policymaking process. This was interpreted as anti-career employee behavior and seen by most interviewees as exacerbating the already existing tensions.

Perception that political appointees are unqualified

Another factor cited as contributing to tension is the quality of political appointees. The problem of attracting and retaining "qualified" political appointees is one of long standing; it has been noted over the years from the Brownlow Commission in 1937 to the President's Private Sector Study on Cost Control (PPSSCC) in 1983, and both Hoover Commissions

---

<sup>1</sup>Sally Greenberg "The SES: Government by the People," The Bureaucrat, Fall 1978.

in-between. These studies have suggested that the difficulty in recruiting and retaining qualified appointees is a result of inadequate compensation, financial disclosure requirements, and political considerations rather than competency standards.

Nearly 50 years ago the Brownlow Commission found the tendency to fill jobs with appointees who "are unqualified and have a deadening influence over the quality of work."<sup>2</sup> The PPSSCC concluded those problems still exist, stating that ". . . in too many instances the qualifications of the political appointees are based on something other than administrative or management expertise."<sup>3</sup> The PPSSCC observed that new appointees sometimes fail to solicit help from career managers, often do not have extensive management experience, and may be unaware of available resources.

The short tenure of political appointees has also been cited as a problem by the various studies. For example, the PPSSCC found that the average length of stay for a Cabinet Secretary is 24 months.

Suggestions were made to  
reduce the tension without  
restructuring SES

Many of those interviewed suggested ways the tension between career and noncareer executives could be reduced without restructuring SES.

The primary suggestion was to better orient new noncareer appointees to the nature and operations of the U.S. government. This was consistent with a PPSSCC recommendation to establish a comprehensive orientation program which would include instruction about government, legislative, regulatory and administration policy and guidance in establishing working partnerships with career managers. The Federal Executive Association Task Force<sup>4</sup> also recommended an orientation for all new political executives along with workshops that would engage career and noncareer executives in joint problem solving. In addition, the task force recommended providing guidance to

---

<sup>2</sup>Brownlow Commission, Administrative Management in the Government of the United States: A Report to Congress, January 1937.

<sup>3</sup>President's Private Sector Survey on Cost Control, Report on Personnel Management, Fall 1983.

<sup>4</sup>Federal Executive Association Task Force for Improved Political-Career Relations, September 20, 1984.

career executives in working with and supporting political executives.<sup>5</sup>

Other less specific remedies mentioned by the interviewees for reducing the tension between career and noncareer executives were to (1) bring about change in the attitudes of the top political leadership about career employees, (2) increase efforts to inform career people about the political agenda, (3) involve career people in the agency decisionmaking process, and (4) improve screening of political appointees to ensure they possess the requisite qualifications and expertise.

MERIT SYSTEM QUANDARY:  
FLEXIBILITY VS. POTENTIAL ABUSE

In a 1983 survey by the Merit Systems Protection Board (MSPB),<sup>6</sup> 5 percent of the 1,245 SES members questioned reported they had suffered prohibited personnel actions, and 35 percent said they had observed one or more prohibited personnel actions against other SES members during the previous 12 months. These actions included giving or denying jobs or rewards on the basis of age, sex, race, handicaps, marital status, religious beliefs or political affiliation. Thirty-eight percent of the SES members who had experienced a prohibited action cited partisan politics as the reason. Moreover, 16 percent of the 1,245 current and 848 former SES members said they had experienced arbitrary actions, and 40 percent of the current SES members and 47 percent of the former members said they had observed arbitrary actions taken against others in the SES. The arbitrary actions cited included reassigning executives to duties not of SES nature, causing SES members to resign by reassigning them to other geographic locations, and arbitrarily lowering performance ratings or demoting an executive. The most commonly cited reason (by 28 percent of the current SES members and 52 percent of the former SES members who had personally experienced an arbitrary action) was partisan politics.

The proponents of an all career SES are concerned about abuses of merit principles and a perceived increase in politicization of the executive branch. Those involved in

---

<sup>5</sup>Under the Reagan administration the White House now provides an orientation program for new political appointees, which includes formal briefings on the White House policymaking process; appointees' roles, responsibilities, and legal powers; executive and legislative relationships; personnel and budget processes; and agency specific briefings.

<sup>6</sup>The U.S. Merit Systems Protection Board is a quasi-judicial independent regulatory agency charged with safeguarding the merit system and individual employees against abuses and unfair personnel actions.

creating SES felt that by combining career and noncareer executives into one rank-in-person system, flexibility was added to the system. Flexibility was viewed as allowing careerists access to top jobs and allowing agency officials to move people into different positions as needed to meet agency objectives. The architects of SES acknowledged that as flexibility increased, the potential for abuse would also increase.

There is no agreement as to where the balance lies between flexibility and protection from abuse. While the creators of SES justified the potential for abuse as being balanced by the positive benefits career members of SES derive from increased access to political positions, many interviewees said that this "increased access" has not happened. Some believed that more career people went into political jobs before CSRA. In addition, the Senior Executives Association stated that once careerists accept a traditionally "political" appointment, they are labeled and encouraged to leave federal service when the political party changes despite their career status.

Data from OPM show that 61 career SES members took presidential appointments with Senate confirmation from July 13, 1979, through December 31, 1984. Of these, 26 (43 percent) subsequently returned to career SES appointments. Comparable data prior to the CSRA are not available.

Although there is potential for a higher ratio of noncareerists in the SES, it has not occurred

The CSRA limited the number of noncareer appointments to 10 percent of the total number of allocated SES positions. The SEA raised concern that there was potential for having the ratio of noncareer appointees exceed 10 percent of all appointments if fewer career appointments were made. For example, in fiscal year 1984 there were 8,063 allocated positions. A total of 806 noncareer employees (10 percent of the allocated positions) could be appointed. Since all of the career SES slots were not filled, the potential existed for noncareer appointees to occupy positions exceeding 10 percent of the actual SES filled positions.

While the potential for such a circumstance exists, it has not occurred (see table 2.1). The ratio of noncareer appointees to allocated positions has never exceeded 8.4 percent as of fiscal year end. The ratio of noncareer appointees to filled

positions did reach 10 percent in fiscal year 1983 but declined to 9.4 percent by March 1985.<sup>7</sup>

Table 2.1:  
Noncareer Appointees in the SES

	<u>7/79</u>	<u>9/80</u>	<u>9/81</u>	<u>9/82</u>	<u>9/83</u>	<u>9/84</u>	<u>3/85</u>
Total number of allocated positions:	8,389	8,592	8,593	8,227	8,243	8,063	8,048
Total number of filled positions:	6,948	7,038	6,481	6,762	6,945	7,009	6,928
Career	6,318	6,325	5,942	6,042	6,158	6,243	6,210
Noncareer	489	582	467	648	696	665	651
Other <sup>a</sup>	141	131	72	72	91	101	77
Ratio of noncareer appointees to:							
Total allocated positions	5.8%	6.8%	5.4%	7.9%	8.4%	8.2%	8.1%
Total filled positions	7.0%	8.3%	7.2%	9.6%	10.0%	9.5%	9.4%

<sup>a</sup>Includes limited term and limited emergency appointments (nonrenewable appointments for up to 3 years or 18 months, respectively) and individuals in top-level positions who did not choose to convert to SES.

---

<sup>7</sup>This decline follows the issuance of Federal Personnel Manual (FPM) Bulletin 920-68 (Jan. 26, 1984), which provided that agencies' noncareer authorizations would be revoked upon departure of the incumbent and reallocated by OPM on the basis of agencies' demonstrated need. This policy was extended by FPM bulletin 920-76 (Mar. 20, 1985).

Noncareer conversions  
to career appointments  
have been infrequent

The proponents of an all career SES were concerned about the ease with which noncareerists can be converted<sup>8</sup> to career appointments. They perceive such conversions as creating the following problems:

- circumvention of the 10-percent limit on noncareer appointees,
- appointment of unqualified employees to career slots, and
- perception that many careerists are actually political "holdovers" from previous administrations.

While noncareerists can be converted to career appointments, there are no criteria for establishing the point where conversions become excessive. During 1979-84, 32 SES noncareer employees were converted to career positions; 12 of these occurred in 1980 and 10 in 1983 (see table 2.2).

Table 2.2:  
Conversions of Noncareer SES Employees  
to Career SES Appointments

<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>Total</u>
4	12	1	3	10	2	32

Some of those interviewed pointed out that conversions to career appointments can have positive effects. They said this can be a good way to inject "new blood" into SES.

As a control over SES conversions, the CSRA requires that at least 70 percent of the SES must have had a minimum of 5 years continuous federal service prior to their appointment. Over 80 percent of the SES meet this continuous service requirement (see table 2.3).

Table 2.3:  
Percent of SES Members Who Meet the 5-Year Requirement

<u>7/79</u>	<u>9/80</u>	<u>9/81</u>	<u>9/82</u>	<u>9/83</u>	<u>9/84</u>
86.4	84.1	84.4	83.2	82.9	82.9

<sup>8</sup>Noncareerists who wish to convert to a career SES appointment must go through the competitive merit selection process at the agency level and be approved by a Qualifications Review Board (QRB) at OPM, just as anyone else applying for a career SES appointment. A QRB is an ad hoc panel of executives from various agencies, more than half of whom have career status.

## CONCLUSIONS

In our opinion, convincing arguments have not been made that combining career and noncareer employees in SES has increased tension, or that separation would reduce tension. Whether or not career and noncareer appointees are in the same personnel system, they still must work together.

The potential for manipulation of the proportion of political appointees in SES exists, but we did not find that it has happened. The 10-percent limit on the number of noncareer appointees has not been exceeded nor have noncareerists been converted to career appointments in significant numbers.

## AGENCY COMMENTS

In commenting on a draft of this report, OPM and OMB reported that this proposal had not been formally submitted for their review and they had no official position.

### Chapter 3

#### LIMITING SES MEMBERSHIP TO

#### TOPMOST EXECUTIVES

Another proposal for restructuring SES suggests reducing its size and increasing salaries paid to the remaining members. This proposal was introduced by the PPSSCC. The PPSSCC believed that all but the topmost government executives should be removed from SES. Further, it asserted that the relatively low SES pay levels contributed to low morale and made it difficult for the federal government to recruit and retain executives.

Almost all the people we interviewed disagreed with the PPSSCC's basic assertion that criteria for SES membership as applied were "too open-ended, indefinite and broad." Most people also opposed the idea of changing the membership criteria or reducing its size, believing that such an alteration would be contrary to Congress' original intent in establishing SES.

Most interviewees acknowledged that some positions in SES probably do not belong there but expressed the view that eliminating them would not require a massive OPM position review as recommended by the PPSSCC. They also thought that such a review would be difficult because neither the government nor the private sector has a clear-cut definition of "executive."

#### THE PPSSCC CONCLUDED THAT SES IS TOO LARGE AND PAID TOO LITTLE

In the report of its Task Force on Personnel Management, the PPSSCC expressed concern that many SES positions lacked the scope, accountability, and impact to warrant the SES status of a "senior executive" or the accompanying performance award eligibility. Although the PPSSCC offered no criteria for its assertion, it reported that it had received opinions on the appropriate size of SES that ranged from 1,000 to 3,500 members, rather than its membership of approximately 7,000 as of March 31, 1985.

To reduce the size of SES, the PPSSCC recommended that the Director of OPM conduct an in-depth study of SES and eliminate positions that are not truly executive or positions that essentially perform staff support functions. The following criteria to judge these positions were suggested:

- the size of organization managed,
- the financial and physical resources managed, and
- the visibility and strategic importance of the position.

The PPSSCC recommended that individuals occupying non-executive positions would be placed in the "super grades" of the General Schedule (GS-16, GS-17, and GS-18).

The PPSSCC also expressed concern that inadequate pay for federal executives impaired the government's ability to attract and retain individuals with management expertise. To remedy this situation, it recommended that, after the size of SES was reduced, pay should be significantly increased.

The PPSSCC identified several problems it felt were the result of inadequate pay at the upper levels of federal service. These included

- pay compression, i.e., individuals at different responsibility levels being paid the same salary;
- greater financial rewards from retirement than from continued employment;
- difficulty in recruiting outstanding executives for SES;
- lack of credibility in the performance award program; and
- low morale.

The PPSSCC recommended that a substantial salary increase be granted to SES members and Executive Level appointees (the highest level of nonelected political appointees confirmed by the Senate). A 20- to 30-percent increase was suggested to enhance the recruitment of the best executives for top positions in the federal government. In addition, the PPSSCC recommended a 10- to 15-percent differential between the five salary levels of the Executive Schedule. (See app. III for these calculations.)

OPM is studying the PPSSCC's suggestions; but at the time we completed our review, it had not recommended any formal changes to SES, its size, structure, or pay levels. OMB officials told us that no action on this proposal was underway or planned. An OMB representative also told us that the proposed pay increases for SES and Executive Level appointees are inconsistent with the administration's efforts to limit, rather than increase, federal pay rates.

THOSE INTERVIEWED DO NOT  
BELIEVE THE SIZE OF  
SES NEEDS TO BE REDUCED

Almost everyone we interviewed disagreed with the PPSSCC's proposal, citing numerous reasons for resisting a drastic change in SES size and composition.

Those who were opposed to the proposal felt it would be difficult to identify true "executive" positions, as there is no clear-cut guidance in the CSRA or in common usage by the private sector as to what constitutes an executive. The PPSSCC cited staff positions (such as those performing personnel or budget functions as opposed to operational functions) as examples of nonexecutive positions that should be removed from SES. Some opponents, however, pointed out that staff positions are part of an agency's management team and, as such, belong in SES. They believe that experience gained serving in these positions adds to an individual's management expertise.

In disagreeing with the PPSSCC's suggestions to reduce the SES size, many interviewees concurred in the original interpretation of "executive management" applied by OPM in the 1979 implementation of the SES. During the conversion of executives from the General Schedule to SES, OPM interpreted membership criteria to involve all high level government leaders, including senior managers, managing technicians, and experts. The legislation defined an SES position as any in which an employee

- directed the work of an organizational unit;
- was held accountable for the success of one or more specific programs or projects;
- monitored progress toward organizational goals and periodically evaluated and made appropriate adjustments to such goals;
- supervised the work of employees other than personal assistants; or
- otherwise exercised important policymaking, policy-determining, or other executive functions.

SES architects acknowledged the difficulty in specifically defining "executive." Most employees classified as GS-16, 17, or 18 and Executive Level IV and V were allowed to enter in the SES when it was first established.

Some of those people interviewed were concerned that changing the composition of SES would alter what the designers of SES had hoped to achieve--an organization for leaders of all aspects of the federal government.

A few interviewees thought that the smaller SES envisioned by the PPSSCC could also cause OPM to abandon executive development programs, because under such a system, "top executives" could be perceived as already having the necessary management skills.

Both supporters and opponents of the PPSSCC's proposal agreed that a severe reduction in the size of SES (say to 1,000 members) could result in an SES comprised mostly of political appointees. Although the PPSSCC did not discuss the effect of its proposal upon the current mix of career and noncareer appointees in SES, one interviewee observed that the proposal could merely result in paying noncareer (political) appointees more money.

There was a prevailing recognition among interviewees that a few positions probably did not warrant SES status. However, many interviewees pointed out that CSRA assigned the authority and responsibility for identifying SES positions to each agency rather than centralizing it in OPM. Some interviewees felt it might be more appropriate for each agency to sort through its SES positions to identify those few that do not belong in SES. OPM encourages this type of agency review, and as SES positions become vacant, agencies make their own decisions on which positions to retain. Further, as part of its oversight responsibility, OPM may conduct audits of positions when there is a question whether they meet the criteria for SES. OPM also requires agencies that request an increase in position allocations to demonstrate that the new positions meet the SES criteria.

CONCERNS THAT SES HAS BEEN DILUTED  
BY THE ADDITION OF TOO MANY POSITIONS  
ARE NOT SUPPORTED

Some interviewees expressed concern about "unrestrained growth" in the number of SES positions. They feel the OPM has not adequately policed agency requests for additional positions.

Our analysis showed no growth in the number of allocated positions (see table 3.1). Indeed, as of March 1985, the number of positions allocated had decreased 4 percent since the inception of SES in July 1979. Also the number of SES positions has not grown in relation to the size of the entire civil service workforce. The ratio of SES allocated positions to the workforce has remained fairly steady at less than four-tenths of 1 percent.

Table 3.1:  
Changes in Personnel Levels of the Senior Executive Service  
July 1979 - March 1985

	<u>July</u> <u>1979</u>	<u>Sept.</u> <u>1980</u>	<u>Sept.</u> <u>1981</u>	<u>Sept.</u> <u>1982</u>	<u>Sept.</u> <u>1983</u>	<u>Sept.</u> <u>1984</u>	<u>March</u> <u>1985</u>
Number of allocated SES positions	8,389	8,592	8,593	8,227	8,243	8,063	8,048
Number of SES positions filled	6,948	7,038	6,481	6,762	6,945	7,009	6,938
Total civil service employees (in millions)	2.2	2.2	2.2	2.1	2.1	2.1	2.2
Allocated SES positions as percent of total employees	0.38	0.39	0.39	0.39	0.38	0.38	0.37

COMPARISONS BETWEEN THE NUMBER OF GOVERNMENT AND PRIVATE SECTOR EXECUTIVES ARE INCONCLUSIVE

Our visits to three private corporations confirmed what many of the interviewees told us: there is no common or standard definition of the term "executive." Because any two organizations are unlikely to interpret the term similarly and are unlikely to have similar organizational structures, it is difficult to compare the ratios of executives to employees. The PPSSCC made no comparison between the number of SES members and the number of executives in private sector companies.

Our discussions with personnel executives in three corporations in the private sector revealed varying ratios of executives to employees. (The corporations we visited included an oil, chemical, and communications company.) Table 3.2 presents these companies' ratios of executives to total employees, using each company's definition of "executive." We did not attempt to analyze the comparability of executive roles in these organizations to each other or to positions in SES.

Table 3.2:  
Comparison of Government and Private Sector Executive Ratios

	<u>Total number of employees</u>	<u>Number of executives</u>	<u>Percent</u>
Company A	370,000	165	0.05
Company B	110,000	600	0.55
Company C	100,000	1,000	1.00
Govt.	2,100,000	7,500 <sup>a</sup>	0.36

<sup>a</sup>Includes SES and Executive Schedule appointees.

CONCLUSION

The PPSSCC perceived that two distinct problems exist in federal government senior management: inadequate pay and an SES that is too large. Although the PPSSCC did not link the two problems (i.e., pay is low because SES is too large) it did suggest that only after SES size was reduced should executive pay be raised to the extent proposed. It is, therefore, difficult to tie the problems with inadequate pay as described by the PPSSCC to a needed change in SES structure.

The individuals we interviewed almost unanimously opposed a drastic reduction to the size of SES. They cited many concerns with this proposal: lack of a clear definition of executive, inconsistency with the original intent of SES legislation, and the potential abandonment of executive development programs. Some interviewees were skeptical that reducing the size of SES would lead to a pay increase of the dimensions the PPSSCC recommended.

AGENCY COMMENTS

OMB confirmed that this proposal had not been formally submitted for its review, and it had no official position. OPM confirmed that it is currently studying this proposal, but it has no official position.

## Chapter 4

### SEPARATING SCIENTISTS AND ENGINEERS FROM SES

The last set of proposals we examined involved removing scientists and engineers from SES. We found the data to support or refute such action to be inconclusive, and there was no consensus among the individuals we interviewed about the need for or desirability of such a separation.

About 2,800, or over one-third of all SES appointees, are classified as scientists or engineers. We examined three similar proposals which would in some way alter the personnel system for these senior scientists and engineers. Two of the proposals would create new, separate personnel systems and a third would change the organization of SES itself to better accommodate them.

#### INADEQUATE PAY IS PERCEIVED AS THE GREATEST PROBLEM

Sponsors of changing the current system and several interviewees maintain that inadequate pay is the major problem facing federal scientific and engineering personnel. A second problem they see is that the federal personnel system itself makes it difficult to recruit, hire, and appraise scientists and engineers. A study completed in 1983 by the White House Science Council's Federal Laboratory Review Panel, also known as the Packard Panel, found that most federal laboratories had "serious disadvantages in their ability to attract, to retain, and to motivate scientific and technical personnel."<sup>1</sup> Similarly, in 1983, the National Institutes of Health (NIH) reported increasing difficulty in recruiting and retaining "excellent" scientists and in maintaining the necessary intellectual environment for conducting its research programs.

Although the Packard Panel and NIH believed that salaries the federal government pays to this group of employees are generally too low, there were differences in where each perceived the greatest problem to exist. While the Packard Panel found salaries for mid-level scientists and engineers competitive, it believed that low salaries made it difficult to attract employees to the entry level GS-5 and 7 positions and to hire or retain experienced technical personnel at higher grades.

---

<sup>1</sup>Report of the White House Science Council, Federal Laboratory Review Panel, May 1983.

In contrast to Packard Panel findings, NIH reported that salaries for entry level doctoral scientists were reasonable and competitive. However, NIH found salaries for mid-career and SES level scientists to be "significantly below corresponding positions at competing institutions."<sup>2</sup> NIH officials pointed out that universities generally have greater latitude to offer competitive initial salaries and to adjust individual salaries based on performance. They said universities may also provide other compensation not received by federal employees, such as tuition grants for children, opportunity for outside income, and superior health insurance and retirement plans.

Although it presented no data to support its findings, the Packard Panel suggested that the ability of federal labs to hire, promote, and reward outstanding scientists and engineers was hindered by the "unduly rigid hiring, salary and promotion rules of the civil service system." It said that the promotion and salary system limits rewards for outstanding performance and links advancement to the assumption of management and administrative responsibilities.

NIH maintained that SES performance appraisal and awards processes were inappropriate for scientists doing original or intramural research. (Scientists who oversee the research work done by organizations outside the government are extramural.) As prescribed by the federal performance appraisal process, research scientists and their supervisors set goals against which the scientist's performance is evaluated. NIH said the goal of its research is often "original creative research" in fields of specialized knowledge where the scientist who is being appraised may be more expert than the supervisor who is the appraiser. As a result, NIH officials believe performance goals are of limited value where original research is concerned, and the appraisal process can be demeaning to both scientists and supervisors.

For its scientists in SES, NIH reported that performance awards can be destructive to employee morale and are inappropriate in a research environment. NIH officials explained that SES awards are inappropriate for research scientists because research progresses in an environment of collaboration and cooperation. They said the use of awards as performance incentives in this environment inappropriately injects competition into the research process.

---

<sup>2</sup>Report of the Committee on Pay and Personnel Systems on intramural Research, National Institutes of Health, Feb. 1983.

PROPOSALS THAT WOULD SEPARATE  
SCIENTISTS AND ENGINEERS FROM SES

Both the Packard Panel and NIH have suggested that scientists and engineers be removed from the civil service system. The Packard Panel recommended creating a scientific/technical personnel system at government operated laboratories, separate from the current civil service system. The NIH proposed an alternative personnel system for senior scientists, including SES members conducting intramural research.

OSTP would prefer a separate  
personnel system for all scientists  
and engineers governmentwide

The White House Office of Science and Technology Policy (OSTP) was tasked with developing draft legislation to implement the Packard Panel's recommendations. OSTP has prepared draft legislation titled the Federal Science and Technology Revitalization Act of 1985. The proposal expanded the Packard Panel's recommendation and included all scientific and technical personnel<sup>3</sup> in the federal government. The draft legislation proposed general guidelines under which the agencies would have the flexibility to design new personnel systems to meet their particular needs for scientific and technical personnel.

The new personnel systems would have the following features:

- broad pay bands with rates adjusted annually by OPM based on wages paid to scientists and engineers in the private sector;
- performance based pay with individual compensation based on experience, achievement, and needs of the government;
- a Senior Scientific and Technical Personnel Service which provides for many of the same features available to SES members, including annual leave accumulation, sabbaticals, and presidential rank awards;
- pay capped at Executive Level IV, except for an option that allows for up to 5 percent of the personnel covered by the alternative personnel service to be paid at an annual rate comparable to the directors of government-owned contractor operated (GOCO) laboratories, currently about \$110,000;

---

<sup>3</sup>Includes personnel with advanced knowledge in mathematical, computer, physical, biological or other natural sciences or one of the engineering sciences, such as chemical, electrical, or mechanical engineering.

- supervisory and managerial pay differentials which are not part of the basic pay subject to this cap; and
- lump sum performance or special awards in addition to salary, not subject to any pay cap.

In March 1985, OSTP provided details of the proposal to the President's Cabinet Council on Trade and Commerce, and the Council appointed a working group to examine it as well as a somewhat similar proposal by DOD. The DOD proposal would permit agencies to establish alternate personnel management systems patterned after China Lake, the U.S. Navy's demonstration project at two federal labs in California--one in San Diego and one in China Lake.<sup>4</sup> The experiment is testing pay bands and performance-based pay for employees below the SES level. This demonstration project, however, does not alter the structure or pay for SES.

Since submitting their proposals to the Cabinet Council, DOD and OSTP have combined their two proposals. This combined proposal does not alter SES, though it does provide for 5 percent of personnel to be paid at annual rates comparable to directors of GOCO laboratories.

OPM and OMB are studying the combined OSTP/DOD proposal and as yet have no official position. The original OSTP proposal had not been presented to either agency.

NIH proposed a scientific  
faculty to align its researchers  
with universities

NIH developed a proposal to create a Scientific Faculty for scientists engaged in intramural research activities at NIH facilities. The proposal was later expanded to include the entire Public Health Service (PHS).<sup>5</sup>

The Scientific Faculty proposal is patterned after the personnel system of universities. It includes four pay bands and unlike the OSTP proposal, the top pay band would not be limited by any pay caps applicable to the General Schedule or

<sup>4</sup>CSRA allows agencies to demonstrate and test innovative personnel systems (Title VI P.L. 95-454). The Navy's demonstration project is the first personnel experiment of this type.

<sup>5</sup>The Public Health Service includes NIH; the Food and Drug Administration; the Centers for Disease Control; the Alcohol, Drug Abuse and Mental Health Administration; the Health Resources and Services Administration; and the Agency for Toxic Substances and Disease Registry.

SES. Basic pay for the top band (exclusive of awards or bonuses) would range from \$65,000 to \$98,000.<sup>6</sup> Salaries for each of the four pay bands would be adjusted annually by the Assistant Secretary of Health based on (1) Association of American Medical Colleges salary data and (2) salaries at medical schools within the Washington, D.C., area. Also, a special salary supplement ranging up to \$20,000 could be paid to Scientific Faculty members with significant administrative responsibilities or to outstanding scientists.

The proposal would give members of the Scientific Faculty the option of participating in the civil service retirement System or in the TIAA/CREF<sup>7</sup> retirement plan. TIAA/CREF is a retirement system offered at most universities, including the Uniformed Services University of the Health Sciences--a medical school operated by DOD. The retirement option was proposed to help facilitate the mobility of scientists between universities and PHS.

According to NIH, salaries would be higher for a small number of scientists, and salaries for less productive members would not increase over time. NIH officials believe that the greater flexibility in fixing salaries would enhance the Institutes' ability to recruit and retain talented individuals and would allow pay differentials which recognize varied levels of scientific achievement.

NIH officials believe that implementation of the Scientific Faculty proposal with its unrestricted broad pay bands will have little effect on its personnel costs. NIH estimates the new personnel system would increase the Institutes' total personnel costs during the first year by \$4.21 million--0.93 percent above its fiscal year 1985 payroll of \$451 million. The proposal would include about 160 SES intramural scientists at NIH.

The Scientific Faculty would not include scientists who are engaged in extramural research. These employees would remain in the existing civil service system. Other components of the existing personnel system--such as the PHS Commissioned Corps, a special alternative service for medical doctors employed by the federal government, and Staff Fellow programs, which allow the appointment of post doctoral scientists to nontenured positions--would remain in place.

NIH has submitted its proposal to the Secretary, Department of Health and Human Services, for consideration and eventual

---

<sup>6</sup>Top pay for scientists including bonuses in SES is currently capped at \$86,200.

<sup>7</sup>The Teachers' Insurance and Annuity Association/College Retirement Equities Fund.

presentation to OPM. In the interim, NIH is monitoring the progress of the OSTP legislative proposal. If OSTP's proposal is not enacted, NIH plans to suggest that the Department of Health and Human Services propose legislation to create the Scientific Faculty.

OPM and OMB officials said that since this proposal has not been submitted for their action, they had no official position.

There is little data to support or refute the NIH and OSTP proposals

We found that little data have been developed to demonstrate the effects of inadequate pay and the current personnel system on the federal scientific and engineering community. Past studies, such as the first Hoover Commission, have shown that salaries for scientists in the private sector are higher than salaries paid scientists in the federal government, but this is also true for other federal occupations.<sup>8</sup> Interviews related instances where the federal personnel system proved to be an inappropriate way to hire, retain, appraise, and award employees in scientific and engineering disciplines. Data about the effect these problems have on the federal government's ability to recruit and retain qualified technicians are limited and were not presented by proponents of either proposal or by the Packard Panel.

To better assess the proposals for separating scientists and engineers from SES, we reviewed OPM data, our prior reports on this subject, and the most recent federal laboratory task force study conducted by DOD. Data collected by OPM showed that as of September 30, 1984, the vacancy rate for established SES scientific and engineering positions in the government was 10.8 percent.<sup>9</sup> The overall SES vacancy rate at that date was 9.8 percent. Medical positions had the highest vacancy rate at 18.7 percent and biological positions the lowest at 4.9 percent. The 2,790 scientific positions accounted for 35.9 percent of the total 7,768 SES positions at that time and the 301 scientific vacancies accounted for 39.7 percent of the SES' total 759 vacancies. Eighteen months earlier (Mar. 31, 1983), scientific positions accounted for 36.6 percent of SES but only 33.9

---

<sup>8</sup>Comparability of the Federal Statutory Pay Systems with Private Enterprise Pay Rates, Annual Report of the President's Pay Agent, 1984.

<sup>9</sup>Includes biological, medical, veterinary, engineer, physical science, and mathematical/statistical positions.

When we completed our review, OSTP was developing additional information on this matter. Completion of this effort is expected in late 1985.

Lack of consensus on the  
need to remove scientists  
and engineers from SES

Opinions differ on whether scientists and engineers should be removed from SES. The magnitude of this difference was demonstrated in a 1984 MSPB opinion survey on the topic.<sup>13</sup> MSPB asked several agencies, including several that employed many scientists or engineers, whether they supported separating the SES into two services, one for managers and another for scientific or technical experts. Of the 20 agencies that responded, 10 did not believe such a change was needed and 4 favored such a change. The other responses were undecided. Responses of agencies that employed many scientists or engineers were similarly mixed. Our interviews yielded similar mixed results.

Many of the individuals we interviewed felt that full-time nonmanagerial research scientists probably do not belong in SES. Some suggested that these scientists should be in the General Schedule "supergrades." Some pointed out that there was already an existing authority to hire specially qualified scientists and technicians outside of the SES or the General Schedule. This authority was established by the CSRA and replaced special hiring authorities under previous legislation which allowed agencies to employ scientists or technical specialists as needed. CSRA allows OPM to create up to 517 positions in research and development to be paid at the GS-16 through 18 levels. OPM data show that as of September 30, 1984, 94 of these positions had been filled. OPM officials explained that because these positions lack the potential benefits of SES, such as performance awards, most agencies elected to place their research scientists into SES.

OPM told us there is no tally of how many nonmanagerial research scientists are in the SES, nor is there a reliable source of information to obtain this number. Interviewees who expressed opinions on this subject suggested that the number would be quite small.

---

<sup>13</sup>The U.S. Merit Systems Protection Board, Office of Merit Systems Review and Studies, Report on the Significant Actions of the Office of Personnel Management During 1983, December 1984.

percent of its vacancies. At that time, biological positions had the greatest vacancy rate in SES--17.4 percent.<sup>10</sup>

A 1984 GAO report on the attrition of scientists and engineers at seven agencies<sup>11</sup> found that, generally, SES turnover in these occupations paralleled turnover in the total SES workforce over a 5-year period, 1979 through 1983. In the seven agencies, about one-third of the SES members in scientific and engineering classifications separated during the 5-year period. (This does not include reductions-in-force, which are involuntary separations.) During the same period, the governmentwide SES career employee separation rate was over 40 percent.

A study of DOD laboratories examined attrition among scientists and engineers and characterized the departure rate as being reasonable.<sup>12</sup> The DOD Laboratory Management Task Force found that most departures occurred at the GS-12 and -13 levels and attributed that to the substantial population at those levels. Personnel shortages were noted in some specialties, but the Task Force raised no major alarms. It noted that national shortages in some areas like computer engineering had an impact on DOD's ability to fill these positions. Vacancies in SES scientific positions were also noted; 23 percent of these positions in DOD were unfilled in 1981. The Task Force suggested that management attention was needed to address this problem.

An OSTP official acknowledged that convincing data on the problems adversely affecting federal scientists and engineers are not available but suggested that problems related to the government's ability to hire and retain these employees involved personnel "quality" more than "quantity." OSTP feels that while quality is not currently a problem it could be in the future, unless changes are made. The DOD Task Force also noted in 1982 that available data indicated that the scientific and engineering work force had maintained good quality, though future quality was uncertain.

---

<sup>10</sup>In part, this occurred because the Department of Agriculture had added nine new biological positions that had not been filled.

<sup>11</sup>GAO/RCED-84-142, May 29, 1984. The seven agencies reviewed were the Consumer Product Safety Commission, the Environmental Protection Agency, the Food and Drug Administration, the National Aeronautics and Space Administration, the National Bureau of Standards, National Institutes of Health, and the Occupational Safety and Health Administration.

<sup>12</sup>The DOD Laboratory Management Task Force, Personnel and Manpower Working Group, Study of Scientists and Engineers in DOD Laboratories, November 1981-April 1982.

developing practical career progression opportunities, (3) providing personnel management for diverse positions, and (4) appraising performance.

The NMC review developed the concept of reorganizing the SES to better manage and train scientists, technical managers, and other specialized professionals. Its proposal would reorganize the SES into three career tracks: the technical specialist/expert, the functional manager, and the executive manager. The technical specialist/expert includes those professionals whose primary duties are directly related to specialties such as science, engineering, economics, or law. This career track would allow specialists to progress within their field without having to assume managerial duties. A second track, the functional manager, includes positions with senior management responsibilities that require a high degree of technical expertise. The executive manager track encompasses nontechnical senior management positions.

The proposal suggested that compensation be linked to position difficulty and individual performance and keyed to private sector salary rates for comparable positions. This proposal is quite similar to the "career track" approach to managing scientists used by the private corporations we visited. NMC has no plans to further develop this concept pending the outcome of OSTP's proposal.

Private sector scientists  
and executives have separate  
career tracks

We were asked to consider how major corporations manage their senior employees. We visited three corporations that employed at least 100,000 people as well as a substantial cadre of scientific and technical personnel. The information obtained from each corporation suggests only examples of management approaches used in the private sector. We do not imply that these examples are comparable or applicable to the management of federal executives or federal scientists and engineers, nor can the information obtained on the three corporations be generalized to all of the private sector.

The corporate personnel managers we interviewed described their companies' personnel systems for senior staff. Each corporation maintains separate career tracks and bonus programs for scientists and engineers and for managers. Those scientists and engineers who become managers cross over into the executive career track. The salary range for the executive career track is higher than that for the scientific/engineering career track.

Although the specifics of the bonus programs differed at each corporation, generally bonuses were awarded based on a

Some of those we interviewed believe that scientists and engineers who are managers belong in the SES. One interviewee explained that SES membership forces the scientists and engineers to define their roles as managers and places them in an organization in which they are exposed to an exchange of management ideas and management training. It was pointed out that managing a research team and overseeing the use of research dollars and equipment requires many of the same skills that would be needed to manage other programs.

The interviewees who were opposed to separating scientists and engineers from SES felt that they were only one of many groups of federal employees who make special contributions to public service. Some interviewees expressed concern that separating scientists and engineers would provide a "wedge" for other groups to separate from SES and could unravel the SES, thereby negating the original objective of the SES being a cohesive cadre of federal managers.

Other interviewees opposed a separate scientific and technical personnel system on the basis that the problems of these senior specialists are no different from those problems of other SES appointees. Pay for all senior government executives has been a major concern.<sup>14</sup>

Some interviewees believe that scientists' and engineers' difficulties can be dealt with within the present federal personnel system, procedures, and laws. The OSTP proposal acknowledged this possibility and presented possible administrative (as opposed to legislative) changes that could be sought, including special pay rates for scientists and engineers and more extensive use of the 517 special scientific and technical positions authorized by CSRA.

#### SEPARATE CAREER TRACKS HAVE BEEN SUGGESTED FOR SPECIALISTS

A proposal by an official of the Naval Material Command (NMC) suggests that restructuring SES into distinct career tracks would be a way to deal with the perceived problems of specialists, including scientists and engineers. After a 2-year review of the "technical versus managerial" nature of its SES positions, NMC reported that a failure to distinguish among varying types of executive positions contributed to an assortment of management problems. These problems included difficulties in (1) developing recruiting packages, (2)

---

<sup>14</sup>The House Committee on Post Office and Civil Service, Study of Total Compensation in the Federal, State, or Private Sectors, a report by the Hay Group (Dec. 4, 1984) found senior executive pay was 58.4 percent behind equivalent private sector executive pay.

NINETY-EIGHTH CONGRESS

PATRICIA SCHROEDER, COLO., CHAIRWOMAN  
 MORRIS K. UDALL, ARIZ.  
 KATIE HALL, IND.  
 GERRY SIKORSKI, MINN.

CHARLES PASHAYAN, JR., CALIF.  
 FRANK R. WOLF, VA.

**U.S. House of Representatives**  
 COMMITTEE ON POST OFFICE AND CIVIL SERVICE  
 SUBCOMMITTEE ON CIVIL SERVICE

122 CANNON HOUSE OFFICE BUILDING  
 Washington, D.C. 20515

TELEPHONE (202) 225-4025

September 28, 1984

Honorable Charles A. Bowsher  
 Comptroller General of the United States  
 U.S. General Accounting Office  
 Washington, DC 20548

Dear Mr. Bowsher:

During oversight hearings on the Senior Executive Service (SES), held by the Subcommittee on Civil Service in November 1983 and February and April 1984, organizations and individuals suggested that the SES be restructured. At other fora, further suggestions on what kinds of individuals ought to be in the SES have been made. The Subcommittee requests the General Accounting Office (GAO) to examine these proposals and determine whether further analysis of them is warranted.

At a minimum, GAO should examine the proposals

- for creating a separate senior civil servant corps for scientists and technical experts;
- for removing staff officials from the SES; and
- for creating a separate senior corps for non-career, political appointees.

The Subcommittee requests that GAO ascertain the views and plans of the Office of Management and Budget and the Office of Personnel Management on these and other proposals to restructure the SES. GAO should also consider how major corporations manage their senior staff.

Depending on the results of this survey work, the Subcommittee may desire more specific analysis and review of these proposals.

With kind regards,

Sincerely,

  
 PATRICIA SCHROEDER  
 Chairwoman

combination of individual and corporate performance. In addition to the varied bonus programs offered, two corporations retain a portion of the executive's basic salary to be paid based on performance. This "at risk" portion of salary ranged from a low of 12 percent of base salary for newer executives up to 50 percent for the more experienced executives.

#### CONCLUSIONS

It is not clear from either the data we reviewed or the people with whom we talked that scientists and engineers should be removed from SES. The data on attrition and vacancy rates--limited though they may be--do not identify a problem in the senior scientific and engineering community that is different from the rest of SES.

We realize that the major problem facing the government's scientific and engineering community could be one of quality rather than quantity. It has been pointed out by the OSTP, however, that quality is not currently a problem, but could become one in the future. In 1982 the DOD Laboratory Management Task Force also found quality good, though the future was uncertain.

#### AGENCY COMMENTS

OPM and OMB confirmed that they had no official position on any of the proposals to remove scientists from SES.

Sally Greenberg

Currently a consultant on public management; former Associate Director for Executive Personnel and Management Development, OPM; former Assistant Director of the Bureau of Executive Personnel for Programs and Resources, U. S. Civil Service Commission; former project leader of the SES task force in the Personnel Management Project (which developed the CSRA).

Dwight Ink

Former Executive Director of the Personnel Management Project; served in numerous executive positions throughout government, including Vice President for Administration, U.S. Synthetic Fuels Corps., Director of the Community Services Administration and the General Services Administration.

James Ling

Assistant Director at OSTP within the Executive Office of the President; served on the Federal Laboratory Committee.

Paul Lorentzen

Currently Professor at University of Southern California; former federal executive; has been active in improving career/political relations having published articles in The Bureaucrat and worked to develop an orientation program for new political appointees.

Robert J. McNichol

President of the Federal Executive and Professional Association.

Howard Messner

Currently Assistant Administrator of EPA; held positions with OMB, Department of Energy, and NASA; former member of the Personnel Management Project.

Chester Newland

Currently Professor at University of Southern California; headed the Federal Executive Institute in '70s.

Table II.1:  
LIST OF INTERVIEWEES

<u>Anita Alpern</u>	Currently professor at American University's School of Government and Public Administration; former Assistant Commissioner for Planning and Research, Internal Revenue Service, Department of Treasury; career experience in Department of Labor and Defense.
<u>Seymour Berlin</u>	Currently a consultant on public management; served in executive positions with the Civil Service Commission, including director of the Bureau of Executive Manpower and the Bureau of Inspections; former Executive Director of the American Society for Public Administration.
<u>Charles Bingman</u>	Currently Executive-in-Residence at the School of Government, George Washington University; former Executive Director of President's Management Council; former Practitioner-in-Residence at the National Association of Public Administrators.
<u>Allen (Scotty) Campbell</u>	Currently Vice President of ARA Services, Inc.; former Chairman of the Civil Service Commission and former Director of OPM; oversaw developing of the Civil Service Reform Act; former Dean of the Maxwell School.
<u>Col. Donald Carter</u>	Acting Undersecretary for Research and Advanced Technology, Department of Defense.
<u>Phillip S. Chen, Jr.</u>	Associate Director for Intramural Affairs, NIH; chaired the NIH Pay of Scientists committee.
<u>John C. Eberhart</u>	Senior Advisor to Deputy Director for Intramural Research at NIH, chaired Pay and Personnel Committee.

Table III.1:  
The PPSSCC's Recommendations for Increasing Federal  
Executive Salaries

Current Salaries (in dollars):

<u>SES</u>	<u>Executive Schedule</u>
6. 72,300	I 86,200
5. 70,500	II 75,100
4. 68,700	III 73,600
3. 66,232	IV 72,300
2. 63,764	V 68,700
1. 61,296	

Current Salaries Plus 20% Increase:

<u>SES</u>	<u>Executive Schedule</u>
6. 86,760	I 103,440
5. 84,600	II 90,120
4. 82,440	III 88,320
3. 79,478	IV 86,760
2. 76,517	V 82,440
1. 73,555	

Additional 10% Differential Between Levels of Executive Schedule Salaries:

<u>SES</u>	<u>Executive Schedule</u>
No differential recommended	I 120,700
	II 109,728
	III 99,752
	IV 90,684
	V 82,440

Sy Pranger

Currently a consultant with Department of Agriculture; formerly the Department's Personnel Director; chaired the Personnel Task Force of the Grace Commission.

Ed Preston

Currently retired; formerly in the Office of Cabinet Affairs, Executive Office of the President; Chaired Executive Development Task Force of the Personnel Management Project while at OMB.

David Stanley

Currently a public administration consultant and member of the Brookings Institute; former Director of Management Policy in the Office of the Secretary, the former Department of Health, Education and Welfare; held various positions with the Public Health Service; Atomic Energy Commission, DOD, and the Veteran's Administration.

Several members of  
The Professional  
Council of Federal  
Scientists and  
Engineers

Advisors to the Regional Director, San Francisco, OPM.

SENIOR EXECUTIVES ASSOCIATION

Blair Childs

President of SEA.

John Clinton

Co-author of SEA's 5-Year Assessment of SES.

Jerry Shaw

Founder of SEA and its General Counsel.



3270 2

**AN EQUAL OPPORTUNITY EMPLOYER**

UNITED STATES  
GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

---

OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE \$300

**BULK RATE  
POSTAGE & FEES PAID  
GAO  
PERMIT No. G100**