

Senior execs got bigger raises, bonuses

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Senior executives earned higher raises and bonuses last year than the previous year under the government's performance pay system, according to a new report from the Office of Personnel Management.

Members of the Senior Executive Service received an average pay raise of 3.7 percent, or \$5,827, for the work they did in fiscal 2008. That's slightly more than the average 3.6 percent, or \$5,475, raise SES members received the previous year.

That's still too low, according to Bill Bransford, general counsel at the Senior Executives Association.

"Fully successful [executives under a five-level rating system who received a rating of 3] got an average 2.6 percent raise," Bransford said. "If you were a GS-15 in D.C., you got a 4.78 percent raise and a within-grade [step] increase. That's a problem when SES salary adjustments lag behind GS."

Bransford said the problem of "pay compression" — when some high-level General Schedule employees receive salaries greater than some SES salaries — is worsening and could be discouraging some employees from advancing into the Senior Executive Service.

The Senior Executives Association is talking to lawmakers such as Sen. Daniel Akaka, D-Hawaii, to figure out some way to overhaul the SES pay process so executives can stay ahead of GS employees, Bransford said.

Part of the reason 2008 raises and bonuses increased may be because some senior executives had to take on more responsibilities last year and run offices or departments during the transition between the Bush and Obama administrations, Bransford said.

But Bransford also noted that the Office of Personnel Management was far less vocal in 2008 about the need for agencies to resist ratings inflation: the practice of agency leaders giving top ratings to most of their SES members. He said he wonders if that lack of pressure made agencies feel freer to reward more executives with higher ratings and bigger raises and bonuses.

"If you look back three or four years ago, there were statements from OPM that SES ratings were too high, and agencies need to be more critical," Bransford said. "It could have been the transition from one administration to another, but at the time, there wasn't as much public emphasis from OPM on reducing ratings."

More career SES members received one-time performance bonuses — and those bonuses were higher.

More career executives received the highest performance rating level in 2008 — 48.2 percent, compared with 47.0 percent in 2007. When all SES members are included, 49.9 percent received the highest rating in 2008, compared with 48.2 percent a year earlier.

Still, the size of pay raises varied depending on the agency. The Labor Department issued the smallest average pay raises, at \$3,759, and the Education Department issued the biggest raises, averaging \$7,565.

"Different agencies have different ideas of how to give increases to SES," Bransford said. "That's one of the problems — it allows for arbitrariness in the results."

Some agencies, such as the National Science Foundation, feel they need to compensate their executives generously to attract and retain highly skilled executives. NSF handed out the largest performance awards and gave the highest percentage of top ratings in the government.

"Our workforce has a lot of Ph.D.s," said National Science Foundation spokesman Bobbie Mixon. "We have to pay them according to their level and talent."

Mixon said NSF's executives completed a major overhaul of the agency's grant process in 2008. The effort automated and helped streamline grant issuing, he said, and that helped executives earn their high bonuses.

"The SES spearheaded that effort," Mixon said. And NSF executives are continuing to work hard this year as they work to distribute nearly \$2.4 billion in stimulus funds, he said.

OPM released its "Report on Senior Executive Pay and Performance Appraisal System for Fiscal Year 2008" on Sept. 28.

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