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More senior executives are earning bigger bonuses

By Alyssa Rosenberg arosenberg@govexec.com September 29, 2009

More members of the Senior Executive Service are receiving top performance ratings and their bonuses are growing as well, according to new [data released](#) by the Office of Personnel Management.

Since 2004, agencies have been shifting their senior executives into pay-for-performance systems that are certified by OPM, and by the end of 2007, 99 percent of executives were covered by those systems. In fiscal 2005, 44.5 percent of senior executives who were in pay-for-performance systems received the highest rating possible; the most recent available data shows that by fiscal 2008, 49.9 percent of senior managers earned the top rating -- an increase of 5.4 percent over three years.

"Senior executives, they're the best employees to get into the SES to start with, so you'd expect them to have high performance ratings," said Bill Bransford, general counsel for the Senior Executives Association. "I think [in the past] there was a lot of pressure to decrease the number of employees with high performance ratings, but that pressure isn't as strong as it once was. The ratings reflect what people really deserve."

The size of performance bonuses for career senior executives and the number of executives receiving them also has increased since agencies adopted pay-for-performance. In fiscal 2005, 66.5 percent of career executives received performance awards, which averaged \$13,814 per person. In fiscal 2008, the number of awardees rose to 76 percent of career executives and the average award increased to \$14,831 per person.

But Bransford said overall, senior executives' raises were smaller than those given to civil servants covered under the General Schedule system after locality pay was taken into account.

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"I think the pay-for-performance system feels pressure with the ceiling and may feel pressure to keep those increases down," he said. "If there was a higher ceiling, a more realistic schedule for the Senior Executive Service, [then] the increases might be higher." Federal pay is capped at a certain level, and top managers' salaries can bump up against that limit.

The State Department topped the list of departments and agencies with the strongest correlation between performance ratings for career senior executives and the pay increases they received as a result of those measures, followed by the Commerce and Education departments, according to OPM. The Housing and Urban Development Department and the Small Business Administration demonstrated the least connection between performance ratings and pay.

But the agencies that scored best on linking senior executive pay and performance were not necessarily the ones with the top scores on the Office of Management and Budget's scores of performance in program assessments. State, for example, met or exceeded 55 percent of its targets in 2008, while the National Science Foundation had the best performance score on the OMB evaluation, meeting 88 percent of its 2008 targets.

Bransford said in an ideal world, the agency with the highest relationship between senior executive performance and compensation also would be the agency with the strongest organizational performance.

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