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This background paper is to provide you with the sense of frustration felt by many SIS'ers relative to the current issue of SIS pay levels and to the Agency's management of the system in general.

PERCEPTIONS BY THE MEMBERSHIP

-- That there is a strong negative perception that the Agency is being unrealistic and unnecessarily rigid in its management of the SIS system as compared to other US Government agencies,

-- that there are significant differences between our practices and those implemented in the other agencies,

-- that the Agency currently provides no meaningful "flow through" within SIS except by a formal promotion ranking/position grade system, (This latter point is contrary to OPM guidelines which discuss annual adjustments in SES pay in addition to October cost of living increases, and apparently flies contrary to the Executive Branch's attempt to raise executive pay in order to retain high quality managers.)

-- that the signal being sent to the GS officer aspiring to SIS membership is that only in this Agency is he held back, whereas in other agencies he could be paid at a higher level based on effective performance and added responsibilities in succeeding years without passing through a competitive promotion process. A meaningful addition to the above

statement is that a statistical breakdown of current Agency SIS officers indicates that only 12% of these officers will ever reach the SIS-4 level which, under current pay proposals, is the GS cap (\$63,800). (Less than 1% of the SIS officers will reach the 5-6 level which represents the SIS cap (\$67,200),)

-- that if a "pay freeze" were implemented, there could/would be no salary movement upward with the possible exception of limited headroom generated promotions based on an existing stratified grade structure. Incentive plays no significant part in our system and the performance/stipend award program is probably too restrictive to be meaningful.

US AND THEM

In comparison with the rest of the Federal Service, our percentage of SIS mix is rigidly pyramidic. See chart:

<u>SIS/SES</u>	<u>Gov't % (OPM Source)</u>	<u>Agency %</u>	
1	9%	20.0%	} 2/3 of SIS membership
2	9%	45.0%	
3	17%	22.0%	
4	50%	12.0%	
5	11%	.1%	
6	3%	.2%	
	100% rounded	100% rounded	

From the above presentation it appears:

-- that we are not competitive within the SIS 1 through 4 levels relative to the percentages of people in those grades elsewhere in government,

-- that we are fighting a problem internally that not only does not exist elsewhere, but need not be a problem within the Agency,

-- that the Agency appears to be ultra conservative (apparently without reason) when dealing with meaningful personnel matters and that the SIS pay issue is a vivid case in point,

-- that there exists an insensitivity to the issues by OP policymakers.

GENERAL CONCLUSIONS

If the SES is a flexible system with only the pay cap as the limiting factor, the driving concept should be that we do what other agencies (per above chart) have readily done.

Barring this, we should at a minimum modify our structure to allow maximum SIS salary levels within the pay cap structure.

(The general concensus, based on the above perceptions, is that the present Agency SIS salary structure acts as a disservice to the majority of SIS'ers and offers no long range salary incentives to GS-15's opting for the senior service.) This appears to be at odds with the prevailing practice of other agencies and the intent of the Congress in establishing the Senior Executive Service. Note: The Agency finally followed the rest of the government in permitting unlimited annual leave accumulation - but it started conservatively, eventually reacted to pressures of the "disadvantaged" SIS population, presumably saw the issue in different light, and made a change.

OTHER OBSERVATIONS

The OP paper to EXCOM devotes more effort to stressing the negative and the status quo than to proposing a long range positive realignment of our SIS as the best solution. One question OP raises is cost. And yet, by the comparison chart above, other old-line agencies obviously do not see this as an issue. Why is it a problem for us? These agencies allowed for liberal conversions and also allowed for "floating" upward adjustments annually, per the OPM guidelines. We should not play second fiddle to the Foreign Service (see example on chart attached) or other Civil Service SES practices. One should bear in mind that there was a cost to any agency/department that changed to SES. Those organizations have already borne their costs. We will have our cost to bear when we make meaningful changes to our SIS system. Without the change, and in unnecessarily keeping SIS similar in many ways to the former GS supergrade system, we never incurred the costs which will now face us for the first time.

Lastly, has OP met personally with the Office of Personnel Management, State Department, OMB and/or other Agencies and Departments to get any feeling as to the effectiveness (or lack of effectiveness) of their programs, and to take away any fresh, creative or innovative approaches? One would think not!