

# Leadership in Jeopardy

The Fraying of the  
Presidential Appointments System

The Final Report  
of the  
Presidential  
Appointee Project

**November 1985**

National Academy of  
Public Administration  
Washington, D.C.

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## Executive Summary

After a comprehensive study of the presidential appointments system, the Presidential Appointee Project of the National Academy of Public Administration has concluded that many changes must be made if that system is to continue to provide the nation with talented and creative leaders. This final report contains the following recommendations:

### *Selection and Recruitment*

1. Substantive policy knowledge and administrative experience are not incompatible with political qualifications and should be primary criteria in the selection and confirmation of presidential appointees.

② Planning for the staffing of new administrations should begin no later than the month in which the major party candidates are nominated. Adequate funds from the Presidential Transition Act should be allocated for that purpose.

③ The personnel information resources available to new administrations must be significantly expanded. The Office of Management and Budget should take responsibility for the preparation of position lists and histories, job descriptions, a record of past presidential personnel practices, and other useful briefing papers for new administrations. These should be maintained on a continuing basis and provided to all presidential candidates well in advance of election day.

4. The president's chief personnel assistant should be an influential member of the White House staff with regular and direct access to the president.

⑤ FBI investigations of presidential appointees must be streamlined and more flexibly adapted to the nature of the positions being filled.

### *Financial Disclosure and Conflict of Interest*

⑥ The Congress and the Office of Government Ethics should take immediate steps to simplify and clarify the government's financial disclosure form.

⑦ The income and property value reporting requirements in the financial disclosure forms should be compressed into two categories, one of "Less than \$10,000" and one of "Greater than \$10,000." There should be no requirement for reporting any income or holding of less than \$1000 in value.

⑧ The president should recommend legislation permitting presidential appointees to delay the impact of the capital gains taxes they incur in divesting assets to comply with conflict of interest laws and the mandates of Senate committees.

⑨ A legislative ban should be placed on the solicitation or discussion of future employment in the private sector by any presidential appointee during the time of his or her appointment. At the end of their service, all presidential appointees with genuine financial need should be provided up to three months of severance pay to afford them a period of transition out of the federal government.

### *Senate Confirmation*

10. Each Senate committee with confirmation responsibilities should review its own procedures to prevent duplication and unnecessary detail in the reporting requirements it imposes on nominees and to improve the care with which it handles sensitive information.

11. The Senate's practice of permitting individual senators to place a "hold" on a nomination should be restricted so that no senator may delay a nomination for more than five working days.

### *Transition and Orientation of New Appointees*

12. A special unit should be established within the Presidential Personnel Office to assist new appointees in handling the personal and official difficulties they confront in coming into the government and starting a new job.

13. All new appointees should be provided a clear and comprehensive set of briefing papers to guide them through the clearances and reviews that have become a routine part of the appointment process.

14. The White House should take the lead in organizing orientation programs for all new appointees. These should include some components run by the White House and some by the individual departments and agencies. These programs should give special attention to the federal budget process, procedures and expectations for interacting with Congress, media relations, and the character of bureaucratic and legislative politics in Washington.

### *The Appointee's Working Environment*

15. Procedures for determining Executive Level compensation should be remodelled to permit the president to recommend periodic salary adjustments to the Congress.

16. The statutory linkage that ties the salaries of presidential appointees to those of members of Congress should be severed.

17. Broader differentials should be established to correct the existing compression of salaries in Executive Levels I through V.

18. Individuals who remain in Senate-confirmed, appointed positions for more than three years should receive an annual bonus equivalent to ten percent of their salary.

19. Whenever feasible, the president should provide upward mobility for appointees by promoting from within to fill vacancies.

20. The expenses that appointees incur in the normal performance of their jobs should be reimbursed at full value.

21. Presidents, their advisers, and their Cabinet officers should devote more attention to team-building efforts among presidential appointees.

22. Support networks should be developed in each department and agency to provide counsel, assistance, and information for the spouses and families of presidential appointees.

### *The Presidential Appointments System and the Federal Government*

23. The number of positions filled by political appointment has grown too large and must be reduced. The House Government Operations and Senate Governmental Affairs Committees should conduct a government-wide assessment to identify and reconvert many of those positions where career executives have been replaced by political appointees.



## Introduction: The State of the Presidential Appointments System

For almost two hundred years, Americans have called on citizen leaders to direct the executive branch of the federal government. Even as the permanent workforce of the government has grown to exceed five million employees, the several hundred positions at the very top continue to be filled by people who are usually not career civil servants, people for whom government is neither a career nor a profession. The majority of these "in and outers" have enjoyed successful careers in the private sector, notably in business and the professions. Their public service is usually confined to a single presidential administration.

The tradition of Cincinnatus, of citizen leaders willing to leave their private pursuits to serve the nation, has always been a valued part of the American approach to self-government. It provides the body politic with frequent transfusions of new blood and gives the government access to the services of its most talented citizens, ensuring that those who make public policy are familiar with the practical impacts that such policy will have in the real world of affairs. No other nation relies so heavily on noncareer personnel for the management of its government. In its breadth and importance, the in-and-outer system of leadership selection is uniquely American.

The political appointments system is not without its flaws, however, nor without its dangers. If talented Americans decline the opportunity for public service, if they endure it only for brief periods, or if they are ill-prepared for the challenges they will face in the public sector, the system will not deliver fully on its promise. And if American presidents fail to employ skill and sensitivity in selecting their own appointees, the system can quickly degenerate into a circus of amateurism and self-seeking.

For those who admire the in-and-outer approach to leadership selection, these are troubling times. It is now very clear that recent American presidents have been less successful than their predecessors in either attracting the highest qualified Americans into public service or in providing the hospitable and supportive environment necessary to utilize effectively the talents of noncareer executives. The appointments system does not work as well as it should or could; its adequacy in meeting the executive staffing needs of the agencies and departments of the federal government is now seriously in doubt. Among the problems that plague that system are the following.

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1. *Expansion in the number of appointed positions.* The number of high level executive positions filled by presidential appointees has been growing for most of this century. The growth has been especially dramatic in the past thirty years. In part this reflects a steady increase in the size of the federal government. There are more agencies, and more agencies mean more executives and hence more appointments.

What is more worrisome to many observers, however, is the growth in appointed positions as a result of deeper penetration within individual agencies. In many existing agencies, the number of executive positions filled by presidential appointment has been expanding. Where once perhaps only the agency head or the agency head and the deputy were appointed by the president, now there might be a half dozen or more presidential appointees at the top of the agency. And yet there are broad inconsistencies from one agency to the next in the number and character of the positions filled by presidential appointment. And it is difficult indeed to identify the underlying logic or the criteria that are employed to determine which positions are filled by career personnel and which by presidential appointees.

This growth in the number of appointed positions places an increasing burden on the president's ability to locate and recruit qualified people to fill these posts and, where confirmation is required, on the Senate's ability to review appointees' credentials with care. The presidential appointments system is in jeopardy of overload. The capacity no longer exists—in the White House or in the Senate—to find and assess with care the qualifications of the large number of people now needed to fill all appointed positions.

The quality of governance in the United States is not improved by the enlargement of the nonprofessional workforce. It is an odd and unfortunate paradox that as government grows in technical detail and political complexity, more and more leadership positions are filled by individuals who are unfamiliar with the substance of the policies they will oversee and strangers to the government environment.

2. *Recruitment of presidential appointees has become more difficult.* A series of independent and separately motivated developments have accumulated over the past two decades to hinder significantly the government's ability to recruit the best qualified Americans to serve as presidential appointees. Public financial disclosure requirements have been imposed on presidential appointees. Conflict of interest laws have been tightened. Federal executive salaries have been allowed to fall further behind compensation levels in the private sector. Media scrutiny of presidential appointees has become more intensive.

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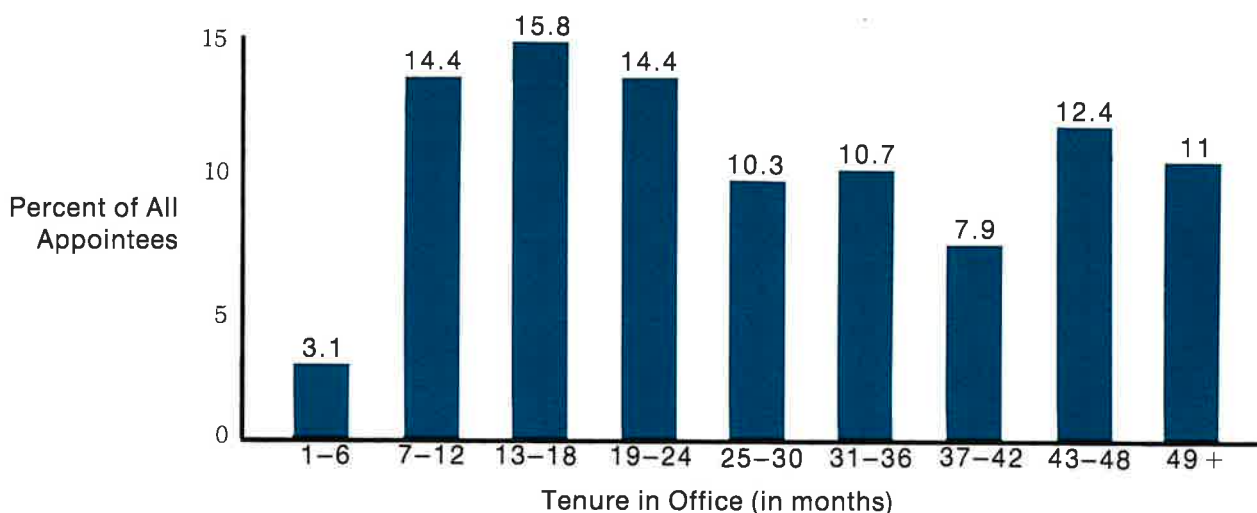
The combination of all of these developments has increased the reluctance of many qualified individuals to accept the offer of a presidential appointment. They have opted not to serve. As a result, recruiters for recent presidents have reported that they often go to their second or third choice before they can find someone willing to accept an appointment. While the talent level among presidential appointees remains high, the inability to attract the very best person for a particular position often marks the difference between good or adequate performance and true excellence. The loss tends to come in that extra measure of intellectual energy and creative insight that is necessary to elevate public policy and public management to new levels of proficiency.

3. *The federal work environment too often constrains the accomplishments of presidential appointees.* Those individuals who do accept presidential appointments frequently find that working conditions impede their performance. They are forced to operate in an environment that is short on essential administrative supports and long on petty aggravations. This diminishes the quality of their public service and increases stress in their personal lives. Although they are stimulated and challenged by their work, many appointees report that their abilities are not fully tapped because so much of their time is absorbed in tedious and repetitive tasks or in testifying before congressional committees, participating in the minutiae of annual budget preparations, and engaging in personnel actions involving career employees.

An important impact of the grating character of the work environment is that many appointees stay in the government only for very short periods of time. The median length of service for presidential appointees in the past two decades has been just a shade over two years. As Figure 1 illustrates, a third have stayed in their positions for eighteen months or less. Only 32 percent have stayed for as long as three years. Dissatisfied, financially impaired, and sometimes burned out by their experiences in government, presidential appointees too often depart before their own or the president's objectives are accomplished.



**Figure 1** Tenure in Office of Presidential Appointees in Study, 1964–1984.



SOURCE: National Academy of Public Administration, Presidential Appointee Project, Biographical Data Base, 1985.

4. *The current operations of the presidential appointments system have had a persistent negative effect on the continuity and consistency of public policy and public management.* The expansion in the number of positions filled by presidential appointees and the escalating rate of turnover among the people who fill those positions have resulted in long periods when important positions are left vacant, either at the beginning of an administration or when an incumbent appointee resigns. This “gaposis,” as it is sometimes called, is a plague on contemporary government. It leaves large and vital government organizations leaderless and often directionless while waiting for replacements to be recruited and confirmed.

Short tenure and frequent turnover have also created an incentive system for presidential appointees that is often at odds with the long term needs of the federal government. Because their time horizons are so short, the agendas of the highest ranking officials of the federal government are frequently dominated by immediate policy concerns. Long-term institutional maintenance and institutional development are not high priorities for most appointees, and they spend inadequate time on the difficult and often painstaking activities that are necessary to strengthen the performance of government organizations and to improve the delivery of services to the American people.

All of this contributes to a persistent and damaging myopia. Appointees come and go, but government institutions—like Old Man River—just keep rolling along, little changed and little improved by the temporary inhabitants of their top offices.

These impacts of the presidential appointments system are significant and should be a matter of national concern and debate. Since 1982, the Presidential Appointee Project of the National Academy of Public Administration has studied these problems, seeking to identify their sources and searching for solutions. We believe that there are a number of steps that can be taken—most of them without significant cost to the government—to improve substantially the government’s ability to recruit better qualified presidential appointees and to utilize more effectively their creative energies. The purpose of this final report is to indicate and explain the approaches that we believe have the greatest promise for revitalizing the presidential appointments system. Detailed recommendations follow a brief description of the National Academy study.

## The Scope of the Presidential Appointee Project

In 1982 and 1983, the National Academy conducted a preliminary study of some of the issues described above. This led to the publication of *America's Unelected Government* (Ballinger, 1983), which outlined the scope of the problems besetting the contemporary appointment process.

That preliminary study also indicated how little was known about the operations of the appointment process and the backgrounds and work experiences of presidential appointees. It was clear at the time that a more penetrating understanding of these topics would require a significant research effort, one drawing heavily on the accumulated experiences and opinions of presidential appointees themselves. The National Academy established the Presidential Appointee Project to conduct such research and to report its findings and recommendations. With the generous financial support of the organizations listed at the beginning of this report, work on that Project began in the autumn of 1984.

It proceeded on several fronts. To explore past and current White House procedures for recruiting and selecting presidential appointees, personal interviews were conducted with most of the individuals who have served as senior presidential personnel aides in the past quarter century. In December of 1984, a group of those people, one from each of the last six administrations, was brought together for a full day's discussion of their experiences. (The published transcript of this conference, "Recruiting Presidential Appointees," is available from the National Academy of Public Administration.)

To examine the backgrounds of presidential appointees, the project staff identified a target group of past and present officials whose characteristics and experiences were representative of those who hold the most important leadership positions in the executive branch. That group was composed of individuals paid at the grade of Executive Level IV or above whose appointments required Senate confirmation. This included all regulatory commissioners, assistant secretaries (and equivalents) and above in all cabinet departments, the ranking officials of all of the large independent agencies, and most of those holding statutory positions in the Executive Office of the President. To ensure that the group would include significant numbers of both Republican and Democratic appointees, the examination covered the period from 1964 through 1984. In order to keep the research task manageable, some of the smaller independent agencies were excluded from the study, as were ambassadors, judges, U.S. marshals and U.S. attorneys, and lower level appointments not requiring Senate confirmation. The appointee population analyzed included 1287 presidential appointees who held a total of 1528 presidential appointments.

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The National Academy began its examination of this group by conducting extensive biographical research in documentary sources and agency historical records. Information was gathered on such topics as the age, sex, race, and religion of appointees, their educational, professional, and occupational backgrounds, and their prior government and political experience. Overall, we succeeded in collecting nearly complete biographical information on more than 92 percent of the presidential appointees in our target population.

To further tap the opinions and experiences of this group, the National Academy developed a twelve page questionnaire and conducted a mail survey in the spring of 1985. It was our intention to survey the entire target population of presidential appointees, not just a sample of that group. We were deterred only by the practical realities of surveying a group so widely dispersed in age and residence. Some of the appointees in our population were deceased. The majority of those still

living resided outside of Washington and, for some of those, even our most aggressive efforts could produce no valid address. As a result, our survey was mailed to 936 present and former presidential appointees. Those who did not respond to the first mailing received a second one four weeks later. Those who did not respond to the second mailing received a third one four weeks after the second.

The three mailings resulted in 536 completed questionnaires, a response rate of better than 57 percent. When those who responded to the mail survey are compared to the total population of presidential appointees on such properties as sex, year of appointment, position level, and department to which appointed, it is clear that the survey respondents are highly representative of the total target population of appointees. There is a slight underrepresentation of cabinet secretaries (due to low response rate among Reagan-appointed cabinet secretaries in office at the time of the survey) and a slight overrepresentation of Carter and Reagan appointees (due to deaths and missing addresses of some Johnson and Nixon appointees). But the essential similarities of the two groups permit us to report the survey findings with considerable confidence that they accurately reflect the experiences and attitudes of this entire population of senior presidential appointees.

In addition, we conducted in-depth personal interviews with almost one hundred present and former appointees from our target population. These were conducted by professional interviewers in the spring of 1985, usually in the offices or homes of the appointees. Most interviews lasted 45 minutes or more. All were tape recorded and transcribed. With but a few exceptions, the interview subjects have permitted us to quote and attribute their remarks.

These research efforts have produced an unprecedentedly rich and detailed portrait of senior presidential appointees and their experiences in the public service. They are the primary sources from which we have identified the problems described in this report and from which we have drawn most of our recommendations for improvement.

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## **Selection and Recruitment**

No corporation or other private enterprise could long endure a recruitment process like the one used by the federal government to fill its senior executive positions. Despite some significant efforts in the past quarter century to make the appointee recruitment process more thorough and systematic, the government is still plagued by a number of problems that retard the staffing of new administrations and undermine comprehensive identification of available sources of talent. As a consequence, the full potential of the presidential appointment process—the potential to staff the government with the best talent in the United States—has never been fully or even adequately realized.

### **Recommendation 1**

*Substantive policy knowledge and administrative experience are not incompatible with political qualifications and should be primary criteria in the selection and confirmation of presidential appointees.*

The presidential appointment process operates imperfectly, and every recent presidential administration has been forced to suffer the incompetence of some poorly chosen appointees. To some extent, of course, this results from the inherent difficulty in fitting properly qualified people into complex jobs for which there is no natural path of preparation. Some bad appointments will occur, even under the best of recruiting circumstances.



But many of the appointment failures of recent presidents have been self-induced. They have occurred because those presidents have chosen to appoint people with few apparent qualifications for the jobs they were to fill. Usually those selections have been made for what are described as political purposes: to reward campaign workers, to win the friendship or avoid the enmity of important political figures, or to populate executive offices with the president's ideological confederates.

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Those are all old practices, as old as the republic itself. The costs of following them, however, have never been higher. As public policy grows more technically sophisticated and as the task of managing the federal executive branch becomes more politically and administratively complex, the government's ability to endure the foibles of incompetent appointees diminishes. It is no simple matter to run a federal agency or manage a federal program. Skills, knowledge, and experience count. Presidents who weigh these too lightly in selecting their appointees inevitably pay a price later on.

The argument that the appointment process is heavily and inalterably political is one that we have heard often in our research. We share that perception. But what does that mean? That good politics and good management are mutually exclusive? That the president's political objectives can be accomplished only by filling some positions with political hacks or single-minded ideologues who lack executive qualifications?

We think not. In a country as rich as ours in talent and resources, it ought to be entirely possible to find and recruit individuals who possess both the training and skills necessary to perform effectively as presidential appointees and the political credentials and sensitivities necessary to operate successfully in the Washington environment. Good politics and good management are not mutually exclusive. Indeed, they are complementary. Good management is very often the essence of good politics. If one reads the roll of the very finest presidential appointees of the post-war years, it is remarkable how many of them combined managerial ability, substantive policy knowledge, and political sensitivity.

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*“Good politics and good management are not mutually exclusive.”*

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The pressure that presidents often encounter from interest group leaders, members of Congress, and others who sponsor candidates for appointment is best deflected by the establishment of a White House personnel operation that can identify and attract appointees who have more than just political credentials. In a sense, the best defense is a good offense. As Fred Malek, chief presidential recruiter in the Nixon administration, noted at the National Academy's conference of presidential recruiters, "it's important to have that executive search capability to counter that kind of pressure. It's hard to go back to a Senate committee chairman and say we're not appointing your guy and we're appointing this guy and on paper they don't look too much different. But when you go back and say these are the requirements of the job and here's what your candidate has and here's the guy we want; we just have to go with our person."

Presidents bear full responsibility for the quality and competence of their appointees, and they should exercise that responsibility aggressively. They must not cave in to political pressures to appoint unqualified people. Political objectives can be accomplished with excellent appointments. And they should be.

## Recommendation 2

*Planning for the staffing of new administrations should begin no later than the month in which the major party candidates are nominated. Adequate funds from the Presidential Transition Act should be allocated for that purpose.*

## Recommendation 3

*The personnel information resources available to new administrations must be significantly expanded. The Office of Management and Budget should take responsibility for the preparation of position lists and histories, job descriptions, a record of past personnel practices, and other useful briefing papers for new administrations. These should be maintained on a continuing basis and provided to all presidential candidates well in advance of election day.*

The transition periods between administrations persist as major fault lines in presidential personnel operations. No modern administration has yet fully succeeded in developing a set of initial staffing procedures that are comprehensive, timely, or adequately related to the new president's immediate policy objectives. Nor is this surprising given the lack of institutional memory in the White House personnel office, the traditional underestimation by new presidents of the scope of their staffing task, and the testy relations that often exist between incoming and outgoing administrations. The consequence, however, is that new administrations are often slow in getting up to speed. Valuable time for planning and building support for a legislative program is lost because too many important positions are vacant for too long in a president's first year.

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Overcoming this problem will depend ultimately on the wisdom and skill of presidential personnel assistants. No system or set of supports can substitute for a sound personnel operation. But several steps can be taken to increase the likelihood that sound personnel operations will emerge during presidential transitions. One of those is an early start. Experience clearly indicates that the several hundred people needed to staff the top positions in an administration cannot be recruited and put in place in the two and half months between election and inauguration days. If that process does not begin well before the election, it will surely drag out until well after the inauguration. The Presidential Transition Act now authorizes the expenditure of funds to smooth the transition between administrations. There are few places where those funds can be better spent than in developing and implementing a staffing program for appointive positions. These funds are available to major party candidates immediately after their nomination. The sooner they are put to use the better.

The initial staffing of recent administrations has also been complicated by a severe shortage of essential information. Typically, a newly elected president assigns personnel responsibilities to people with little or no experience in Washington politics or in recruitment for high government posts. They have no clearly defined pool of candidates from which to draw, little understanding of the range or characteristics of the jobs they have to fill, and little familiarity with the conflict of interest laws and clearances to which appointees are subject. All of these difficulties are compounded by the absence of any institutional memory of the personnel procedures of past administrations and by inadequate written information on the scope of a president's personnel authority and the specific nature of the jobs to be filled. Each administration starts from scratch in collecting this information, often tediously repeating the research performed by its predecessors.



The natural solution to this would be for one administration to pass on its personnel files and systems to its successor. Some outgoing administrations, in fact, have offered to do that, only to have their offers rebuffed by new personnel staffs anxious to do things their own way. The nature of relations between outgoing and incoming presidents offers little hope that this is likely ever to be a successful way of easing the information burden on new administrations. Those relations are often politically uncomfortable and not conducive to the transmittal of essential or useful information. We believe that the responsibility for providing personnel information in presidential transitions belongs more appropriately to one of the permanent agencies of government. The best candidate in our view is the Office of Management and Budget (OMB). The OMB should serve as a repository for information on the appointment process, providing new presidents with up-to-date information on the positions to which they have appointing authority, the character of those positions, the ethics laws and other requirements which must be satisfied in filling them, and a historical record of the personnel experiences of previous administrations. If provisions of this sort are not made to help new administrations, the fits and starts that have plagued the initial staffing efforts of past administrations will continue to be a plague in the future.

#### **Recommendation 4**

*The president's chief personnel assistant should be an influential member of the White House staff, with regular and direct access to the President.*

Historically, each American president has designed a White House staff organization that fit his own needs and sense of order. That is as it should be, and we approach with caution any recommendation on how the presidential personnel operation should be structured. But the country has now completed 25 years in which there has been an ongoing personnel recruitment operation in the White House and we believe that an important lesson about staff organization has emerged from that experience.

Since the early 1960s when Ralph Dungan and Dan Fenn set up the first elaborate structure for recruiting presidential appointees, the way in which personnel staff have related to the president, the cabinet, and the senior members of the White House staff has varied greatly. On some occasions, chief personnel aides have themselves been senior members of the White House staff, reporting directly to the president. At other times, the head of the personnel staff has been situated several layers down in the White House hierarchy, with only rare direct access to the president. We think it makes a difference how this relationship is structured. Both the president and the country are best served when the administration's chief personnel recruiter is afforded the high rank and access equivalent to his or her responsibilities.

The appointment process vibrates to political rhythms. That will not soon change, nor do we believe that it should. The importance of presidential staffing choices will always inspire those concerned with the shape of public policies to compete to influence appointment decisions. Primary among the competitors are ranking members of Congress, cabinet officers, and powerful members of the White House staff. Very frequently the referee or broker in that competition is the president's chief personnel assistant. Often, as well, he or she becomes the chief protector of the president's interests and the primary advocate of merit selection criteria in personnel negotiations. The higher the rank and the more apparent the status of the chief personnel assistant, the more likely that he or she will direct the outcome of personnel decisions to fit the president's purposes.

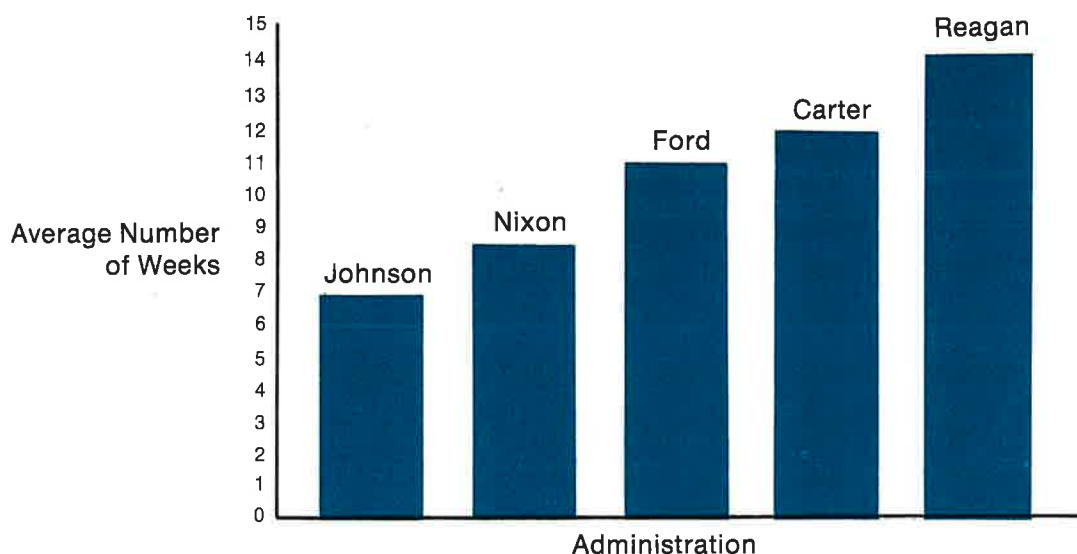
The lesson from recent history is that a president with a low visibility, low clout personnel office will find it difficult to maintain a firm grip on the appointment reins, often deferring on personnel choices to members of Congress, interest group leaders, or to self-serving officials in the administration. When the personnel office is perceived to have a direct line to the president, however, and is regarded as a genuine and potent advocate of presidential interests, the chances are much improved that the character and quality of an administration's appointments will reflect the president's own wishes and objectives.

## Recommendation 5

*FBI investigations of presidential appointees must be streamlined and more flexibly adapted to the nature of the positions being filled.*

The National Academy is concerned about the increasing time it takes to fill a high level vacancy in the government. As Figure 2 indicates, the average number of weeks to complete the appointment process has grown steadily in each of the past five administrations.

**Figure 2** Average Length of Time from Decision on Final Candidate to Confirmation, 1964-1984.



SOURCE: National Academy of Public Administration, Presidential Appointee Project, Appointee Survey, 1985.

Increasingly in recent years, the operations of the federal government have been slowed by long gaps between the departure of one senior administrator and the successful appointment of another. There are many causes of this problem of “gaposis”: new conflict of interest laws, complicated White House clearance procedures, delays in Senate confirmation, and inadequate preparation for presidential transitions. Also to blame is the amount of time it takes to complete FBI background investigations on individuals under consideration for presidential appointments.

The FBI has been conducting “full field investigations” on candidates for presidential appointments since early in the Eisenhower administration. These are intended to determine whether candidates have serious legal, security, suitability or other problems that might jeopardize their ability to serve effectively in government. Typically, a full field investigation involves more than thirty interviews by FBI agents with present and former friends, neighbors, and associates of the candidate. The length of time necessary to complete a full field investigation varies from two to more than eight weeks.

In our survey of appointees, 25 percent cited the FBI investigation as a principal cause of delay in the processing of their appointments. Many of them found this a source of significant frustration as they tried to reorder their private lives and take up a major new challenge in government. In almost every case, an appointment sits dead in the water waiting for the completion

of the FBI investigation. No public announcement can be made, appointees cannot confidently separate from their current employment, Senate confirmation reviews cannot begin. Everything waits.

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*“ . . . the operations of the federal government have been slowed by long gaps between the departure of one senior administrator and the successful appointment of another.”*

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While we do not doubt the need for careful investigation of appointees' backgrounds prior to their taking office, we do believe that several steps can be taken to improve the value of these investigations, to speed them up, and to minimize the burden they place on the government's ability to fill vacant positions. At a minimum, the FBI should better anticipate periods of peak load in the appointment process, and the Congress should provide it with the resources necessary to cope with those peak loads. It is no secret that the first year after a presidential election brings with it a much larger number of appointments. The staffing of the FBI's special investigation unit should be adjusted to meet that need.

Second, the Counsel to the President, the Presidential Personnel Office, and officials of the FBI should conduct a cooperative review of the purposes of these background investigations. Should they focus as narrowly as they now do on criminal law and national loyalty issues? Should the FBI inquire more thoroughly into individuals' substantive qualifications and experience relevant to the position for which they have been nominated? And should the FBI merely report its raw findings or produce a summary digest of its investigation? All of these, we believe, are questions much in need of review.

Third, the FBI should develop several types of background investigations, and not rely simply on the all-purpose full field investigation. We can find no reason why a candidate for Assistant Secretary of Agriculture for Rural Development requires the same kind of background investigation as a candidate for Secretary of Defense. Yet, under current FBI procedures, the same investigation format is employed for all appointees. As one former White House personnel chief has noted:

*“I found no logic in the appointments that required a full field investigation. Every PA, not PAS, every presidential appointment with or without Senate confirmation required a full field investigation. Certainly every Senate job. There were appointments to advisory commissions that required Senate confirmation that had absolutely no need for a full field investigation. And there was no choice. At the Bureau, you could either get a name check or a full field, nothing in between.”*

Everyone would benefit from a review and streamlining of FBI background investigations. FBI resources would be deployed more efficiently. Appointees could move into their new positions with less delay. And the public would be better served by a government less often handicapped by vacancies at the top.



## Financial Disclosure and Conflict of Interest

Democracies, by nature, pay special heed to the integrity and ethical behavior of their public officials. Where government is chosen by the people to serve the people, the utmost importance is attached to having public servants whose dominant concern is the public interest.

Government ethics have been a matter of national concern—and public policy—throughout the history of the American republic. In the past 25 years, however, the level of that concern has grown substantially. Scandals and controversies have focused public attention on ethical issues. There have also been several significant changes in the statutes and administrative rules that govern the behavior of American public officials.

Enough time has passed that we can now begin to assess some of the effects of the new ethics rules enacted in the 1960s and 1970s. Our special interest, of course, is in the impacts of those changes on the government's ability to recruit and retain presidential appointees. Some considerable fears were expressed in 1965 when the first comprehensive financial disclosure requirement was imposed on presidential appointees, and again in 1978 when a sweeping Ethics in Government Act was signed into law, that these tougher restrictions would deter people from coming into government from the private sector. The fears were rooted in logic. Changes in the ethics laws required appointees to run a gauntlet of clearances and reviews, to make public disclosure of information about their private finances, and in some cases to sacrifice valuable holdings or positions in order to comply with conflict of interest laws. All of this begged an important question: would the public's gain in enhanced confidence in government's integrity outweigh the increased difficulty in attracting talented appointees and the personal costs imposed on those who agreed to serve.

This is a question explored in great detail in our research. We have concluded that the new rigors of the financial disclosure and conflict of interest laws have assumed a very important role in the appointment process. Their impact is mixed. In some ways, these laws have brought genuine benefits to the American people by eliminating blatant potential conflicts of interest and enhancing opportunities for the identification and prosecution of those who would violate the public trust. On the other hand, these changes have been costly: costly to the government's ability to recruit presidential appointees, costly to the relations between the news media and public officials, and costly in financial sacrifices to a number of honest and dedicated public officials.

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*“ . . . the new rigors of the financial disclosure and conflict of interest laws have assumed a very important role in the appointment process.”*

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We do not believe that we can or should return to the days when government ethics were left to chance and faith. Both the public and its servants in government benefit from the establishment and enforcement of ethical guidelines. We support their existence. We believe, however, that the substance of those guidelines and the nature of their implementation are much in need of reexamination and we have several suggestions for the directions that should take.

### Recommendation 6

*The Congress and the Office of Government Ethics should take immediate steps to simplify and clarify the government's financial disclosure form.*

The “Executive Personnel Financial Disclosure Report,” form SF 278, is a pale green monstrosity. It is a daunting, confusing, excessively detailed hurdle that few presidential appointees are able to negotiate successfully on the first attempt. Among the appointees we surveyed who

were required to cope with SF 278, more than 70 percent reported some difficulty in figuring out or completing the financial disclosure forms. Almost 25 percent reported that they were delayed in getting on the job by the time they spent coping with that form. It is especially interesting to note that these are not just generalized complaints about the need to fill out any kind of financial disclosure form, but are targeted specifically at SF 278. Among those whose appointments began between 1965 and 1978, less than 10 percent reported significant difficulty with the financial disclosure forms. But among those whose appointments began after 1978, when SF 278 came into use, 30 percent reported *significant* difficulty.

The appointees surveyed by the National Academy had plenty to say about the financial disclosure form—all of it negative:

“I had to recall the date, location, and fee of every lecture I gave for several years. Why lectures at universities were to be reported in such detail beggars the imagination.”

“The language of the disclosure forms was unclear. I had to check with the White House legal office for clarification. The legal office also indicated their confusion with the language used.”

“The forms are vague and ambiguous. It is difficult, even with data available, to fill them out.”

“The forms are poorly designed with poor instructions, not like the tax return. They were very time-consuming to complete, even for my relatively simple financial status.”

We believe that the Congress and the Office of Government Ethics (OGE) should give immediate attention to the creation of a new financial disclosure form. This is both a statutory and an administrative concern. In designing a financial disclosure form, the Office of Government Ethics is constrained by legal requirements that virtually mandate complexity and confusion. The OGE must work with the Congress to simplify and clarify the process of financial disclosure.

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*“The forms are vague and ambiguous. It is difficult, even with data available, to fill them out.”*

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A new disclosure form should require information in less detail (see Recommendation 7). The reporting categories should resemble much more closely the reporting categories on federal income tax forms to minimize the need for the extensive conversion of information that now is required of most appointees. And the new form should be developed in consultation with Senate committee leaders and designated agency ethics officials to maximize consistency in reporting requirements across the government.

Public financial disclosure is important insurance for public confidence in government. But we are convinced that effective disclosure can be accomplished with much greater ease and clarity than is now the case.

### **Recommendation 7**

*The income and property value reporting requirements in the financial disclosure forms should be compressed into two categories, one of “Less than \$10,000” and one of “Greater than 10,000.” There should be no requirement for reporting any income or holding of less than \$1000 in value.*

The Ethics in Government Act of 1978 made a well intentioned effort to reduce the amount of detail required by establishing more than a half dozen reporting categories, representing a spread of value from less than \$100 to over \$100,000. We believe that effort has been counterproductive



for two reasons. First, it is enormously complicated for individuals filling out the disclosure forms to determine in exactly which category a holding or income source should be reported. Especially in the case of stocks and other fluctuating assets, valuations are moving targets. A categorization that is accurate one day may be inaccurate the next. To identify the precise value of holdings and then to report them accurately has proven to be a tedious and time-consuming task for many new appointees. Second, we have found not a shred of evidence to indicate that these intricate categorizations improve the quality of financial disclosure in a way that significantly enhances the detection of potential conflicts of interest. In our view, therefore, the current reporting requirements impose an enormous bother without bringing any attendant benefits to the public. We believe that the same objectives can be accomplished by public disclosure requirements that are much less complicated.

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*“ . . . we have found not a shred of evidence to indicate that these intricate categorizations improve the quality of financial disclosure . . . ”*

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The critical issue is whether an appointee's personal finances engender a significant potential for conflict of interest. Does the appointee have assets or a substantial relationship with a private corporation or other interest that might benefit from decisions he or she will make as a public servant? Such questions can be readily answered by knowing the business interests with which appointees have financial relationships or investments and whether these are relatively small or relatively large. We believe that requiring appointees to report the value of a holding or income below or above a fixed threshold can adequately serve the purposes of disclosure. And, though informed debate might establish a somewhat different threshold, we believe that \$10,000 is about the right amount.

In addition, we believe that the current de minimis category of \$100 is too low. It is hard to conceive of any circumstances in which an asset or former financial relationship with a value of less than \$1000 would pose a significant potential for conflict of interest. What actions, for example, could a presidential appointee take to derive any significant personal gain from a stock, even in a corporation that does business with an agency in which he or she serves, if the value of the appointee's holding is less than \$1000? We know of no cases in which any government action has had enough of an impact on the value of any stock to entice appointees with holdings that small to alter their public actions for private gain. In light of this, we believe that raising the minimum reporting requirement from \$100 to \$1000 would ease the burden of financial disclosure without jeopardizing the integrity of the federal government.

### **Recommendation 8**

*The President should recommend legislation permitting presidential appointees to delay the impact of capital gains taxes they incur in divesting assets to comply with conflict of interest laws and the mandates of Senate committees.*

There can be no doubt that some potential conflicts of interest can be cured only by the divestiture of certain assets. An appointee with stock holdings in a company regulated by the agency in which he or she will serve, for example, will normally have to sell that stock to eliminate the potential conflict. This is not an uncommon occurrence. Among the appointees we surveyed, almost a third (32 percent) had been required to sell stock or assets in order to satisfy conflict of interest laws or Senate committee rules.

For many, divestiture is a double whammy, causing not only the sale of a valued asset but also the incurrence of capital gains taxes on the increased value of that asset. The tax liability that results falls entirely in the tax year in which the divestiture takes place, a year, we should note, in

which many appointees also incur a significant decline in income as a result of accepting a government position. The acceptance of a presidential appointment rarely permits the kind of financial planning necessary to minimize the impact of capital gains taxes.

We believe that appointees should be allowed to delay the incidence of those taxes by rolling over their divested assets into other, approved investments (mutual funds, certificates of deposit, etc.) that pose no conflict of interest. As with other means of preventing conflict of interest, this roll-over procedure should be supervised and certified by the Office of Government Ethics and the appropriate designated agency ethics official.

Many appointees endure significant financial sacrifices to serve their country. The postponement of capital gains liabilities is one way in which the costs of public service can be reduced.

### **Recommendation 9**

*A legislative ban should be placed on the solicitation or discussion of future employment in the private sector by any presidential appointee during the time of his or her appointment. At the end of their service, all presidential appointees with genuine financial need should be provided up to three months of severance pay to afford them a period of transition out of the federal government.*

Despite ample recent efforts, the revolving door has not been easy to close. The American public is still frequently confronted—and still troubled—by the spectacle of top officials leaving the government and immediately taking lucrative jobs with corporations or organizations which they regulated or with which they negotiated contracts while in the public service. It may well be that such employment is not a reward for the deference paid by public officials to private interests, but the speed with which such transitions often take place gives off a powerful stench of ethical impropriety.

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*“. . . the speed with which such transitions often take place gives off a powerful stench of ethical impropriety.”*

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We are not sanguine about any permanently effective closure of the revolving door. We do believe, however, that it would be a positive step to bring legislative force to the proposition that no presidential appointee should use the platform of a public office to solicit or negotiate employment in the private sector. The potential for conflict of interest in that kind of activity is very high. The law should not allow it.

But obviously appointees leave the government in normal course, and many of them have legitimate concerns about their employment prospects when they depart. To help them cope with those concerns, we believe the government should provide severance pay for presidential appointees with genuine financial need. Severance pay should be available for a period to end when an appointee secures subsequent employment or after three months, whichever comes first. This should be adequate to permit them to leave their government responsibilities behind before they begin formally to look for work elsewhere. The trade-off strikes us as a fair one: appointees refrain from job solicitation while in the public employ but are provided financial support to carry them through the search for a new job after their appointments end.

## Senate Confirmation

For almost two hundred years, the Senate confirmation process has provided an invaluable check on the quality of presidential appointees. Nothing in our research indicates that it is less than that now. On the whole our findings about the Senate and its confirmation procedures were highly positive. Most appointees thought their confirmations were handled expeditiously and fairly. Most reported that their interactions with Senate committee members and staff during the confirmation process were friendly and helpful. Most thought they were provided adequate time to prepare for their confirmation hearings. And, in a summary assessment, almost two-thirds of those we surveyed thought the confirmation process was an adequate or good review of their appointments.

That is the good news. The bad news is that the good news doesn't apply to everyone. A substantial minority of presidential appointees—almost a third of those we surveyed—found the confirmation process hostile, slow, superficial, heavily politicized, or humiliating. In many of those cases, its unpleasantness bore little relationship to the nature of the position being filled or the qualifications of the appointee. Some bad appointments occur in every administration. When the Senate detects those and refuses to confirm them, it is doing its job. That is not the problem. The problem is that the Senate sometimes—indeed, too often—mishandles confirmation proceedings or demeans and creates unnecessary complications for appointees who are perfectly well qualified for the positions to which they have been nominated. While our overall assessment of the Senate confirmation process is positive, we believe there are areas in which its performance can stand some improvement.

### Recommendation 10

*Each Senate committee with confirmation responsibilities should review its own procedures to prevent duplication and unnecessary detail in the reporting requirements it imposes on nominees and to improve the care with which it handles sensitive information.*

No one believes that all Senate committees can or should operate with the same set of confirmation procedures. Different committees handle different kinds of nominations and it is appropriate that each adapt its procedures to its responsibilities. Our research suggests, however, that some committees demand information from nominees, especially about personal finances, that is duplicative of information already required elsewhere. The reporting of that information is complicated by forms that bear no resemblance to those used by the Internal Revenue Service, the executive agencies, or the Office of Government Ethics. The common result is that some appointees have to go through the agony of gathering and reporting information several times in several different ways.

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*“. . . some appointees have to go through the agony of gathering and reporting information several times in several different ways.”*

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We can find no public purpose that is served by multiple and dissimilar reporting requirements at several stages in the appointment process and we are convinced that the process can operate more efficiently and more promptly if agreement can be achieved on one comprehensive financial disclosure form to be used by all of the actors in the appointment process. No doubt, individual agencies and Senate committees will continue to require some information in addition to that reported on such a form. The interest of the Senate Armed Services Committee in nominees' holdings in companies doing business with the Defense Department is an example. But additional



concerns of this sort should be treated as supplemental information to be appended to a standard form. There is no reason why they should require a complete duplication of all reporting requirements on different forms with different questions and categories.

We have also been troubled in our research by the inconsistent ways in which sensitive information is sometimes handled by Senate committees. Particularly worrisome is the handling of summaries of FBI investigations. Senate committees vary widely in the way they use this information and protect its security. Obviously the mishandling of FBI summaries poses a high potential for mischief and for undeserved damage to appointees. Those summaries are compilations of unevaluated information gathered by FBI agents in the field. The FBI reports all negative comments, whether verified or not, and appointees normally do not have opportunities to read and respond to charges made against them. When such information is not carefully guarded—or worse, when it is purposely leaked to the press—its impact can be very harmful. All Senate committees should have formal procedures to ensure that such information is properly used and its security scrupulously guarded.

### **Recommendation 11**

*The Senate's practice of permitting individual senators to place a "hold" on a nomination should be restricted so that no senator may delay a nomination for more than five working days.*

Senate tradition has long allowed any individual senator to place a "hold" on an appointment and thereby delay action on it indefinitely. The roots of that tradition are somewhat hazy and, over the years, these holds have been used for a variety of purposes. In some cases, they have enabled individual senators to undertake more study before deciding how to vote on confirmation. Sometimes, they provide senators an opportunity to have personal discussions with nominees before a committee or the full Senate goes forward with the confirmation process. In most recent cases, however, holds by individual senators have been used for purposes of extortion. A senator may place a hold on a nomination in order to force some information or concession from the nominee personally or from the administration.

This has become an all too common component of the contemporary confirmation process. Literally dozens of nominations have been forced to linger on the Senate calendar while a few individual senators sought to make their confirmation conditional upon satisfactory resolution of other matters, often matters that had nothing at all to do with the qualifications of the nominees or the positions under consideration. The efficient administration of public affairs can only suffer when senior positions remain vacant because nominees are being held hostage to the narrow purposes of individual senators. We believe that immediate steps are necessary to curtail this practice.

No doubt, there are times when a limited hold on an appointment might improve the quality of Senate consideration. Senators are extraordinarily busy people and, on occasion, a short interruption in the progress of a nomination can allow them to address the consequences of confirmation more thoughtfully. We are uncomfortable, however, with the current practice which seems to allow these interruptions to go on indefinitely. Hence our belief that a five-day time limit on these holds would retain the value of this procedure without permitting it to be used—as it has been frequently of late—as a blunt and expensive form of legislative bargaining.

We recognize the Senate's long-standing commitment to its traditions and to the individual freedom of its members. It is our view, however, that the use of holds on nominations has trespassed beyond healthy tradition into the realm of public nuisance. The Senate would greatly enhance its own role in the appointment process and quickly eliminate what has become an embarrassment to its reputation by clearly restricting the exercise of this traditional practice.

## Transition and Orientation of New Appointees

More than half of all presidential appointees come to their positions from outside of government and almost half from outside of Washington. More than a quarter have no prior federal experience, and less than half have spent as much as five years of their working lives in the federal government. The new appointees who fall into these categories have substantial needs for assistance in coping with the requirements of the appointment process, managing the logistics of moving from one kind of employment to another, and preparing themselves to succeed in the unique work environment of the federal government. Those needs are often unfulfilled. Our research indicates that the federal government does an abysmal job of assisting new appointees in the transition from the private to the public sector.

This is not simply a problem that affects the personal lives of new appointees. It also contributes to the government's tardiness in filling vacant executive positions and to the length of the learning curve that new appointees must often endure in trying to master their jobs. The personal lives of new appointees would greatly benefit from more thorough attention to their needs in the immediate aftermath of their acceptance of a presidential appointment. So too would the effective functioning of the executive branch.

### Recommendation 12

*A special unit should be established within the Presidential Personnel Office to assist new appointees in handling the personal and official difficulties they confront in coming into the government and starting a new job.*

Many appointees told us of the peculiar change that took place in their relationship with the Presidential Personnel Office after they had agreed to accept a presidential appointment. Prior to that time, when they were being pursued to join the administration, great attention was paid to their concerns and their phone calls were quickly returned. Once they had agreed to serve, the personnel office turned to other recruitment efforts and paid minimal attention to them. Phone calls were no longer returned and little or no assistance was provided to help get the new appointee onto the job and up to speed. Several of the presidential personnel assistants with whom we spoke recognized this scenario as a familiar one and indicated that shepherding new people through the clearance and confirmation processes and into their positions was not a function to which any priority was attached.

We find this unfortunate and believe it is a persistent problem that can be speedily resolved. The government needs someone to perform a kind of "welcome wagon" function for new appointees. People should be available to advise and assist appointees in filling out personal data statements and financial disclosure forms, meeting current staff in the agencies in which they will serve, finding housing and moving to Washington, and preparing for their confirmations.

While this function might be coordinated by any of a number of offices, we believe the proper place is in the Presidential Personnel Office. New appointees already have contacts there. The personnel office is well connected with all of the departments and agencies, with the president's counsel, and with Senate committee staffs; it possesses some understanding of the requirements of the new jobs the appointees are about to undertake; and it is familiar with conflict of interest laws. A small staff of perhaps two or three people, located in the Presidential Personnel Office, could work closely with the relevant departments and agencies to aid the transition of all new appointees into their jobs. This would make life considerably simpler for those appointees and serve the public's interest by shortening the duration of position vacancies.



### **Recommendation 13**

*All new appointees should be provided a clear and comprehensive set of briefing papers to guide them through the clearances and reviews that have become a routine part of the appointment process.*

The days that immediately follow the acceptance of a presidential appointment are a time of great confusion for many appointees, especially those coming from the private sector and most especially those who have never before worked in the federal government. There are questionnaires and forms to fill out, a myriad of things to learn, people to meet, and so on. Questions arise for new appointees, often the same questions over and over again. They have trouble finding answers because they do not know who to ask or because they are reluctant to reveal their lack of knowledge about matters they assume to be widely understood among old Washington hands. No greater service could be offered than to provide each new presidential appointee with a booklet that contained a thorough description of each of the steps in the appointment process and answers to the most commonly occurring questions in this period of transition.

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*“The days that immediately follow the acceptance of a presidential appointment are a time of great confusion for many appointees, . . .”*

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Early in 1985, in consultation with the Office of the Counsel to the President, the Office of Government Ethics, Senate committee staffs, several former presidential personnel assistants, and a number of presidential appointees, the National Academy of Public Administration developed and published a book called *The Presidential Appointee’s Handbook*. It was intended to be a prototype for the sort of briefing papers recommended here, and it has already gained wide usage in the appointment process. Each administration will want to put its own twist on a publication of this type, but we believe that the provision of a briefing book to new presidential appointees can go a long way in abetting their movement into their new jobs and in relieving many of the anxieties that often complicate that period in their lives.

### **Recommendation 14**

*The White House should take the lead in organizing orientation programs for all new appointees. These should include some components run by the White House and some by the individual departments and agencies. These programs should give special attention to the federal budget process, procedures and expectations for interacting with Congress, media relations, and the character of bureaucratic and legislative politics in Washington.*

Difficult though it may be to comprehend, 79 percent of the presidential appointees we surveyed received no orientation of any kind at the time their appointments began. They went immediately into their jobs without any systematic guidance on the president’s program, their role in implementing that program, the relationship between their agencies and the White House, the operations of the major management processes of the federal government, or effective ways to deal with the Congress and the press. Many of them learned these things the hard way, through inefficient and often painful experience.

It is hard to imagine that anyone could regard this disinterest in the orientation of new presidential appointees as a sound way to run the federal government. We believe the historical absence of such programs is a matter of great concern, a problem that should be permanently corrected.

The appointees surveyed had a number of suggestions for both the format and content of orientation programs. Consensus was strongest on the need to include in these programs discussions of the details of the federal budget process (50 percent of the appointees we surveyed thought this should be included in orientation programs), effective ways to deal with the Congress (mentioned by 60 percent), and the formation of informal political networks (mentioned by 56 percent).

We note with admiration the recent efforts of the Reagan administration to develop and implement systematic orientation programs for new appointees. We hope that effort is sustained and that subsequent presidents continue the practice. Well-run orientation programs can make a significant contribution to the strength of relationships between presidents and their appointees, and to the quality of appointees' performance in their early months in office. This is a function that demands a good deal more attention than it has received historically.

## The Appointee's Working Environment

The federal government's ability to attract and retain talented presidential appointees is directly affected by the kind of work environment it creates for them. Creative policy makers and skilled managers will find little that is appealing in an environment that stifles their energies or fails to appreciate and reward their efforts. In the search for effective leadership, the government is but one among many competitors in the marketplace. Its success will depend to a substantial extent on the kinds of incentives and satisfactions it can offer.

Ideally, presidential appointees ought to be permitted to work in an environment that is stimulating and challenging, one that provides adequate administrative and intellectual support and is free of petty aggravations. They should have time and opportunity for personal and family needs. They should be compensated at a level appropriate to the importance and the difficulty of the jobs they hold. And they should have a clear sense of being part of a coordinated team working to accomplish presidential policy objectives.

The current work environment of presidential appointees little resembles this ideal. It is full of stimulation and excitement, to be sure, but it is also encumbered by infrequent opportunities for advancement, inadequate levels of compensation, petty aggravations of all sorts, an often overwhelming sense of isolation from the president, and an almost total shortage of time for personal enjoyment and family interaction. Not surprisingly, increasing numbers of presidential appointees are finding their jobs intolerably demanding of their time and energy, as well as intrusive on their personal lives. Table 1 provides two measures of this: the number of hours that appointees report having spent on their jobs and the degree of stress those jobs caused in their personal lives.

TABLE 1. Characteristics of Appointees' Work Environment, by Administration, 1965-1984.

President	Percent Reporting Working 60 or More Hours Per Week	Percent Reporting Jobs Causing High Stress in Personal Life
Johnson	64%	52%
Nixon/Ford	72	59
Carter	75	63
Reagan	77	73

SOURCE: National Academy of Public Administration, Presidential Appointee Project, Appointee Survey, 1985.

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*“The current work environment of presidential appointees little resembles this ideal. It is full of stimulation and excitement, to be sure, but it . . . is also encumbered by infrequent opportunities for advancement, inadequate levels of compensation, petty aggravations of all sorts, an often overwhelming sense of isolation from the president, and an almost total shortage of time for personal enjoyment and family interaction.”*

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For presidential appointees, stress levels are high and growing higher; tenure levels are short and growing shorter. The evidence becomes more and more compelling that the federal government's ability to attract and retain the services of highly qualified private citizens is increasingly undermined by the perception that presidential appointees are underpaid, undersupported, and overburdened. If steps are not soon taken to improve the work environment of presidential appointees, and thus reverse this perception, there can be little optimism about improvements in—or even maintenance of—the current quality of presidential appointees.

**Recommendation 15**

*Procedures for determining Executive Level compensation should be remodelled to permit the president to recommend periodic salary adjustments to the Congress.*

**Recommendation 16**

*The statutory linkage that ties the salaries of presidential appointees to those of members of Congress should be severed.*

**Recommendation 17**

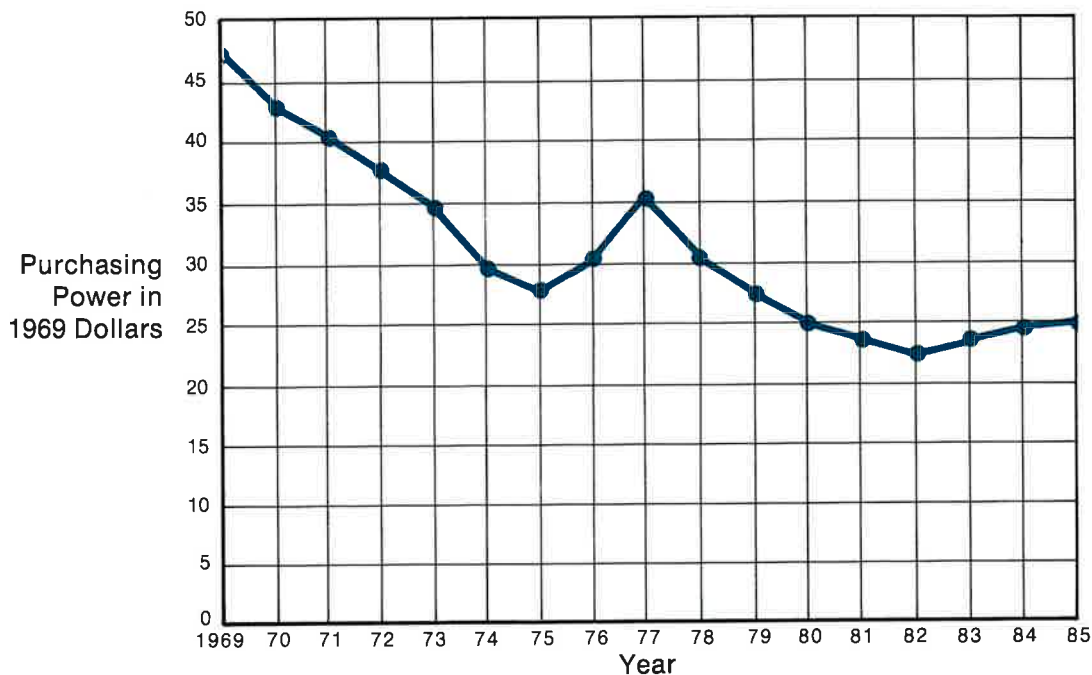
*Broader differentials should be established to correct the existing compression of salaries in Executive Levels I through V.*

**Recommendation 18**

*Individuals who remain in Senate-confirmed, appointed positions for more than three years should receive an annual bonus equivalent to ten percent of their salary.*

Few issues are as confounding to students of federal personnel management as the question of executive compensation. An overwhelming majority of those who have studied this issue believe that presidential appointees are underpaid, that their salaries do not adequately match the level of their responsibilities and fall far short of what is necessary to equip the federal government to compete successfully in the employment marketplace. The recent report of the 1984-85 Commission on Executive, Legislative, and Judicial Salaries pointed out, for example, that the purchasing power of Executive Level II salaries declined by almost 39 percent in the years from 1969 to 1985.

**Figure 3** The decline in the purchasing power of Executive Level II salaries between 1969 and 1985 (in thousands of constant 1969 dollars).



SOURCE: U.S. Commission on Executive, Legislative, and Judicial Salaries "The Quiet Crisis," 1985.

(See Figure 3.) "Setting these salaries has been a prolonged adventure in futility," the Commission noted, "and its harmful effects have reached a critical point. Many of our best qualified citizens do not even consider public service, and many others leave because they cannot afford to stay."

On the other hand, however, long-standing tradition holds that public officials in a democracy should be willing to serve at some sacrifice and should not be paid at levels too far above the average incomes of the people in whose name they govern. As a consequence of that tradition, the salaries of presidential appointees have rarely been competitive with those paid to successful leaders in business, the professions, and now even in universities and state and local governments.

In our research for this project we made special efforts to assess the compensation issue. We sought to measure with some precision the extent of the financial sacrifice that the average presidential appointee endures, the long term financial impacts of that sacrifice on appointees' careers, and the ways in which Executive Level salaries affect the recruitment and retention of presidential appointees. We do not pretend that any of these are simple research questions nor that our findings provide all the answers. However, we have been able to gather some unique empirical information about federal executive compensation, and it reveals some interesting dimensions of this problem.

In our survey of presidential appointees, we asked them to tell us what their annual incomes were in the year before they accepted their appointments and in the first full year after they finished their service as appointees. We discovered, as we have with every aspect of our research, that presidential appointees are not a monolithic group and that simple characterizations are almost always misleading. Many people, for example—33 percent among our survey respondents—experienced an increase in income by accepting a presidential appointment. For them, public service was not a financial sacrifice, at least not as measured by the size of their annual incomes.



For a larger number, however, federal employment did have a negative financial impact in the short term. Thirty-eight percent experienced a decrease in annual salary upon becoming presidential appointees; 29 percent experienced a salary decrease of greater than \$10,000. The financial rewards that some receive upon returning to the private sector do little to ease these burdens at the time of appointment.

What this does not measure, of course, is the number of people who declined to accept presidential appointments because they felt they could not afford the financial sacrifice. We found no reliable way to measure this empirically. We did, however, spend a good deal of time talking to presidential recruiters, former presidential appointees, and even to some who had declined presidential appointments. From these discussions, we learned that financial disincentives are prominent among the reasons why qualified people choose not to serve.

It seems clear to us that improved compensation would enhance presidential recruiting opportunities. It is not clear, however, just how substantial increases in compensation would have to be in order to have any significant impact, or whether any politically feasible increase would make much difference at all in recruiting opportunities. We share the general sense that the country would be well served by an increase in the base levels of federal executive salaries. But, because we are not confident that our research findings provide an adequate basis for a specific recommendation regarding compensation levels, we offer none here.

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*“ . . . financial disincentives are prominent among the reasons why qualified people choose not to serve.”*

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We do believe, however, that salaries are a matter that affects the retention as well as the recruitment of presidential appointees and in that regard we offer several recommendations.

The first is entirely procedural. The Supreme Court's 1983 decision in *Immigration and Naturalization Service v. Chadha* threw into question the constitutionality of the quadrennial salary review mechanism established in 1967. Until the Congress enacts new legislation to remodel this mechanism, no substantial improvement is likely to occur in federal executive compensation. That remodelling should be an item of high priority on the legislative agenda.

Our second recommendation is to sever the linkage between congressional and presidential appointee salaries. Under the current system, created in 1967, the salaries of members of Congress are required to equal the salaries of appointees at Executive Level II in the five-level executive pay structure. For practical purposes, that has meant that executive level salaries can only rise when congressional salaries are increased. Because members of Congress make those decisions, and because they are forever worried about the political consequences of raising their own salaries, it is something that does not happen very often.

Every group that has studied executive compensation since this linkage was established has thought it a bad idea. We do too. It is nothing more than a device for holding all appointees' salaries hostage to the political difficulties that Congress confronts in raising its own salary. As long as the linkage remains in place, there is little likelihood of realistic realignment of executive salaries. We believe that breaking the linkage with congressional salaries would improve the federal government's ability to develop more flexible compensation policies for presidential appointees.

One of the indirect impacts of this policy of linking congressional and Level II salaries has been a compression of all Executive Level salaries. As Table 2 indicates, the spread between Executive Level II and Executive Level V is not very broad. In the middle three executive levels, the differences are barely discernible.



TABLE 2. Executive Level Salaries (as of January 1, 1985).

<u>Executive Level</u>	<u>Salary</u>
I	\$86,200
II	75,100
III	73,600
IV	72,300
V	68,700

SOURCE: U.S. Office of Personnel Management.

We believe this has had some effect on the government's ability to retain presidential appointees. A number of them indicated to us that they might have stayed longer in the government had there been more opportunity for advancement with a significant increase in their salaries. As things now stand, however, an appointee who is promoted from a deputy assistant to an assistant secretary or from an assistant to an under secretary benefits little in salary terms from the promotion. That is to say, few meaningful incentives for retention are built into the Executive Level salary structure. We believe the appeal of continuing in government would be substantially improved if appointees legitimately felt they had opportunities for advancement with significant salary impacts. That requires that steps be taken to broaden the intervals among Executive Level salaries.

We also think it would be to the government's advantage to establish a bonus program for those appointees who agree to stay for more than three years. We are distressed by the current high rate of turnover in appointed positions and by the trends which indicate that the average job tenure of presidential appointees has been decreasing over the past two decades. These are not easy trends to reverse, but we think it would be a useful step in that direction to establish a program providing special incentives for presidential appointees to lengthen their tenure in office.

Our research indicated that while many presidential appointees are willing to accept a financial sacrifice as a condition of public service, they eventually become overwhelmed by the feeling that they are falling further and further behind. Each year they spend in government seems more costly to them than the year before. This is no surprise given the unfortunate pattern of executive salary adjustments that occurred during the two decades we examined. Appointees' salaries in those years lagged way behind the increase in the cost of living, and in some years of high inflation federal executives received no salary increase at all. One former assistant secretary of Defense noted in a comment that was typical of the feelings of many, "The six years in government wiped out my savings, provided no retirement benefits or credits, wiped out equivalent social security credits and upped my mortgage rates by a factor of two. Furthermore, no raises were given for four years. When I left, I was broke."

One way to address this sinking feeling is to provide an annual bonus equal to ten percent of salary to those appointees who continue in office for more than three years. While this approach would not raise base salaries to improve the government's recruiting opportunities, it would go a long way toward lengthening the tenure of those who agree to serve in the first place. As turnover is reduced, of course, recruitment becomes less of a problem.

### **Recommendation 19**

*Whenever feasible, the president should provide upward mobility for appointees by promoting from within to fill vacancies.*

In our research, we were surprised at the number of appointees who said they would have been enticed to stay longer in government, not by more money, but by new challenges or more responsibility. Of those in our survey who cited non-salary inducements that would have kept them in government longer, 29 percent mentioned a higher level position. Many appointees said they

left because they felt they had accomplished all that they could in their current positions and there seemed little likelihood of being appointed to a different position. Indeed, one of the strongest messages to emerge from our research is the extent to which appointees are attracted to government by the stimulation and unique challenges of public service. This inspires our belief that presidents could get longer service from their appointees by promoting them or moving them laterally into different positions when vacancies occur.

Obviously, the desire to hold on to experienced appointees has to be balanced with the need to keep a fresh flow of new energy and new ideas coming into the government. We are not recommending that all upper level vacancies in the later years of an administration be filled by promotion from within. But we do believe that this practice has been underutilized and that this has caused the early departure of some highly talented appointees precisely at a time when their experience in government fully equipped them to make a major contribution to public policy and public management. We believe that presidents and their personnel staffs would do well to give fuller consideration to those already on board when they fill upper level vacancies.

### **Recommendation 20**

*The expenses that appointees incur in the normal performance of their jobs should be reimbursed at full value.*

In the view of many presidential appointees, the federal government is a cheapskate. We expected that our research would produce many complaints from appointees about federal salaries. It did. We did not anticipate, however, that it would generate such frustration and anger about expense allowances. The following comments of a former assistant secretary of State are typical of many we heard:

“What bothered me was the nitpicking, sort of excessive concern within the U.S. system of top people getting any kind of unusual privilege. Take away all the cars so that it’s difficult to get from one building to another. No matter how long you have to fly internationally, you’ve got to sit back in steerage. All these things, it makes life very difficult and frankly doesn’t save much money. No expense accounts so that you’re constantly humiliated in dealing with foreigners. Those are more disturbing than the salary level.

“My total expense account for a bureau of 160-180 people was \$1000 a year, when to have even a hamburger luncheon on the 8th Floor of the State Department would have cost \$150-200 for ten people. Obviously, this is a hopeless situation with a lot of foreigners coming to visit Washington. So that was an undesirable aspect of my job.

“My per diem in New York was \$50 a day and the cheapest hotel that the Department could find that was anywhere near where I had to work was \$49.50 given government reduction, which left me with 50 cents a day for meals, taxi fares, and things like that. It’s ridiculous.”

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*“In the view of many presidential appointees, the federal government is a cheapskate.”*

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The appointees we contacted were full of specific examples of expenses they had been forced to absorb in the normal and legitimate performance of their jobs. We think this problem requires immediate attention. Inadequate expense allowances are one of those petty aggravations that accumulate to drive presidential appointees out of government. We already expect many appointees to accept significant financial sacrifices upon entering federal service. It is unpardonable that we should then expect them to subsidize the cost of doing the public’s business. Yet that is precisely the burden that many presidential appointees (and career executives as well) are forced to endure.

We do not believe that government employees need to fly first class or stay in luxury hotels. But we do believe that they should be provided expense allowances and per diems that are adequate to cover fully their official travel, and the costs attendant to the proper and expected performance of their responsibilities. The simple reality is that the niggardliness of current expense accounting policies adds to the government's difficulty in retaining the services of its most talented executives.

### **Recommendation 21**

*Presidents, their advisers, and their Cabinet officers should devote more attention to team-building efforts among presidential appointees.*

Many presidential appointees suffer in their work from a constant sense of isolation. They feel isolated from the president and the White House, from the senior officials in their own departments, and from their counterparts in other agencies. Far too often, they lack a clear sense of the administration's policy goals. Not uncommonly, they feel that no one has ever really told them what objectives they ought to pursue or what is expected of them. The normal difficulties of working in Washington's pressure-laden political environment are rarely assuaged by tangible rewards or even by compliments from the boss.

While some recent administrations have been more successful than others in creating a sense of mission and esprit, none have done all they might to create the kind of team spirit that improves the coordination of the government's business and sustains individual appointees in the performance of their special responsibilities.

The appointees we contacted provided many suggestions for steps that might be taken in this direction: periodic retreats for counterparts in different agencies, open agenda "brainstorming" sessions with White House officials at Camp David, more frequent group meetings with the president, and greater involvement of presidential appointees in White House social functions were just a few of the ideas we heard. We believe that activities of this sort can make an important contribution to the effective operation of the government and to the level of satisfaction that appointees derive from the time they spend in public service.

### **Recommendation 22**

*Support networks should be developed in each department and agency to provide counsel, assistance, and information for the spouses and families of presidential appointees.*

Families endure many of the costs and burdens that befall presidential appointees, but they receive few of the benefits and satisfactions. In many ways, appointees' families pay a higher price during a term of public service than do appointees themselves. Reduced financial resources, increased public exposure, uprooting from home and community, diminished family interaction: all of these are the frequent side effects of public service in which the families of presidential appointees must share.

Many of the appointees we surveyed reported that their time in government had a direct and unpleasant effect on their families. Several of them recommended that the stresses imposed on their families could have been reduced by the establishment of programs designed to help families understand the mission and responsibilities of the agency in which the appointee worked, and which provided support networks and forums for communication among families who were all trying to cope with the same set of difficulties. Some agencies, in fact, have already begun to implement such programs. The State Department is a notable example. We think they are an excellent idea, one that can go a long way toward making life more pleasant and less stressful for appointees' families and thus for appointees themselves.



## The Presidential Appointments System and the Federal Government

Presidential appointments are not an isolated side track in the American governing process. They are part of the mainstream. The allocation of appointed positions, the choice of individuals to fill them, and the supports provided to those individuals in office: all of these have a direct bearing on the effectiveness of American public administration and the wisdom of American public policy.

Because of this, it is important that the operations of the presidential appointments system be constantly monitored. Like any human system, it requires periodic maintenance to ensure that its ends are clearly defined and that its means efficiently and properly serve those ends. There has been much decentralized tinkering with the presidential appointments system in the past several decades, and we believe the time is ripe for a comprehensive reexamination of the current workings and effects of that system.

### Recommendation 23

*The number of positions filled by political appointment has grown too large and must be reduced. The House Government Operations and Senate Governmental Affairs Committees should conduct a government-wide assessment to identify and reconvert many of those positions where career executives have been replaced by political appointees.*

The changes that have overtaken the presidential appointments system cry out for reexamination. Steady expansion in the number of politically appointed executive slots, new conflict of interest laws, further lags in executive compensation, and growing levels of stress in the appointee's work environment have all contributed to gradual but substantial alterations in the way appointees are selected and deployed. The contemporary presidential appointments system differs more markedly from the system in operation in 1955 (when the Second Hoover Commission conducted the last major study of the appointee/careerist balance) than the 1955 system did from the one in operation in 1800. It is time to step back from the day-to-day hubbub and ask what all of these changes mean.

We believe that the government affairs committees of Congress should assess the steady growth that has occurred in the number of positions that are filled by political appointees rather than by senior career executives. This is not a highly visible development to those outside of Washington, but it is troubling to us for two reasons. First, we think that the growth in the number of positions filled by presidential appointment has put heavy strains on the appointment process, on the ability of presidents and their staffs to keep up with vacancies and to find and recruit a steady stream of consistently well qualified appointees.

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*“The advantages of an appointive process do not multiply in direct proportion to the number of appointments. Indeed, quite the opposite may be true—that as the system grows in scope, some of its benefits are converted into costs.”*

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Second, we are worried about the changing balance between career and noncareer leadership in the federal government. On the whole, we think the presidential appointments system is a beneficial approach to executive leadership selection. It stimulates the federal government, bringing it periodic infusions of ideas and regularly replenishing its energy. It is an altogether sensible way to maintain close contact between the government and the people. We do not believe, however,



that the benefits derived from an in-and-outer system of leadership selection imply that the number of executive positions filled by political appointees ought to be expanded constantly. The advantages of an appointive process do not multiply in direct proportion to the number of appointments. Indeed, quite the opposite may be true—that as the system grows in scope, some of its benefits are converted into costs.

One of those costs—the heaviest perhaps—is the isolation of the accumulated experience and expertise of senior career officials from the centers of government decision making. As the number of presidentially appointed executive positions grows, that isolation becomes more and more apparent. Few people who know the federal government well doubt the competence or the loyalty of its senior career executives. One of the striking findings of our survey, for example, was that presidential appointees stand second to none in their admiration of career executives. Eighty-four percent of those appointees ranked the competence of senior career officials high or very high and 83 percent ranked their responsiveness high or very high. Those percentages varied little from one administration to the next.

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*“One of the striking findings of our survey, for example, was that presidential appointees stand second to none in their admiration of career executives.”*

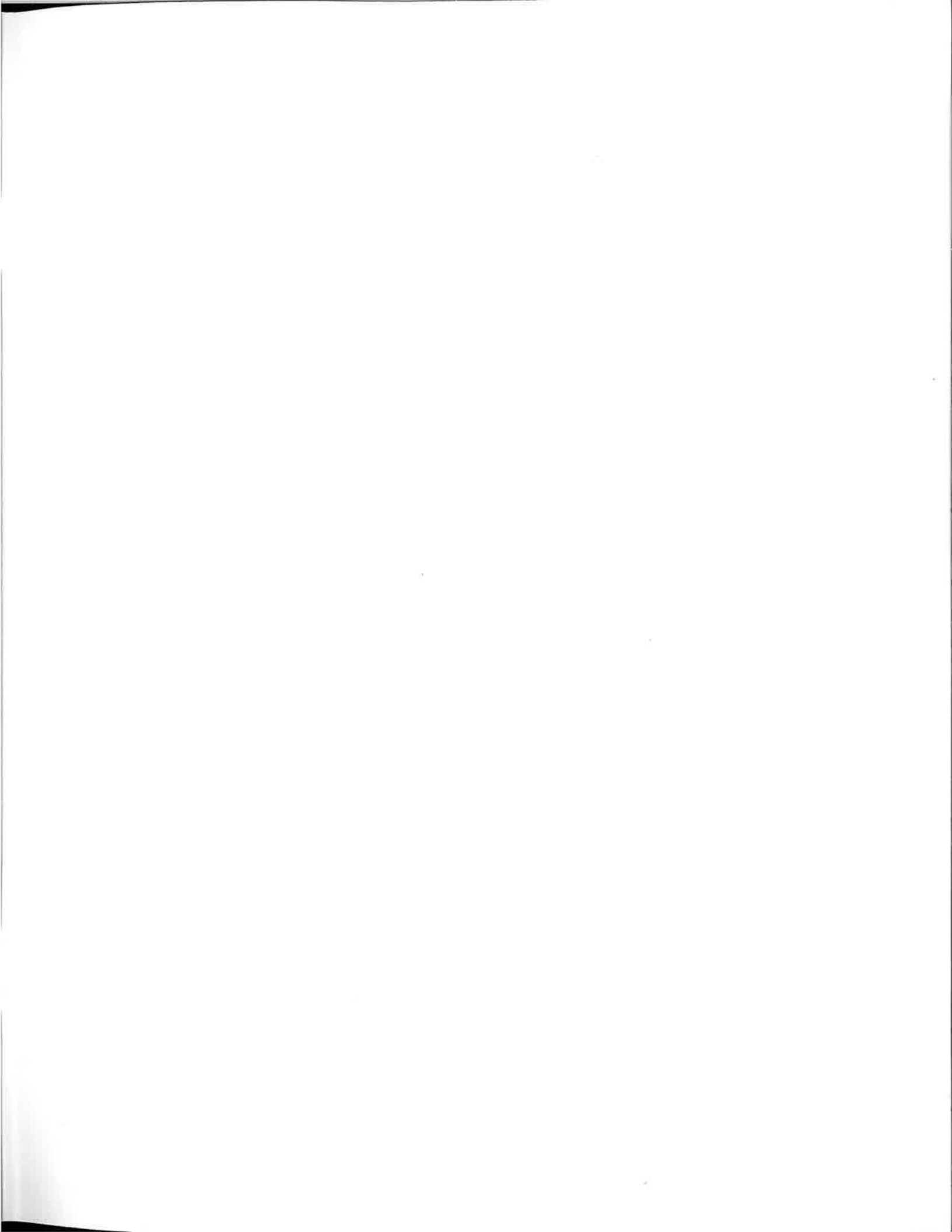
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These findings sustain our belief in the need for a careful assessment of the allocation of career and noncareer slots throughout the government. Current allocations are a mishmash of political compromises, historical anomalies, and unplanned expansion. We suspect there are many instances in which positions currently filled by appointees would be better staffed by career executives, and vice versa. But no one in government has committed any sustained thought to the problems that arise from this sort of maladministration. More attention must be paid to the development of criteria for determining where the country will be best served by a career executive and where by a political appointee. And we believe that the Congress could provide the thoughtful attention that this issue requires. We urge it to do so.

## Conclusion

In a country as heavily dependent as ours on in-and-outers as executive leaders, deficiencies in the appointments system pose a serious risk to public management. As a discomfiting environment accelerates appointee turnover and talented individuals become more difficult to recruit, predictability and continuity in government leadership diminish. The quality of government depends on the quality of those who govern. And there is nothing in our research that is very encouraging about future improvements in the quality of either.

The time is nigh to recognize the importance of the presidential appointments system to the operations of government in the United States and to face up to the problems that currently beset that system. If we do so now, we can revitalize a unique leadership selection mechanism that has long been one of the adornments of the American experiment in self-government. If we fail, that adornment will continue to corrode and the price—to those who run the government and to those who are served by it—will be high indeed.



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