

The National Council of Social Security Management Associations, Inc.

**THE WASHINGTON REPORT
LEGISLATIVE REPORT 14-2002**

December 6, 2002

• **“A Drop in the Bucket”: The Administration’s Political Appointees Bonus Policy**

After informing federal employees that they would not be receiving a locality pay increase this year, the Bush administration has found itself having to defend its cash bonus plan for political appointees after details of the bonus plan were released on December 4, 2002. Some political appointees have already received bonuses, ranging from \$1,000-\$25,000, and other appointees are in line to receive bonuses as well. The rules of the bonus plan were discussed in March and were outlined in a White House memo from Chief of Staff Andrew Card; however, the Administration reportedly delayed the release of the bonus details to avoid criticism.

As expected, the announcement set off a flurry of outrage from career employees, Democrats, and the media who were already reeling from the recent announcement that there would be no locality pay increases for 2003. The Administration explained that locality pay increases would jeopardize Homeland Security efforts and would put a further drain on an already tight budget. According to Eric Lichtblau of the *New York Times*, “[Career officials] say the policy threatens to reward employees for political loyalty and could force civil servants to compete against well-connected political appointees for the millions of dollars in bonus money that their bosses distribute each year” (*New York Times*, 12/4/02).

In 1994, the Clinton Administration banned bonuses for most political appointees, yet last year, congressional investigators at GAO discovered that over a hundred otherwise ineligible political appointees had indeed received performance bonuses from September 1999-April 2001, despite the official policy. Some of the appointees had to pay back the bonuses because they were received in the period of time around the presidential election, which is defined as a bonus “blackout” period. The Bush White House decided to abandon elements of the Clinton Administration’s bonus policy because it wanted to reward appointees who had left higher paying private sector jobs in favor of lower paying government service. The new bonus plan affects 2,100 non-career Senior Executive Service officials and Schedule C employees. Many of these individuals earn between \$115,000-138,200, though some lower level aides make much less.

The Justice, Treasury, and Health and Human Services Departments have already granted bonuses to some eligible appointees. At HHS, 42 political appointees have received bonuses ranging from \$1,000-\$5,500; 123 career SES employees have received bonuses ranging from \$5,455-\$17,598, according to HHS spokesman Bill Pierce. Currently, no bonuses have been awarded at the Transportation and Labor departments. The Education, Defense, Agriculture, and Housing and Urban Development departments are still reviewing the new policy. Commerce Department spokeswoman Emily Kertz stated that the Commerce Department has “...decided to stick with the old policy of not offering such bonuses to political appointees” (Lee, Allen,

Washington Post, 12/5/02). At press time, there was no information available in regards to bonuses at the Social Security Administration. Information pertinent to SSA is currently being sought.

Capitol Hill was abuzz following the Administration's bonus policy news release. Senate Democratic Leader Tom Daschle of South Dakota remarked, "These kinds of cash bonuses to political appointees were banned because they were abused in the past. The fact that the Bush Administration has decided, in secret, to bring them back is just the latest demonstration of how misplaced this administration's priorities are" (Lee, *Washington Post*, 12/6/02). In a letter to President Bush that was signed by 89 House Democrats, Rep. George Miller of California exclaimed, "The inequity just leaps out at you." Paul C. Light of the Brookings Institution stated, "It's a system strife with the appearance of conflict of interest and unfairness. The fact they did it in secret and didn't announce it speaks to the inherent difficulty of defending it," (Lee, Anderson, *Washington Post*, 12/5/02).

The Administration has downplayed the decision to reinstate the bonuses. According to the *Washington Post*, one senior official called the cost of the bonuses a "drop in the bucket." When White House Press Secretary Air Fleischer was asked if Bush knew about the bonus policy or who authorized it, Fleischer said, "Andy Card did," (Lee, Anderson, *Washington Post*, 12/5/02). However, Fleischer later commented, "Federal workers deserve to be rewarded for good work, and there should not be a distinction between career and political appointees" (Harris, GovExec.com). Scott McClellan, another Bush spokesperson, made a similar comment, "All federal workers ought to be treated the same, and good, hard work ought to be rewarded in the same manner for all employees" (Lee, *Washington Post*, 12/6/02).

It is unlikely that the Bush Administration will alter its bonus policy. The Administration maintains that bonuses will not take away money from other career employees because less than 2,100 appointees will be eligible, and only some of the remaining eligible employees will actually receive bonuses.

Sources:

Harris, Shane. "White House Restores Bonuses for Appointees." GovExec.com. 4 December 2002.

Lee, Christopher and Mike Allen. "Appointees' Bonuses Stir Anger." The Washington Post. 5 December 2002.

Lee, Christopher. "Democrats Urge Bush to Reverse Bonuses Decision." The Washington Post. 6 December 2002.

Lichtblau, Eric. "Bush Restoring Cash Bonuses for Political Appointees." The New York Times. 4 December 2002.

The Washington Report
418 C Street, NE
Washington, DC 20002
202-547-8530/FAX 202-547-8532
Contact: Sara Garland or Rachel Emmons
e-mail: sarag@greystone-group.com or rachele@greystone-group.com