United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510–6250

September 18, 2013

The Honorable Gene Dodaro
Comptroller General of the United States
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

I am writing to request that the Government Accountability Office (GAO) assess the effectiveness of performance bonuses paid to employees and contractors that are involved in the procurement of goods and services.

On July 15, 2013, the Senate Homeland Security and Governmental Affairs Committee held a hearing on strategic sourcing. At the hearing, Cristina Chaplain, a Director at GAO, testified that the Department of Homeland Security's decision to award bonuses to Senior Executive Service (SES) employees for the use of strategic sourcing vehicles contributed to that agency's increased reliance on strategic sourcing.[1] Ms. Chaplain stated:

> DHS did put incentives in the SES contracts to use strategic sourcing, and they are an agency that is ahead of others. They've got about 20% of their procurement spending going through strategic sourcing.[2]

However, there is ample evidence to suggest that performance bonuses have been issued by government departments and agencies to SES employees as a routine matter of course with little regard to actual performance. In fact, in 2011, the federal government gave bonuses to 6,519 members of the SES, approximately 81% of all SES employees. The General Services Administration awarded an average of 1.6 bonuses to each SES employee at the agency in 2011.

Most federal agencies lack sufficient, quantifiable metrics with which to determine whether SES employees are deserving of the bonuses that they receive, making oversight of the process difficult. As part of the Subcommittee's ongoing oversight of federal financial management, we request that GAO assess effectiveness of bonus payments made to SES employees associated with contract management in reducing the costs of contracts, including:

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[1] Senate Committee on Homeland Security and Government Affairs, *Hearing on Strategic Sourcing – Leveraging the Government's Buying Power to Save Billions* (July 15, 2013).

[2] *Id.*

(1) The metrics used to measure performance of SES employees involved in contract management;

(2) The frequency with which those performance metrics are adhered to in determining the size of bonuses for individual SES employees;

(3) The degree to which individual employee bonuses are affected by year-to-year contract performance and any savings resulting from specific actions of the employee;

(4) The degree to which contract performance has improved since the implementation of the pay-for-performance system for SES employees;

(5) The improvement in the applicant pool for SES positions since the pay-for-performance system was implemented, to the degree it is identifiable.

Please have your staff contact Charlie Moskowitz with the Subcommittee on Financial and Contracting Oversight at (202) 224-6814 with any questions. Please send any official correspondence related to this request to Kelsey_Stroud@hsgac.senate.gov.

Sincerely,

Claire McCaskill

Claire McCaskill
Chairman
Subcommittee on Financial and
Contracting Oversight

cc: Ron Johnson
Ranking Member
Subcommittee on Financial and
Contracting Oversight