Pay for Performance or Pay for Politics?

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Abstract: The modern federal civil service system emphasizes the importance of merit in the determination of personnel decisions for career civil servants and the prohibition of decisions based on politics. However, presidents must gain control of the executive branch to achieve their policy goals. As such, presidents worry that civil servants who do not share their policy views will not faithfully implement their preferred policies. The structure of the federal salary system links salary with performance as well as agency responsibility and policy influence, which allows us to use salary as an indicator of both merit and influence. We use a unique data set that combines publicly available data on federal employees' salary and campaign contributions as well as measures of merit and policy preferences from a survey of over 3,500 senior federal executives to examine if politics influences federal personnel decisions for civil servants. Controlling for merit, we find evidence that politics affect federal civil servants' pay. Civil servants that are likely to undertake political activity in support of the party in power (as measured by their campaign donation behavior, which we argue is a proxy for overall political activity) are paid more, on average. Moreover, civil servants whose policy preferences diverge from those of political appointees receive less pay. In terms of merit, civil servants that report typically working more hours per week than the agency average receive more pay, as do civil servants that report discussing policy with outside expertise (a behavior that can build policy expertise) more frequently than the agency average. Overall, our findings suggests that civil servants who do not share the policy views of the president and his appointees are less likely to hold positions of influence in federal agencies.

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The modern federal civil service system emphasizes the importance of merit in the determination of personnel decisions for career civil servants and the prohibition of decisions based on politics. However, presidents must gain control of the executive branch to achieve their policy goals. As such, presidents worry that civil servants who do not share their policy views will not faithfully implement their preferred policies. To gain control of agency policymaking, presidents value loyalty and often use political appointees to politicize agency personnel by marginalizing personnel that do not share their policy views.

The federal government assigns jobs using formalized pay systems. Within each system, each job is assigned a range of pay based on the level of responsibility, necessary qualifications, and difficulty of the job. Importantly, more senior positions with more responsibility are assigned higher pay. After being hired, employees advance through the pay hierarchy due to longevity and performance, which may result in salary increases while holding the same position or promotion to a position assigned to a higher salary. Higher federal salaries, therefore, are indicators of greater responsibility and policy influence, outstanding performance, or both. On its face, meritorious behavior ought to explain variation in pay. Given the strong relationship in the civil service system between salary and responsibility, politicization should result in political factors covarying with the pay of federal employees. In particular, if personnel decisions are based on political considerations, then civil servants who are believed by appointees to be more loyal to the president and his agenda should, on average, earn a higher salary. Our question is whether merit, politics or both explain personnel decisions as measured by salary. Are higher salaries (and, thereby greater policy influence) associated with merit, politics, or both?

To answer this question, we contribute to a growing body of scholarship on politicization that employs systematic data (e.g., Bertelli & Lewis, 2013; Lewis D. E., 2008; Resh, 2015;

Richardson, 2016). We use a unique data set that combines publicly available data on federal employees' salary and campaign contributions as well as measures of merit and policy preferences from a survey of over 3,500 senior federal executives. Controlling for merit, we find evidence that politics affect federal civil servants' pay. Civil servants that are likely to undertake political activity in support of the party in power (as measured by their campaign donation behavior, which we argue is a proxy for overall political activity) are paid more, on average. Moreover, civil servants whose policy preferences diverge from those of political appointees receive less pay. In terms of merit, civil servants that report typically working more hours per week than the agency average receive more pay, as do civil servants that report discussing policy with outside experts (a behavior that can build policy expertise) more frequently than the agency average.

Overall, these finding suggest that, while merit is important, civil servants who do not share the policy views of the president and his appointees are less likely to hold the positions within federal agencies that have the most authority. Consistent with a large body of scholarship on how presidents gain control of federal agencies via personnel decisions (Edwards III, 2001; Golden, 2000; Lewis D. E., 2008; Moe, 1985; Nathan, 1975; Waterman, 1989; Weko, 1995), our findings suggest that appointees exclude civil servants who they believe are not loyal to the president's agenda, while promoting (i.e., concentrating policy influence) among civil servants who are.

Politicization and Merit in Personnel Decisions

Early American presidents believed that individuals should not be removed from office due to their political beliefs.[1] This policy lead to civil servants with long tenures in office, and these employees also tended to be from the upper social class. President Andrew Jackson, however, believed that federal jobs should not be limited to a certain class of individuals and that the jobs were sufficiently simple that people of general intelligence could perform them satisfactorily. When he took office in 1829, he set about democratizing federal jobs, which eventually led to a patronage system in the United States, known as the "spoils system." Under this spoils system many federal jobs were used to reward loyal party members and, in return, party loyalists gave a portion of their salaries to the party. As the nation grew and policy demands placed on government became more complex, the corruption and unskilled federal workforce created by the patronage system led to poor delivery of public services, which in turn led to public support for reform. Reform efforts culminated in the Pendleton Act of 1883 which created a merit-based federal civil service. This began a nearly hundred-year path – including the Hatch Act (1939) and Civil Service Reform Act (1978) - that lead to the modern personnel system.

The Civil Service Reform Act (CRSA) codified the Merit Systems Principles (5 USC § 2301), which are nine standards that govern human resource decisions in the executive branch. The standards, in part, require that promotion, dismissal, and pay decisions for civil servants be based on merit and not political ideology or affiliation.[2] Three examples illustrate the focus on merit-based decisions that exclude politics:

[1] This summary of the development of the modern civil service system is adapted from Lewis (2008, Ch. 2)
[2] Not all federal employees are covered by the Merit System Principles.

- Principle 2 states, “All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation…”
- Principle 8 states, “Employees should be … protected against arbitrary action, personal favoritism, or coercion for partisan political purposes…”
- Principle 3 states, “Equal pay should be provided for work of equal value, …and appropriate incentives and recognition should be provided for excellence in performance.”

Nonetheless, modern presidents’ concern that federal agencies will not be responsive to their wishes leads them to value both loyalty and merit. Civil servants have varying policy views (Aberbach, Putnam, & Rockman, 1981; Aberbach & Rockman, 2000; Clinton, Bertelli, Grose, Lewis, & Nixon, 2012; Clinton & Lewis, 2008) and presidents worry that civil servants who do not share their views will not faithfully implement their preferred policies. To gain control, presidents often politicize personnel at federal agencies, meaning they concentrate policy influence in federal agencies among employees, often political appointees, who share the president's policy views (Edwards III, 2001; Golden, 2000; Lewis D. E., 2008; Moe, 1985; Nathan, 1975; Waterman, 1989; Weko, 1995). Common politicization techniques to exclude problematic career civil servants include replacing the civil servant with an appointee or acceptable careerist, adding appointed special assistants (often Schedule C appointments) that have significant informal authority, and adding an appointed manager above the careerist in the organizational hierarchy. These techniques include attempts to make the problematic careerist leave their job, such as a transfer that requires the civil servant to move to an unattractive geographic location or transfer to a job with limited resources and little influence over policymaking (Lewis D. E., 2008, pp. 30-37). Importantly, politicization of federal agencies can reduce agency performance by increasing turnover and reducing incentives for civil servants to invest in policy expertise (Bertelli & Lewis, 2013; Lewis D. E., 2008; Richardson, 2016).

While presidents of both parties use politicization, the Administration of President George W. Bush provides an illustrative example. Senior officials in the White House and Department of Justice were accused of removing seven federal prosecutors for political reasons. A document uncovered during the investigation ranked federal prosecutors and recommended retaining "…strong U.S. Attorneys who have produced, managed well, and exhibited loyalty to the president and attorney general" and removing "…weak U.S. Attorneys who had been ineffectual managers and persecutors, chafed against administration initiatives, etc." (Johnston & Lipton, 2007).[3] This anecdote demonstrates concretely how presidents and appointees may factor loyalty into personnel decisions.

To explain the relationship between politics, merit and policy influence we take advantage of the salary structure of the federal bureaucracy. Each job is assigned to a pay system and grade based on the level of difficulty, responsibility, and qualifications needed to do the job. The General Schedule (GS) covers most civilian jobs in professional, technical, administrative, and clerical positions.[4] The GS is composed of 15 pay grades and each grade contains 10 steps. Each step is about three percent increase of the employee's salary. Increasing steps within grades requires acceptable performance and longevity. Employees with outstanding performance can be granted a maximum of one performance-based step increase per year. Therefore, higher GS levels (and higher salary) is indicative of greater responsibility and authority as well as outstanding performance.

The other primary pay system relevant for our analysis is the Senior Executive Service (SES) pay system. The career SES is a group of senior managers above GS and below senior

[3] Two of the dismissed attorneys were included in the list of "strong" employees.
[4] See https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/. The description of the General Schedule above is taken from this page. The General Schedule covers about 1.5 million people worldwide.

political appointees that manage the federal workforce. Per the Office of Personnel Management, personnel in SES positions engage the following activities:[5]

- directs the work of an organizational unit;
- is held accountable for the success of one or more specific programs or projects;
- monitors progress toward organizational goals and periodically evaluates and makes appropriate adjustments to such goals;
- supervises the work of employees (other than personal assistants); or
- otherwise exercises important policy-making, policy-determining, or other executive functions.

The minimum SES base pay is 120 percent of GS-15, step 1, and the maximum rate is equal to the rate for Level II of the Executive Schedule, which is the pay system for the most senior appointed positions. For example, Level I of the Executive Schedule, the highest level, is reserved for cabinet secretaries and a few other very senior officials. Civil servants who hold SES positions are the most senior career civil servants in the government. Again, the higher salary associated with these positions is indicative of greater authority, including policymaking authority.

In addition to indicating organizational authority, pay is an important personnel decision for job satisfaction. Previous work has linked the pay of federal employees to increased job satisfaction and employee retention. For example, the propensity to quit is associated with a dissatisfaction in pay (Blau and Kahn 1981; Cotton and Tuttle 1986; Lambert, Hogan and Barton 2001; Park, Ofori-Dankwa and Bishop 1994; Shaw et al. 1998). The rate of employee turnover (Shaw et al. 1998) and the frequency of searching for other employment (Blau and Kahn 1981) decline with higher pay. Therefore, limiting pay increases would be an effective technique for motivating problematic civil servants to seek other employment.

[5] See https://www.opm.gov/policy-data-oversight/senior-executive-service/overview-history/ for this list and additional details.

In short, presidents' need to gain control of the executive branch, which may be staffed with civil servants who do not share their policy views. Therefore, presidents value both loyalty and expertise, and they politicize federal agencies in an effort to achieve "responsive competence" (Moe, 1985). Yet this politicization falls against the backdrop of over 100 years of civil service reform promoting the Weberian (1946) ideal of neutral competence. To analyze the the extent to which federal agencies have been politicized, we must consider both political factors and meritorious behavior. To do so we analyze federal salaries to determine how influential politics are in federal personnel decisions relative to merit. If personnel decisions, as measured by pay, are politicized, civil servants who share the policy views of the president and his appointees should earn a higher salary than civil servants with divergent views.

Empirical Strategy

Using publicly available data on federal civil servants' pay and campaign donations combined with a survey of over 3,500 federal civil servants, we have a data set uniquely able to examine the degree to which, controlling for merit, federal compensation is predicted by politics. Using survey responses we measure civil servants' political ideology and use it to create a measure of policy preference divergence between appointees and career civil servants to consider politicization. We also consider campaign contributions to the party controlling the executive branch (in this instance the Democrats) by federal employees as a proxy measure of political activity more generally. To measure civil servants' merit, we use their self- reported typical work hours per week and self-reported frequency with which they engage in certain behaviors that can build policy expertise (e.g., attending training). We then demean each measure by agency to

examine the degree to which civil servants' salaries are determined by their merit, as measured by these variables, relative to other employees at their agency.[6]

Data

Survey Description

For the survey, contact information for the target population (i.e., mailing address, email address, and telephone number) was obtained from the *Leadership Federal Government Premium* database, an online directory that is used to create the *Federal Yellow Book*, both of which are published by Leadership Directories, Inc. The Princeton Survey Research Center fielded the survey from August 14, 2014 to December 15, 2014. Respondents received invitations to take the survey by regular mail and email when available. Seventy-nine percent of target population were contacted via email. Appointee status was also identified using the database. The target population was political appointees (appointees with Senate confirmation, appointees without Senate confirmation, non-career members of the Senior Executive Service, and Schedule C appointees), career members of the Senior Executive Service, U.S.-based members of the Senior Foreign Service, and other senior career executives (e.g., at the GS-14 or GS-15 level) with responsibility for policymaking. The response rate to the survey was 24 percent (3,551 of 14,698).[7] The distribution of individuals by appointment type in the sample is not statistically distinguishable from the distribution in the target population.[8]

[6] Our results are not sensitive to estimated models using these measures without demeaning them.

[7] The response rate among appointees was 18 percent (429 of 2,444) compared to 25 percent among careerists (3,122 of 12,254). The survey was offered online and on paper. Of the 3,551 respondents, 586 chose the paper survey. Nineteen respondents submitted both the online and paper surveys. We took the earlier completed response in these cases. These cases are not counted in the 590 respondents that chose the paper survey.

[8] The appointment types are appointees with Senate confirmation, appointees without Senate confirmation, non-career members of the Senior Executive Service, Schedule C appointees, career members of the Senior Executive Service, U.S.-based members of the Senior Foreign Service, and careerists. A χ^2 test of independence calculates $\Pr(\chi^2 > \hat{\chi}^2) < 0.01$

The *Sourcebook of United States Executive Agencies* (Lewis & Selin, 2012) was used to create a list of workplaces.[9] All agencies of the United States government that were headed by Senate-confirmed appointees and whose functions were not exclusively advisory in nature were targeted. This category includes bureaus and offices within the fifteen executive departments, agencies within the Executive Office of the President, and 66 federal agencies outside the executive departments.

We limit the sample to career civil servants because these employees are the employees that are targeted by politicization. We also limit the sample to respondents in agencies for which we have a 15 percent response rate to calculate agency averages when averages are used in the operationalization of variables (as described below) to improve the reliability of measures of average behavior or preferences.[10]

Salary Description

Salary data for the target population were collected from a publicly available database[11] by matching the individuals name and workplace from the *Leadership Federal Government Premium* database. Names of individuals that work in defense or law enforcement agencies are omitted in the database; therefore, they could not be matched.[12] Salary data are for the 2013

[9] Respondents were asked to select their workplace from the list of prominent bureaus in cabinet departments, including offices of the secretaries, and independent agencies. The selected workplace was inserted in question text. This removes uncertainty about what the respondents considers her agency when answering questions. If no workplace was selected or "Other" was selected because their workplace inside a cabinet department was not listed, "your agency" was inserted. The Centers for Disease Control and Prevention was selected as the workplace for the screenshots of questions below. See Section 1 in the Appendix for additional explanation.

[10] Questions asking about hours worked per week and expertise investment behavior were asked of random half-sample to increase the number of questions included in the survey while limiting survey length. We use an overall response rate of 7.5 percent, which is equivalent to 15 percent response for the half-sample.

[11] See: http://www.fedsdatacenter.com/

[12] If we estimate our models using a survey question asking about salary, our results are replicated. This replication limits concern that omitted defense and law enforcement agencies biases our findings.

fiscal year.[13] Forty-five percent of the career civil servants in our target population (and for whom we have salary data) are on the General Schedule and 39 percent are on the Senior Executive Service pay system.

Measuring Politics

The Hatch Act and nearly 80 years of subsequent amendments spell out the permissible and impermissible activities of federal employees. With regards to campaign contributions, currently (2012) federal employees are allowed to contribute to federal office and candidates just like any other citizen, subject to the current limitations allowed by the Federal Election Commission (FEC) per the Bipartisan Campaign Finance Reform Act of 2002 (BCRA). The FEC publicly discloses all contributions made to federal candidates over $200.[14] Names and work places of the target population for the survey were matched to campaign contribution records for the 2012 election cycle published by the FEC.[15] In total, 2,272 contributions were made from the sample population to an entity registered with the FEC (e.g., political party, candidate, political action committee). To capture the potential partisan effects of campaign donations, we create an indicator variable taking a value of 1 if a civil servant made at least one campaign contribution over $200 to a Democrat in the 2012 election cycle and zero otherwise.[16]

[13] We analyze salary rather than grade (i.e., GS 15 or SES) because we do not have steps for GS grades and all members of the SES would then be in the same grade. Therefore, we would lose meaningful variation if our dependent variable were grade.

[14] The $200 threshold is an aggregate total of contributions made to a given candidate. As such, campaigns are required to disclose smaller donations if those donations in sum add up to $200 or more.

[15] Specifically, first name, last name and state of the survey respondent had to match a contribution in the FEC's records. In addition, Washington D.C., Maryland and Virginia were considered the same state as not to miss bureaucrats who commute from the suburbs to the D.C. metro. To ensure that false positives were not included in this matching process, the individual's employer as disclosed in the FEC's data must match the agency listed in the *Leadership Federal Government Premium* database or indicate employment by the federal government in general.

[16] Political parties, candidates, and political action committees have the option to identify their political party in FEC records. We use this to code party; therefore, a contribution to any registered entity listing their party as "Democrat" is coded 1.

Donations to Republicans are sufficiently rare that we do not differentiate them from having made no donation (see Table A1 in the Appendix). A civil servant who makes at least one campaign contribution of $200 to a Democrat is likely to be politically active in other ways such as voting, volunteering time, and attending political events (Francia, Herrnson, Green, Powell, & Wilcox, 2003; Verba, Schlozman, & Brady, 1995); therefore, we view this indicator variable as a proxy measure of political activity, more generally. In other words, civil servants who make at least one campaign donation to a Democrat are more likely to be loyal partisans than those who do not.

Individual policy preferences were measured by asking respondents to "vote" on 11 bills voted on by the 113th Congress. The civil servants "votes" were combined with a roll call matrix from House and Senate, which are "bridged" using six final passage and conference votes.[17] This matrix is then used to estimate ideal points for senior federal executives, members of Congress, and President Obama (this follows the technique developed in Clinton, Bertelli, Grose, Lewis, & Nixon, 2012). Preference divergence is operationalized as the absolute difference between each career civil servant's ideal point and the average ideal point of appointees in the same agency and agencies that supervise that agency. Below we refer to this average as the "appointee average." Formally, let *j* index appointees and *i* index civil servants. Then the preference divergence for the i^{th} careerist is: $\left|\left(\sum_{j=1}^{n_J} \frac{ideal\ point_j}{n_J}\right) - ideal\ point_i\right|$, where n_j is the number of appointees that also select agency A as their workplace and, for agencies in an executive department, any appointees in agencies above agency A in the organizational hierarchy and in the relevant Office of the Secretary (or the Office of the Attorney General for the Department of Justice). For example, the U.S. Census Bureau is overseen by the Economics and Statistics

[17] See the Appendix for question wording (Figure A4) and estimation details.

Administration. Average appointee ideology for the U.S. Census Bureau would include appointee respondents working in the U.S. Census Bureau, the Economics and Statistics Administration, and the Office of the Secretary of Commerce. Preference divergence is continuous and ranges from 0.00 (indicating no divergence) to 3.57 (maximum observed).

Measuring Merit

We use two measures of merit. Respondents were asked, "How many hours do you USUALLY work at your job at [your agency]?" Response options were any integer between 20 and 99, "Fewer than 20" and "More than 99." Respondents were also asked how frequently they engage in certain behaviors that can build policy expertise (Figure 1). We focus on the three behaviors that should be applicable across agencies: attending seminars and training, consulting subject matter experts, and discussing policy with outside experts. (Attending industry or trade conferences, for example, would only be applicable to agencies that regulate a specific industry.) Attending training or seminars (particularly those offered by the agency where the civil servant works), consulting subject matter experts, and discussing policy with outside effort each help the civil servant to build policy expertise that allows them to better perform their job.

The number of workhours required to perform well and the usefulness of each investment behavior may vary across agencies. Therefore, we demean each of these measures by agency to evaluate each civil servants merit relative to their peers at their agency. Again, let *i* index civil servants and let w_i be respondent *i*'s self-reported hours typically worked per week. Then we operationalize *work hours* as: $w_i - \sum_1^n \frac{w_i}{n}$, where *n* is the number of respondents in the i^{th} respondent's agency. We do the same for measures of expertise investment.

Figure 1: Self-Reported Frequency of Investment in Policy Expertise

Since joining the Centers for Disease Control and Prevention how often do you do each of the following in a typical calendar year?

	Never	Rarely	Few times a year	Monthly	Weekly	Daily	Don't know
Read professional or trade journals	○	○	○	○	○	○	○
Attend seminars or training related to the policy jurisdiction of the Centers for Disease Control and Prevention	○	○	○	○	○	○	○
Discuss policy with outside experts	○	○	○	○	○	○	○
Attend industry or trade conferences related to the policy jurisdiction of the Centers for Disease Control and Prevention	○	○	○	○	○	○	○
Consult subject matter experts at state agencies or international agencies	○	○	○	○	○	○	○
Conduct or read academic research related to the policy jurisdiction of the Centers for Disease Control and Prevention	○	○	○	○	○	○	○

Control Variables

The government's salary schedule is heavily based on tenure and seniority and includes cost of living adjustments. Therefore, we control for the respondents' self-reported years of government service to account for seniority and whether respondents work in the DC area (DC, VA, and MD) to account for that cost-of-living adjustment. Lastly, we include an indicator for agencies that have an agency-specific personnel system because these agencies can hire employees outside the standard civil service system, often to account for particular skills the agency requires and related private sector competition.[18]

[18] We use the definitions in Table 7 of the *Sourcebook* (Lewis & Selin, 2012). The indicator takes a value of 1 for agencies whose employees are excluded from the definition of "employee" for the purposes of Title 5 and agencies whose originating statute allows them to use an agency specific employment system. The agencies in models in Table 2 identified by the indicator variable are: Farm Credit Administration, National Credit Union Administration, National Indian Gaming Commission, Overseas Private Investment Corporation, and the Social Security Advisory Board

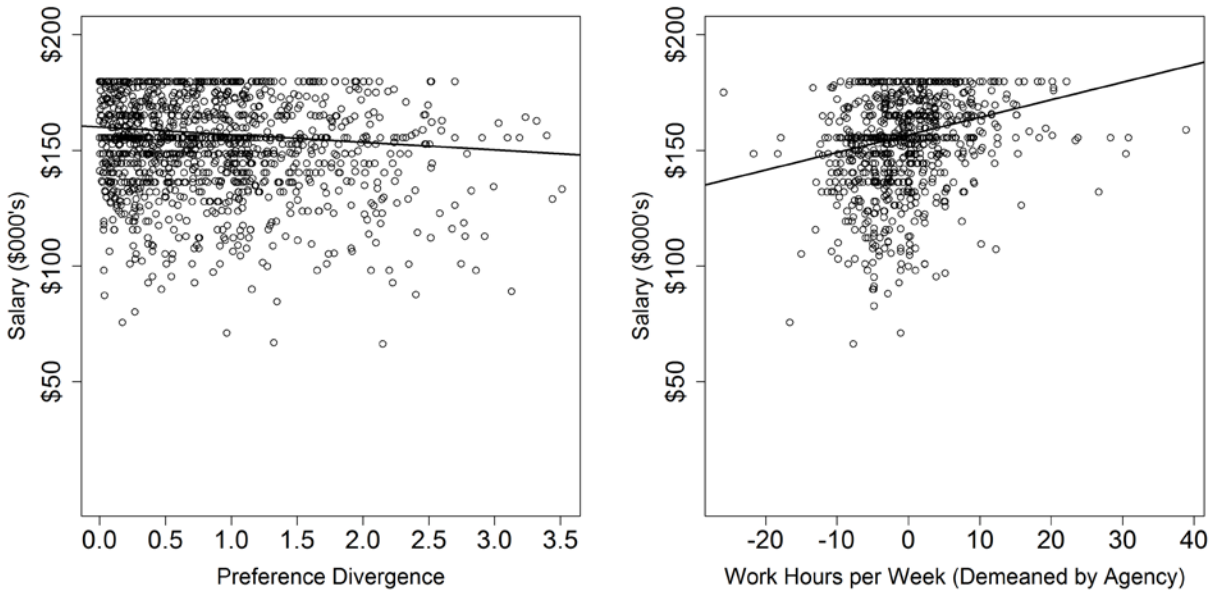
Data Analysis

We begin by focusing on respondents that are on the GS or SES pay systems to isolate the relationship between pay and policy influence described above. First, we analyze the bivariate relationship of salary and two explanatory variables of interest. The left panel in Figure 2 plots the relationship between preference divergence and salary. As preference divergence increases, salary decreases, which provides evidence that politics are important for federal personnel decisions. The right panel of Figure 2 plots the relationship between salary and hours worked per week demeaned by agency. Consistent with the expectation that merit influences personnel decisions, civil servants that work more than the agency average are paid more and civil servants that work less than the agency average are paid less.

While the plots in Figure 2 comport with our expectations, we have not accounted for each correlation conditional on other explanatory variables. We estimate an Ordinary Least Squares model because salary is (effectively) continuous. The unit of analysis is individuals nested in agencies, therefore, we cluster the standard error on agencies to account for model error that is correlated within agencies. Table 1 shows that the relationships shown in the bivariate plots remain after controlling for competing explanations.[19]

[19] We do not include workhours and investment in expertise in the same model because, holding workhours constant, the interpretation of increasing expertise investment becomes awkward. Specifically, holding workhours constant, increasing expertise investment means the civil servant is allocating effort away from some task to expertise investment, which is not the relationship of interest. Our findings are robust to modeling preference divergence and donation behavior separately, modeling each expertise investment behavior separately, or including all measures of politics and merit in the same model.

Figure 2: Bivariate Relationships with Salary for GS and SES pay systems



Note: Plots include a fitted line from a bivariate OLS regression model. Bivariate plots of salary and expertise investment are in the appendix.

We find evidence that political factors are correlated with differences in annual salary when controlling for merit. Model 1 shows that, all else equal, a civil servant earns $4,580 less, on average, for a one-unit increase in policy preference divergence. For an individual with average preference divergence this amounts to $3,893.67 per year less in salary. Additionally, contributors to Democrats in 2012 received $6,248.97 more in annual salary, on average. These relationships persist whether we control for merit using work hours (Model 1) or expertise investment behavior (Model 3) and if we model the natural logarithm of salary to account for the slight skew of salary (Models 2 & 4).

Table 1: Models of Salary for GS and SES Pay Systems

Model	(1)	(2)	(3)	(4)
Model Type	OLS	OLS	OLS	OLS
Dependent Variable	Salary	Ln(Salary)	Salary	Ln(Salary)
Divergence	-4,580.77***	-0.03**	-3,065.29*	-0.02*
	(1,623.97)	(0.01)	(1,637.09)	(0.01)
Donate to Dem.	6,248.97	0.04	8,392.92**	0.05*
	(4,299.14)	(0.03)	(4,057.54)	(0.03)
Work Hours	695.16***	0.005***		
	(124.43)	(0.001)		
Training			913.64	0.01
			(1,106.16)	(0.01)
SME			-535.53	0.00
			(859.82)	(0.01)
Outside Experts			2,190.60***	0.01***
			(699.69)	(0.005)
Gov. Tenure	285.41***	0.002***	319.20***	0.002***
	(90.04)	(0.001)	(90.89)	(0.001)
DC	10,719.55***	0.08***	11,448.55***	0.09***
	(3,981.82)	(0.03)	(4,235.90)	(0.03)
Constant	143,071.15***	11.85***	140,417.58***	11.83***
	(4,366.38)	(0.03)	(4,539.39)	(0.04)
N	581	581	567	567
N Clusters	117	117	108	108
R^2	0.15	0.16	0.11	0.12

Robust standard errors clustered on agencies in parentheses.
*** p<0.01, ** p<0.05, * p<0.1

We also find a positive relationship between pay and measures of merit. Each additional hour of work above (below) the agency average increases (decreases) salary $695.15, on average and all else equal. Someone working 7 hours more a week than the average of their agency peers, which is a one standard deviation increase, would make $4,866.05 more per year. The evidence of merit influences personnel decisions as measured by expertise investment is mixed. Turning to Model 3, the coefficients on attending training or seminars more than the agency average are not statistically distinguishable from zero with a high degree of confidence. The estimated effect of

consulting subject matter experts more than the agency average is negative. On the contrary, the coefficient on discussing policy with outside experts more than the agency average is positive and statistically distinguishable from zero with a high degree of confidence. Individuals who contact outside experts one more unit than average (e.g., the agency average is a "few times a year" and the civil servant typically contacts them "monthly") individuals receive an additional $2,190.60 per year in pay.[20]

If we expand analysis to include respondents from all pay systems (and include an indicator variable in these models for agency-specific pay systems), the relationships between merit and politics described above persist. However, we also see that making at least one campaign donation to a Democrat in 2012 is consistently positive and distinguishable from zero with a high degree of confidence, while it was only distinguishable from zero with a high degree of confidence in Model 3 in Table 1. Using Model 5, we expect civil servant who made at least one campaign donation to a Democrat would earn $10,465.70 more, on average. The precision of this estimate in Models 5 and 7 approximates the precision in Model 1. The difference in statistical confidence in the estimate is driven by an increase in the magnitude of the estimate in Models 5 and 7. For a future draft, we will further examine the differences between the agency-specific systems, the GS, and the SES pay systems to better understand why we observe this difference.

[20] While category sizes have varying lengths of time corresponding with the frequency of contact, as Figures A2 and A3 in the Appendix demonstrate, the relationships between salary and these measures are linear and do not violate modeling assumptions.

Table 2: Models of Salary for All Pay Systems

Model	(5)	(6)	(7)	(8)
Model Type	OLS	OLS	OLS	OLS
Dependent Var.	Salary	Ln(Salary)	Salary	Ln(Salary)
Divergence	-4,607.27***	-0.03***	-3,498.82**	-0.02*
	(1,549.21)	(0.01)	(1,592.48)	(0.01)
Donate to Dem.	10,465.70**	0.07**	11,456.27**	0.07**
	(4,640.77)	(0.03)	(4,594.94)	(0.03)
Work Hours	592.89***	0.004***		
	(151.73)	(0.001)		
Training			318.14	0.00
			(1,184.14)	(0.01)
SME			-562.74	0.00
			(751.48)	(0.01)
Outside Experts			2,562.51***	0.02***
			(739.90)	(0.005)
Gov. Tenure	357.47***	0.002***	385.35***	0.003***
	(97.34)	(0.001)	(92.75)	(0.001)
DC	11,644.59***	0.09***	12,311.96***	0.09***
	(4,123.54)	(0.03)	(4,391.01)	(0.03)
Agency-Specific	17,340.49	0.09	19,664.81	0.10
System	(14,530.04)	(0.08)	(17,688.89)	(0.10)
Constant	143,214.56***	11.85***	141,310.86***	11.84***
	(4,442.76)	(0.03)	(4,486.58)	(0.03)
N	678	678	657	657
N Clusters	125	125	115	115
R^2	0.13	0.13	0.11	0.11

Robust standard errors clustered on agencies in parentheses.
*** p<0.01, ** p<0.05, * p<0.1

Discussion and Conclusion

Overall, we find that both merit and politics influence personnel decisions as measured by salary. The persistent negative relationship between preference divergence and salary suggests that employees are passed over for promotion, which is consistent with appointees concentrating policy influence among civil servants who are viewed as loyal to the president's agenda. Perhaps one of the most striking findings from Tables 1 and 2 is the magnitude of the increase in pay for campaign donors. Past work has suggested that the wealthy contribute more

than the poor (Verba, Schlozman, & Brady, 1995). That said previous work predicting whether or not this sample of federal employees would make a contribution to a presidential candidate in 2012 found no explanatory leverage from salary (Limbocker, 2016). It is also a striking that the effect size is so large in light of the rigid federal pay scale. Making at least one contribution in one election cycle seemingly should not weigh so heavily on promotion decisions. We do not believe this to be the correct interpretation of the finding. Rather, past research has demonstrated the most common reason for a citizen to make a campaign contribution is that the citizen was asked to contribute. Additionally, the first people asked to make contributions by campaigns were past contributors (Brown, Powell, & Wilcox, 1995; Francia, Herrnson, Green, Powell, & Wilcox, 2003). As discussed above, we consider this measure to be a proxy for being politically active, generally. It stands to reason that these contributors are active partisans that have contributed habitually. The positive association between making a campaign donation and salary suggests that politically reliable individuals are promoted to higher paying positions with more authority.

We must qualify our findings regarding the relationship between politics and pay before discussing merit. We have shown that there is a positive association between making a campaign donation to at least one Democrat in 2012 and salary *level* for fiscal year 2013 and that the more a civil servant's policy preferences divergence from the appointee average the lower their salary *level*, on average. Our primary claim is that salary is indicative of policy influence, and therefore, is a useful measure of politicization. However, we have not shown any relationship between these measures and promotion. Our next step is to collect longitudinal data that tracks the salary and *promotion* decisions for the civil servants in our data to provide better evidence for this claim.

Additionally, the senior civil servants that responded to the survey have an average of 24 years of government service. The preference divergence with appointees has certainly not been constant over that period, and it is also possible their campaign donation behavior has varied as well In the case of the contributors, analyzing contribution records for the individuals in the survey overtime will determine if habitual donors receive higher pay across time and if promotions come easier to these types of donors (and that is manifesting in higher pay). Similarly, we need to estimate models of *change* in pay during the Obama Administration to analyze salary decisions over the period for which our measure of preference divergence best measures policy preferences. We plan on tackling these tasks for a future draft of this paper.

Politicized pay is not the only take away from the estimates in Table 2. Measures of merit also explain variation in annual salary. Individuals that work more hours than their agency peers receive higher pay and those that seek advice from outside experts more often than their agency peers also see increases in their annual pay. Overall, this provides evidence that personnel decisions are based on merit. In another analysis, we considered the raw values of how frequently individuals engaged in this sort of behavior. While the relative comparison of peers is most relevant to the primary research question, this alternative specification speaks to job tasks more generally. In that specification not only did the substantive interpretations of the findings in Table 2 hold, but all forms of merit correspond with statistically significant positive increases in salary. This suggests that more demanding jobs either in terms of hours or skills investment within the federal establishment receive more pay.

Another avenue we plan to pursue for future drafts is the awarding of bonuses. Table A2 in the Appendix estimates probit models to predict if an individual received a bonus using the same specifications above. We were unable to predict bonuses in 2013 using the same covariates

that explained variation in salaries. The likely culprit is the budget sequestration. An Office of Management memo instructed agencies to limit bonuses to only those required by law in 2013 (Mullen, 2014; Office of Management and Budget, 2013). Merit or politics will not explain variation when there were few discretionary bonuses distributed. Given this stark restriction on bonuses in the year we consider, it is not surprising that our model unsuccessfully predicts who receives bonuses.

In conclusion, the modern civil service system emphasizes the importance of merit and prohibition of politics in personnel decisions in the executive branch. However, presidents must gain control of the executive branch to accomplish their policy goals, and not all civil servants share the presidents' policy views. Therefore, presidents value loyalty and have an incentive to politicize personnel at federal agencies. Using a unique dataset to evaluate the influence of both merit and politics in federal salary decisions, we find evidence that both matter. This finding is exactly what is expected if presidents seek "responsive competence." Importantly, this suggests that presidents and presidential appointees concentrate influence among civil servants who share their policy views and try to marginalize those who do not.

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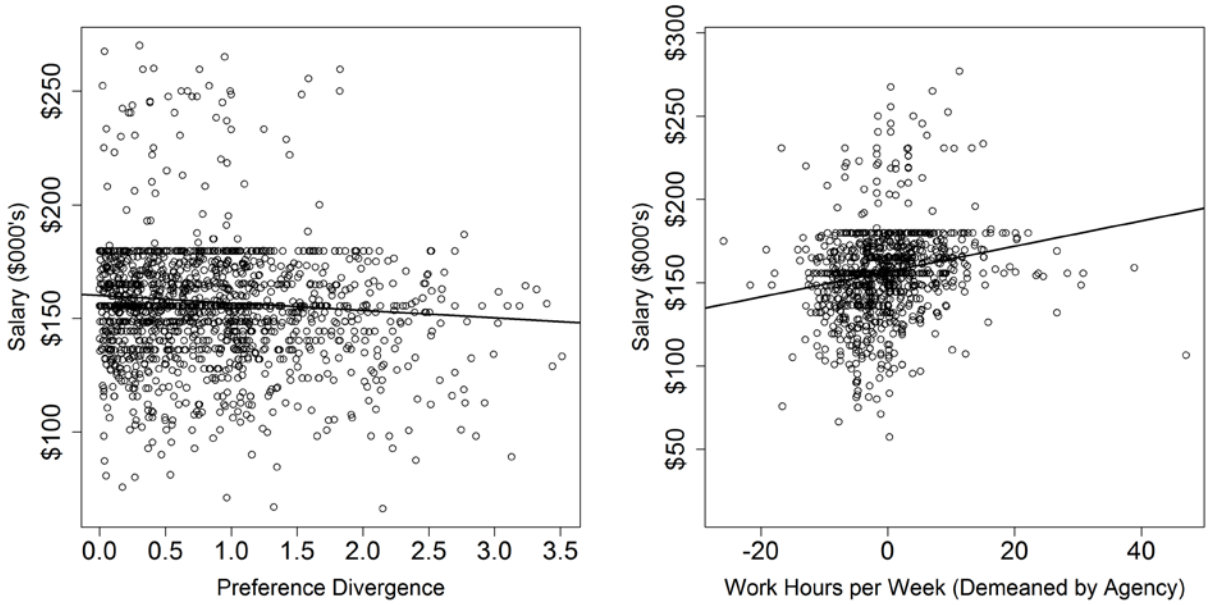
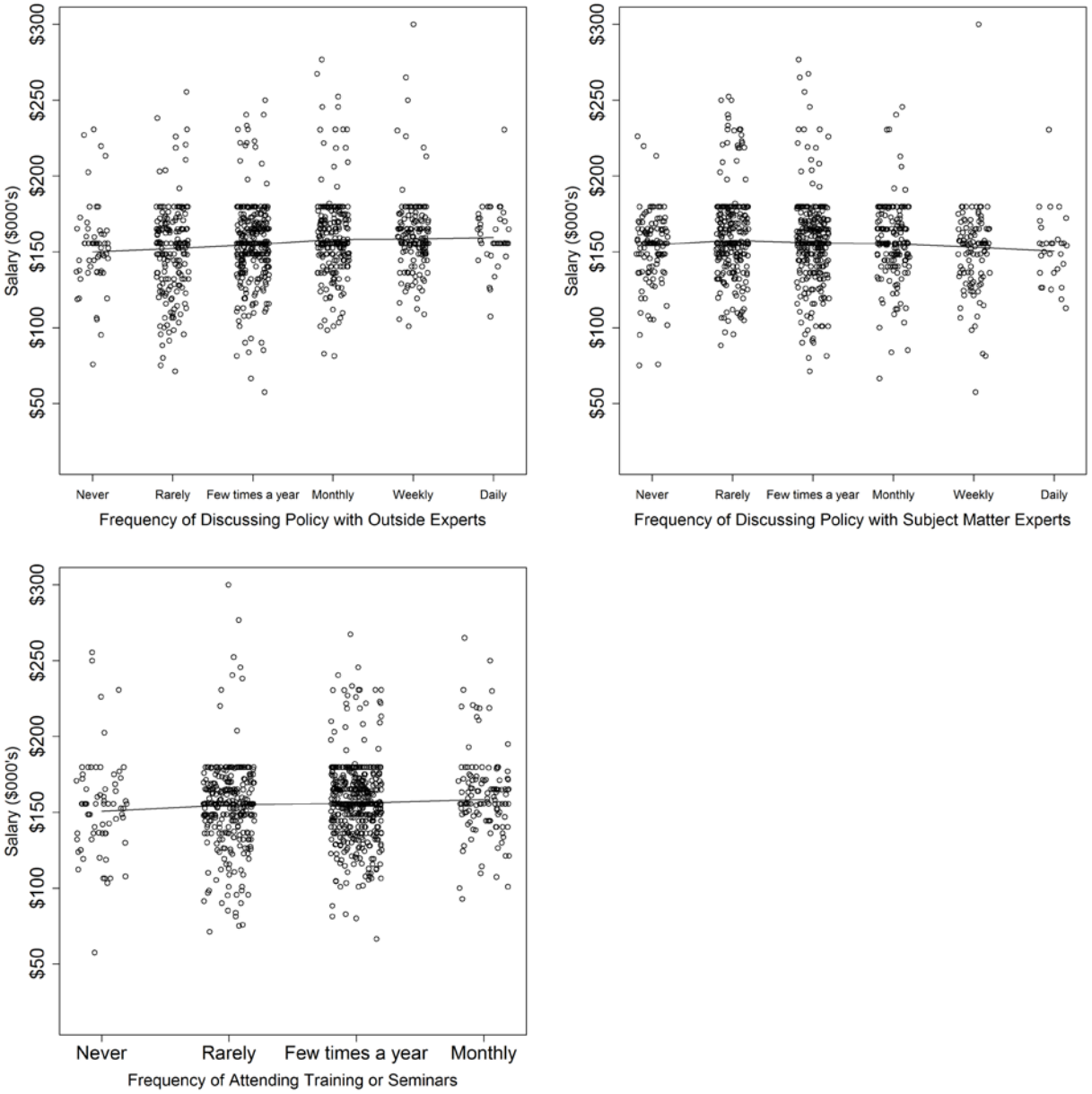
APPENDIX

Figure A1: Bivariate Relationships with Salary, All Pay Systems



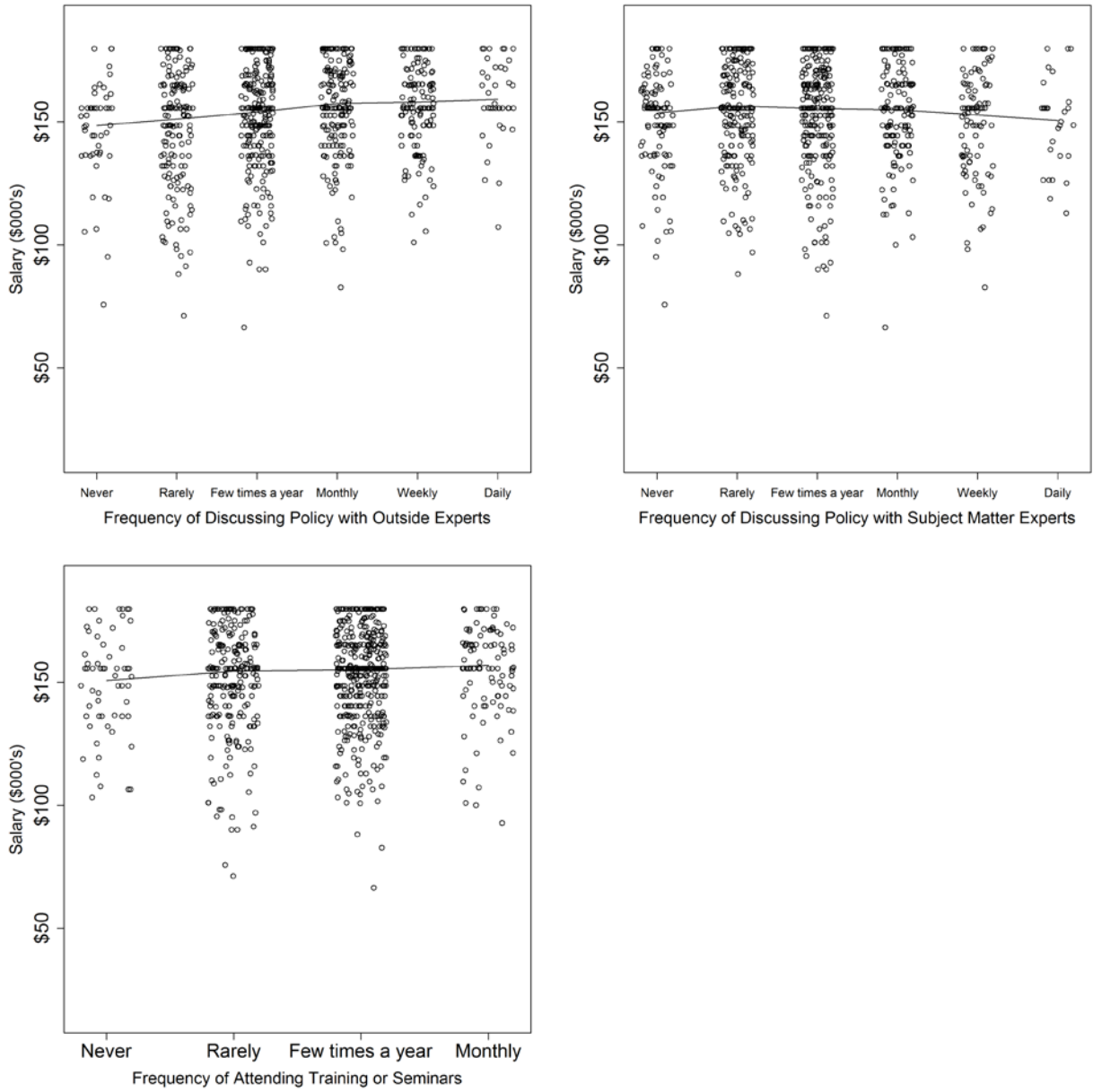
Note: Plots include a fitted line from a bivariate OLS regression model. Bivariate plots of salary and expertise investment are in the appendix.

Figure A2: Bivariate Relationships between Salary and Expertise Investment, All Pay Systems



Note: Lines are Lowess bivariate regressions to identify non-linearity in the relationship between annual salary and expertise investment.

Figure A3: Bivariate Relationships between Salary and Expertise Investment, GS and SES Systems



Note: Lines are Lowess bivariate regressions to identify non-linearity in the relationship between annual salary and expertise investment.

Estimation of Ideal Points

In addition to the general political background of executive officials, we are also interested to know your personal opinion about several key votes in Congress during the last few years. These issues have gotten a lot of attention recently in the press and among the public, but no one has asked those responsible for implementing these policies their opinion. We would benefit from knowing the informed views of federal executives in the aggregate to compare with the public.

Specifically, would you have supported the following measures?

	Yes	No	Not sure
Overhaul the CFPB: A bill to replace the Consumer Financial Protection Bureau with an independent Financial Product Safety Commission that, unlike the CFPB, would be subject to the congressional appropriations process.	○	○	○
Repeal the Affordable Care Act: A bill that would repeal the 2010 health care overhaul law, commonly called "Obamacare."	○	○	○
Work Requirements/Drug Testing for SNAP: A bill that would reauthorize the Supplemental Nutrition Assistance Program ("food stamps") allowing drug testing as a condition of receiving benefits and imposition of new work requirements on SNAP recipients.	○	○	○
Congressional Approval of Federal Regulations: A bill that would require Congress to approve executive agency regulatory proposals that are deemed to be "major rules."	○	○	○
Approve the Keystone Pipeline: A bill to approve the construction, operation, and maintenance of the Keystone XL pipeline.	○	○	○
Employment Nondiscrimination: A bill to prohibit employment discrimination on the basis of sexual orientation or gender identity.	○	○	○
Assault Weapons Ban: An amendment that would prohibit the future production, import, sale, transfer or possession of certain firearms considered to be assault weapons.	○	○	○
Immigration Reform: A bill that would overhaul U.S. immigration policies, create an incremental path to citizenship for most illegal immigrants in the country and institute new border security measures.	○	○	○
Limit EPA Authority: A bill that would limit EPA regulation of greenhouse gas emissions from fossil-fueled power plants under the 1963 air pollution control law.	○	○	○
Violence Against Women Act Reauthorization: A bill that would provide protections and assistance programs to victims of domestic violence, sexual assault, and stalking.	○	○	○
Defund NSA Surveillance of U.S. Citizens: An amendment that would bar the use of funds by the National Security Agency to target a U.S. person or acquire and store the content of their communications.	○	○	○

Final passage or conference votes from the 113th Congress that were used for ``bridging'' are HR 325, S 47, HR 1911, HR 2775, HR 2642, and HR 83. The estimates were computed using the ideal function in the pscl package version 1.4.9 and R version 3.2.1. The space was locally identified using a mean of 0 and variance of 1. Estimates are computed using 100,000 iterations thinned by 25 with the first 10,000 iterations used as “burn-in.”

Bonuses

Table A1: Joint Frequency of Campaign Donations and Bonuses

	Made a Donation to a Dem.		Made a Donation to a Rep.	
Got a Bonus	No	Yes	No	Yes
No	8,934	405	9,312	27
Yes	694	12	704	2

Note: We fail to reject the null hypothesis that the two categorical variables are independent at the 0.90 confidence level using a χ^2 test of independence.

In terms of predicting bonuses, we find no support for any of our hypotheses. As shown in Table A3, we cannot predict whether someone received a bonus using either politics or merit. This suggests one of two things. First, factors other than merit or politics predict bonuses. Second, we may not be sufficiently accounting for the varying use of bonuses across the executive branch (while we do control for agency-specific personnel systems, we plan to better understand the use of bonuses by federal agencies to improve these models in future work). We omit the indicator for a campaign donation to a Democrat from the Probit models in Table 3 because, as shown in Table 2, it lacks common support.

Table A2: Predicting Getting a Bonus, All Pay Systems

Model	(A1)	(A2)
Model Type	Probit	Probit
Dependent Var.	Got a Bonus	Got a Bonus
Divergence	-0.08	-0.11
	(0.12)	(0.12)
Work Hours	-0.01	
	(0.01)	
Training		-0.08
		(0.13)
SME		-0.10
		(0.08)
Outside Experts		0.04
		(0.11)
Gov. Tenure	0.00	-0.01
	(0.01)	(0.01)
DC	-0.09	-0.04
	(0.19)	(0.21)
Agency-Specific System	0.70	0.14
	(0.52)	(0.58)
Constant	-1.31***	-1.31***
	(0.28)	(0.29)
N	679	658
N Clusters	125	115

Robust standard errors clustered on agencies in parentheses
*** p<0.01, ** p<0.05, * p<0.1