# Creating Capacity: Presidential Control and the Allocation of Career SES Employees

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## Abstract

In this chapter, I examine how presidents seek to control the capacity of agencies through the distribution of career SES employees. Unlike most studies of bureaucratic control that view effects on agency capacity as ancillary to the ideological goals of politicians, I argue that presidents seek to directly increase the capacity of agencies through this mechanism. I begin by first demonstrating that career SES employees are capacity-enhancing, improving the performance of agencies. I then develop a theory about the allocation of these appointments. I argue that presidents seek to increase the capacity of agencies that are ideologically-aligned with them but are constrained in their ability to do so by the preferences of Congress as well as other attributes of the agency. Using a dataset of SES allocations across agencies, I find strong support for these hypotheses. These results suggest that in addition to seeking control over the ideological outputs of agencies, presidents' quest for control over the bureaucracy also involves seeking to differentially increase the capacity of agencies as well.

# 1  Introduction and Motivation

Political actors constantly seek to control the bureaucracy and its policy outputs. While most of the political science literature has focused on ways in which politicians attempt to create and shape agencies in ways that make them responsive to their ideological preferences, relatively little attention has been paid to the ways in which they seek to alter the *capacity* of an agency. Many studies have examined agency capacity (e.g. Derthick 1979; Lewis 2007; 2008; Gilmour and Lewis 2006), but the tendency is to view capacity changes as side effects of politicians' efforts to induce ideological responsiveness from organizations. In this paper, I examine one mechanism through which presidents directly attempt to alter the capacity of agencies through their control over the allocation of career Senior Executive Service employees across the federal government.

The Senior Executive Service (SES) was established as a result of the Civil Service Reform Act of 1978. Its designers had in mind the creation of a "higher civil service" composed of well-trained individuals with management expertise. It represented a major shift in US administrative politics, as previous efforts at reforming the civil service had resisted the creation of such an elite cadre, a common feature of civil service systems around the world, particularly in Western Europe. While the SES was originally created out of existing "supergrade" employees, Congress left the creation and allocation of additional positions up to the administration, primarily through the Office of Personnel Management (Carey 2011). Thus, presidents have broad leeway to shape the SES and the distribution of SES positions throughout the government.

In this chapter, I examine the extent to which political considerations, particularly the ideological alignment of the president and an agency, affect the distribution of these capacity-enhancing appointments. I argue that presidents target these appointments to agencies with which they are ideologically aligned in order to enhance the capacity of these organizations. Using a dataset of SES appointments from 1988-2005, I find strong support for this hypothesis. In particular, the number of career SES appointees increases in number in agencies with

which presidents are ideologically aligned, even after controlling for a number of agency-specific characteristics. Further, these effects are conditional on the ideological makeup of Congress and the party of the preceding president. Overall, these results offer further evidence for the idea that presidents use personnel policies in order to enhance the capacity of agencies with which they are ideologically aligned.

## 2    Background - Senior Executive Service

The SES was an attempt by civil service reformers to create a cadre of career (and to a lesser extent non-career) managers that could oversee administration across the executive branch. The original vision was that SES members would be mobile – moving from agency to agency, gaining a wide range of experience allowing for eased interagency coordination and giving appointees a more "corporate" view of the federal government. For the first time in the history of American public administration, *individuals* were classified rather than *positions*, creating a "higher civil service," or a class of high-level career employees (Colvard 1995; Huddleston and Boyer 1996).

While the original vision of a mobile civil service has largely gone unrealized,[1] the strict selection process for SES employees ensures that they are high-quality appointees with technical and management expertise. There are three types of SES appointees. The first and largest group of SES members are career appointees. While they do not have the same tenure privileges as the rest of the civil service (they can be demoted from the SES to career civil service ranks for performance reasons or relocated/reassigned to different offices), it is not easy to remove them completely from federal employment. The next largest group of appointees are non-career. They are officially appointed by the agency head, but the president has traditionally made these appointments. Non-career SES appointments are one of three types of appointments traditionally associated with presidential politicization of agencies

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[1]One study of the SES found that between 2004 and 2008, only around 2% of SES members moved outside of their agency annually (*"Unrealized Vision: Reimagining the Senior Executive Service"* 2009).

(along with Senate-confirmed/PAS and Schedule C appointees). Non-career appointees are limited to 10% of the total SES membership, and cannot comprise more than 25% of SES appointees within an agency. The final, and smallest, group of SES members are limited term or limited emergency appointees. They can serve only one, non-renewable, three year or eighteen month term, respectively. Across the government, limited appointees are fairly small in number, comprising just 1.7% of the SES in March 2012, and are limited to 5% of all SES members and 3% of SES positions within a single agency Carey (2011).

The career members of the 7000+ person SES are vetted by multiple groups both within and outside the agency before they can be appointed. Agencies are required to publish notice of a career SES job opening, soliciting applications from individuals inside and outside of the federal government. Candidates are then evaluated by the agency's Executive Review Board and the Office of Personnel Management's SES Qualifications Review Board (QRB). Applicants are assessed on five dimensions: (1) leading change; (2) leading people; (3) results driven; (4) business acumen; and (5) building coalitions (*"Guide to Senior Executive Service Qualifications"* 2012).

In order to ensure that SES members would have continued motivations for high performance, the creators of the SES developed a pay-for-performance system based on bonuses linked to performance reviews. Pay compression became a real problem, however, as SES pay levels failed to increase relative to the GS scale. Changes in 2004, however, led to the creation of a single pay range for SES members, with pay being determined by agency appraisal systems approved by OPM (Carey 2011). While some have criticized the pay plan since the majority of the SES received the top performance rating, there is still some variation in SES pay.

The number of SES positions in each agency is highly controlled through the Office of Personnel Management. Biannually, agencies submit requests for SES allocations to OPM. After consideration of these requests, OPM subsequently allocates SES positions. Understanding the factors that influence these allocations is the central goal of the analysis below.

# 3 The SES, Capacity, and Politicized Allocation

## 3.1 Capacity-Enhancing Appointments

Why should we care about the distribution of SES employees across the government? I argue that SES appointments are "capacity-enhancing," that is, they improve the performance of the organizations in which they serve. The discussion of qualifications above suggests that members of the SES, particularly career SES members, go through an extensive vetting process and, once appointed, face a pay system that is aimed at incentivizing high performance. These two factors provide significant reason for expecting that programs administered by career SES members and in organizations that have large numbers of SES positions should perform better than those not administered by career SES members.

It is has been well-established that the types of appointments associated with politicization (PAS, non-career SES, and Schedule C appointees) lead to worse agency performance (e.g. Lewis 2008). Do career SES managers actually improve agency performance, however? The existing literature provides evidence that this is the case. Perry and Miller (1991) argue using survey data that the pay incentives linked to the performance of SES members have a positive effect on agency performance. Lee and Whitford (2012) find that the number of career SES employees has a positive, but statistically insignificant, impact on agencies' Performance and Accountability Reports (PARs). Lewis (2007) demonstrates convincingly that programs administered by career SES managers receive better evaluations on the Bush administration's Program Assessment Rating Tool (PART) score than programs administered by political appointees.

Below, I report the results of an analysis that lends further support for the idea of career SES members as capacity-enhancing. Using data from Lewis (2007) I examine the effect of career SES employees as a proportion of agency personnel on the Bush administration PART scores. This differs from the Lewis analysis in that it considers the impact of the number of SES employees in an organization rather than the individual responsible for managing the

Figure 1: The Effects of Career SES and Political Appointees on PART Scores
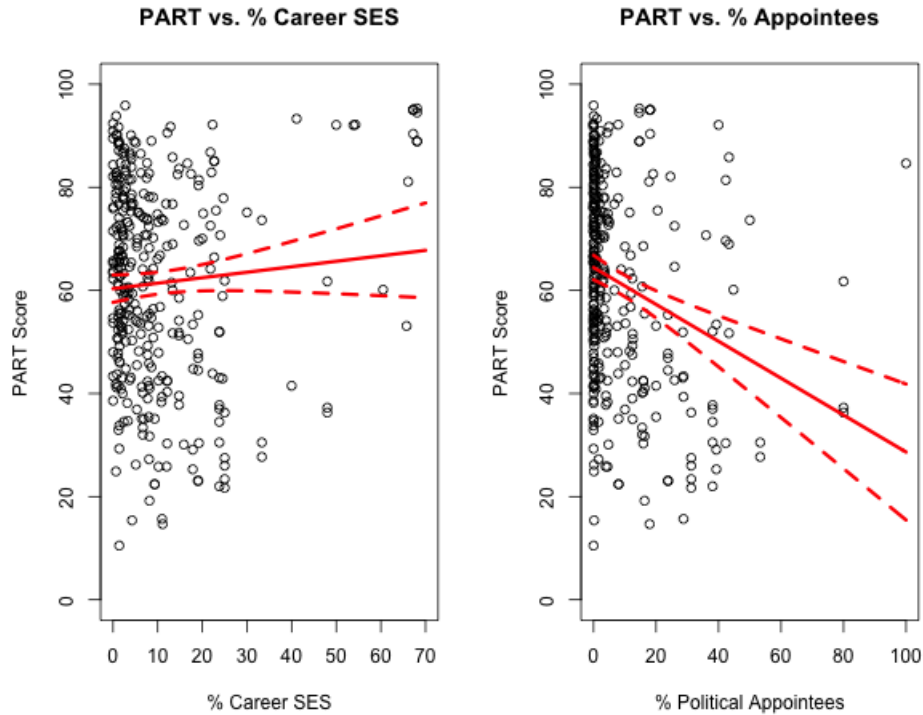


These two figures plot the percentage of managers in a program that are career SES and political appointees. The simple regression line and 95% confidence intervals are drawn in red. As can be seen, the relationship between the percentage of managers that are career SES employees is positively correlated with PART scores, while the opposite relationship holds for the percentage of managers that are political appointees.

program. This analysis provides justification for focusing on the size of the SES contingent in an agency as well as manager characteristics.

Figure 1 plots the relationships between the percentages of managers that are political appointees and career SES employees and PART scores. Also plotted in red is a regression line from a bivariate ordinary least squares (OLS) regression of the PART scores onto the proportion of each type of appointment along with 95% confidence intervals. This descriptive analysis lends support to the idea that career SES positions are capacity-enhancing. As can be seen in the plot on the right, the percentage of career SES managers is positively correlated with PART scores. The plot on the right of Figure 1 demonstrates a negative relationship between the percentage of managers and PART scores, in line with previous findings (Lewis 2008). Given this preliminary support, I now turn to multivariate analyses to assess the

robustness of the relationships displayed in Figure 1.

Table 1 displays the results for OLS models of the PART scores. Model 1 presents the simplest of these, regressing program PART scores onto the percentage of managers that are career SES employees and political appointees. There is strong support for the hypothesized relationship. The percentage of career SES employees is associated with a positive and statistically significant increase in a program's PART score. To make this effect more concrete, a one standard deviation increase in the percentage of career SES employees in an agency is associated with an increase of 5.52 (standard error = 1.14), which is about 40% of a standard deviation in the PART scores. Because the distributions of both career and political managers are skewed to the right, I also estimate Model 1 with logged percentages of career and political managers (plus one). The results are substantively the same – the percentage of career SES managers is associated with increased PART scores.

Models 3 and 4 add additional control variables to the specifications reported in Models 1 and 2. I control for the budget of the program in the year that it was evaluated by OMB to account for program resources and size. I also control for the conservatism of the agency in which the program is located in order to account for any ideological biases in the PART scores. The age of the program, whether the agency in which the program is located is outside the traditional Title 5 merit system, whether appointees serve fixed terms, whether the program was part of a commission, and the type of program are also controlled for given their potential to be correlated both with performance and the percentages of appointees. Finally, following (Lewis 2007), I include an indicator for whether the manager of the program was a political appointees to capture the effects of political leadership on performance.

The results in Table 1 provide strong support for the idea that the proportion of SES employees in an organization can have a large, positive impact on the performance of programs. The positive relationship between the proportion of career SES managers and PART scores is robust to the inclusion of these controls, with the estimated coefficient retaining its statistical and substantive significance.

Table 1: The Effect of Career SES Proportion on PART Scores

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| % Career SES | 0.39*** | | 0.29*** | |
| | (0.08) | | (0.09) | |
| % Political Appointees | −0.55*** | | −0.38*** | |
| | (0.08) | | (0.09) | |
| Ln(1 + % Career SES) | | 4.12*** | | 3.27** |
| | | (1.33) | | (1.51) |
| Ln(1 + % Political Appointees) | | −6.87*** | | −4.85*** |
| | | (1.06) | | (1.31) |
| PAS Manager | | | −4.30 | −2.99 |
| | | | (3.27) | (3.41) |
| Ln(Budget) | | | 0.05 | 0.15 |
| | | | (0.64) | (0.65) |
| Commission | | | 2.47 | 4.34 |
| | | | (6.84) | (7.04) |
| Conservatism | | | 2.01 | 0.99 |
| | | | (1.27) | (1.29) |
| Start Year | | | −0.09*** | −0.08*** |
| | | | (0.03) | (0.03) |
| No Title 5 System | | | 4.16 | 2.68 |
| | | | (5.17) | (5.27) |
| Fixed-Term | | | 9.14** | 11.27*** |
| | | | (3.92) | (3.94) |
| Capital Assets and Service Acquisition | | | 0.83 | −0.62 |
| | | | (4.87) | (5.02) |
| Competitive Grant | | | −0.45 | −0.23 |
| | | | (3.35) | (3.40) |
| Credit | | | −0.32 | 3.70 |
| | | | (7.49) | (7.70) |
| Direct Federal | | | 1.00 | 0.60 |
| | | | (3.66) | (3.78) |
| Mixed | | | −0.07 | 2.35 |
| | | | (10.17) | (10.33) |
| Regulatory Based | | | 8.19* | 8.66* |
| | | | (4.43) | (4.49) |
| Research and Development | | | 17.04*** | 18.67*** |
| | | | (4.18) | (4.16) |
| Intercept | 61.88*** | 62.53*** | 234.73*** | 217.08*** |
| | (1.30) | (2.15) | (55.61) | (56.81) |
| $R^2$ | 0.13 | 0.12 | 0.33 | 0.31 |
| Adj. $R^2$ | 0.12 | 0.11 | 0.29 | 0.27 |
| $N$ | 335 | 335 | 271 | 271 |

This table displays the results of a four OLS models of program PART scores on the characteristics of the bureaus in which they are located. Greater proportions of career SES managers are significantly associated with higher PART scores. Standard errors in parentheses. Significance codes: ***$p < 0.01$, **$p < 0.05$, *$p < 0.10$, two-tailed test.

Given the evidence discussed above, as well as the rigorous selection process for career SES positions, I argue that these positions are indeed capacity-enhancing, giving organizations additional management and technical expertise to design and implement their programs. Given this finding, in the next section, I develop a theory that explains how presidents decide to allocate these positions across the federal bureaucracy.

## 3.2  Theory and Empirical Hypotehses

In this section, I explore the question of how presidents decide to allocate career SES positions across the federal bureaucracy. The results presented above suggest the first assumption of the theory, i.e. that career SES positions are capacity-enhancing. Because career SES employees go through many levels of vetting and face strong pay incentives for high performance, they help agencies to better implement programs and design new ones. The empirical evidence and additional evidence from the literature discussed above provides relatively strong support for this assumption.

The second assumption is that the administration maintains broad control over the allocation of career SES positions across agencies in ways that allow the president to exercise his will. While it is true that the Office of Personnel Management retains formal authority for the allocation of career SES appointees, the structure of the agency suggests that it is responsive to the preferences of the president. In particular, OPM is led by two presidential appointees requiring Senate confirmation and the leadership of the agency is further supported by numerous non-career SES and Schedule C appointees. Generally, politicization is a tool used by presidents to bring the policies and actions of agencies closer to their own ideal points (Randall 1979; Moe 1985; Lewis 2008). Because of this, I argue that decisions made by OPM reflect the ideological preferences and priorities of the president. It should be noted that this assumption about OPM is not uncommon in the literature. Indeed, two types of political appointees, Schedule C and non-career SES employees, are assigned formally through OPM. In this case the assumption is the same: OPM carries out the will of

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the president.

I also assume that the president derives utility from the ideological output of the agency, the capacity of the agency, as well as the *interaction* of these two factors.[2] Note that this assumption differs from the most common formulation of capacity in the political science literature that tends to view capacity and ideological loss as additive in the utility function, as it comes from the variance in the ideological location of agency outputs (e.g. Huber and McCarty 2004; Lewis 2008). Here, I conceive of capacity as more akin to valence produced by an agency's policy output (e.g. Hirsch and Shotts 2012).

The final assumption is that there is a *de facto* maximum number of career SES employees across the government. Where would such a budget constraint come from? There is not any statutory cap on the government-wide number of career SES employees in the bureaucracy.[3] However, as among the highest paid government employees, career SES employees can be the most taxing on agency funds. Thus, funds for personnel are one indirect limit on the number of career SES employees. Empirically, it is not the case that the number of career SES employees is particularly large or that the SES has expanded enormously in recent history (after the first few years of its founding). This suggests that presidents and OPM do, in fact, have some overall limitation in mind when it comes to allocating career SES employees.

Given the structure of their utility function as well as the other assumptions, I argue that presidents look out on the federal bureaucracy and can order agencies in terms of outputs that are ideologically closest to the president and agencies that are further. I assume that while the president's utility from capacity is increasing in the number of career SES employees in an agency, there are diminishing marginal returns for every additional career SES employee.[4]

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[2]Formally, I assume that the president's utility function takes the form $u_P(x, q; p) = -(x - p)^2 + c(q) - c(q) \cdot (x - p)^2$, where $x$ is the ideological location of the agency's policy output, $p$ is the president's ideal point, $c(\cdot)$ is agency capacity (which is a function of the number of career SES employees, $q$). The last term in the utility function captures the idea that presidents attain more utility from capacity in agencies that are ideologically close to them.

[3]The 1978 legislation did include a cap, but this was repealed in 1990 by the Federal Employees Pay Compatibility Act.

[4]This assumption can be formally expressed: $c'(q) > 0$ and $c''(q) < 0$.

Because of this, presidents will add career SES employees to the agencies that are closest to them until the marginal utility of adding a career SES employee to that agency is less than or equal to the marginal utility of an addition to the next most distant agency. The president will do this for each agency until the "budget" of career SES employees is exhausted.

This logic leads to my central hypothesis: presidents will favor increasing the capacity of agencies with which they are most ideologically-aligned. Presidents will be most sympathetic to the missions of these agencies and most interested in having them carried out successfully. Indeed, some qualitative examinations of personnel politics suggest that presidents frequently use personnel policies to limit the ability of ideologically-opposed agencies to carry out their missions. For instance, the Reagan administration targeted ACTION, a traditionally liberal agency, relentlessly, decreasing the size of the workforce by nearly half throughout his two terms (Devine 1991). Thus, empirically, we should observe that the number of career SES employees in an agency is decreasing in the ideological distance between the president and the agency.

Presidents may have other concerns as well when allocating SES positions, however. In particular, they may view agencies that operate in more technical policy areas as more in need of top officials with greater technical and managerial expertise. These types of agencies might be more responsive or sensitive to the expertise of leadership. For instance, in an agency that deals in highly complex areas, leaders with little knowledge of the policy area may prove to have more deleterious effects on agency performance than they would in an agency focused on a less technical policy area. Indeed, evidence suggests that presidents politicize the leadership of agencies less when they have technical and scientific missions (Lewis 2008). In a similar vein, agencies with larger budgets are more likely to receive scrutiny from the press and from Congress, thus presidents might wish to enhance the capacity of these organizations with career SES appointments because the costs of failure are greater to the president due to the increased monitoring of these bureaus.

I also expect that presidents will be more likely to adjust the number of SES positions

after the party holding the presidency changes hands. For instance, George H. W. Bush had similar ideological commitments to those of President Reagan, so it is likely that he had little quibble with the way that President Reagan had allocated SES positions. President Clinton, on the other hand, and President Bush after him, faced a bureaucracy that had been largely shaped by the policies of their ideologically-opposed predecessors. Because of this, they face the greatest incentives to change career SES allocations in ways that benefit agencies with missions with which they are sympathetic.

Finally, while the president retains expansive authority in allocating SES positions and setting personnel policies generally, Congress is also able to intervene through the appropriations process and oversight to ensure that its own preferences are not overlooked in personnel allocations. Indeed, Congress does occasionally step in and set floors and ceilings on numbers of personnel, including for SES positions. The logic above could be extended to imagine allocations as a bargaining process in which the president, through OPM, makes proposals for career SES allocations and Congress can respond and alter the allocations if they want. Assuming that Congress has a similar utility function to the president, Congress also would like allocations to be higher in agencies near their ideal point.

However, it should be noted that Congress rarely intervenes in SES allocations. This suggests one of two possibilities. First, it is possible that Congress has essentially abdicated its role in SES allocations to the executive. In this case, we would not expect the president to alter his proposals based on the preferences of Congress. However, congressional inaction might also indicate that the president accommodates congressional preferences in his allocations, making them in a way that makes Congress indifferent between intervening or not. It should be noted that the transaction costs involved in congressional intervention may mean that, even during periods of divided government, the president could still be advantaged in the bargaining process in terms of the ideological distribution of career SES employees. Because I argue that career SES allocations are made as a part of a bargaining process, I expect that the president is better able to favor allied agencies when Congress is also allied

with him. Thus, the effect of ideological distance on the number of SES employees in a bureau will be conditional on divided government.

To summarize,

- Hypothesis 1: Increasing ideological distance between the president and an agency is associated with decreased numbers of SES positions.

- Hypothesis 2: Large bureaus and those that engage in technical scientific policy areas have higher numbers of SES positions on average.

- Hypothesis 3: The effect of distance on the number of SES positions is conditional on divided government.

- Hypothesis 4: The effect of distance on the number of SES positions is conditional on whether the partisanship of the president is the same as the previous president.

Before turning to the analysis, it should be noted that the theory I have proposed focuses primarily on the president allocating new career SES positions to agencies. As discussed in Section 2, career SES employees can be reassigned and relocated to other agencies. Thus, it is possible that transfers could account for the same observed patterns. Similarly, it is possible these patterns could be observed if career SES employees in agencies that are ideologically distant from the president simply leave government and levels in ideologically proximate agencies stay the same. This may be the case because ideologically distant agencies may be more politicized, leading to lower morale, or may otherwise receive fewer resources, limiting the ability of the agency to carry out its mission and making outside career options more attractive. This would be a much different theory. Ultimately, however, this is an empirical question that I examine in Section 4, where I find strong support for the theoretical mechanism I have proposed here.

# 4   Analysis

## 4.1   Data and Variables

In this section, I test the hypotheses laid out above. In particular, I examine the effects of a number of variables on the number of career SES appointments in bureaus. The data that I use was collected by Lewis (2008) to study politicization over time. The dataset spans 1988-2005 and in addition to data on appointments, it includes a number of other bureau-level variables that I make use of in this analysis. The analysis below includes only those bureaus that had a career SES employee during the period examined. The results do not change, however, if these bureaus are included. Furthermore, following Lewis (2008) a number of bureau-years were dropped due to aberrant patterns in the data that could lead to misleading results. For example, the Defense Commissary Agency has only one employee in 1991 and over 20,000 employees in 1992. The former observation is omitted from the analysis. The results are also robust to examining only larger bureaus and organizations that are not commissions (which tend to have greater numbers of appointees).

The dependent variable in the analysis is the number of career SES positions in the organization. Because the dependent variable is a count, I employ a multilevel Poisson model with observation-level random effects to account for overdispersion in the data and random intercepts for bureaus and years. I opt for a hierarchical model in order to assess the effects of bureau-level variables that are time-invariant, such as whether the bureau is engaged in scientific or technical work and year-level variables, such as macro-level political control, e.g. divided government. Additionally, two of my hypotheses concern interactions across level (e.g. divided government, a time-level variable, and ideological distance, an agency-level variable), which make multilevel models particularly attractive.[5]

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[5]Multilevel models, of course, require a number of unattractive assumptions, such as uncorrelated random effects and regressors. I present alternative models that relax these assumptions in the appendix. The results are substantively invariant to the use of negative binomial models and OLS models with logged counts, fixed effects, and heteroskedasticity and autocorrelation consistent (HAC) standard errors, as well as correlated random effects models that relax the assumption of no correlation between random effects and regressors. The results reported below are also not sensitive to using random intercepts at the department level rather

The main independent variable of interest is the ideological alignment of the president and the agency. The primary way this is measured is using the Clinton and Lewis (2008) estimates of ideology. The ideal points are based on expert ratings of agency ideology. These ratings, as well as other information about the founding and mission of the agencies, was combined in a multirater item response model to produce the ideological estimates. Unfortunately, these estimates do not jointly scale presidents and agencies. In order to address this, I reverse-code them for Republican presidents (so the right-most agencies take the smallest values). The assumption that underlies this coding is that presidents are ideologically situated at the extremes of the Clinton-Lewis scale. In a separate analysis below, I recode the variable by creating two groups of agencies divided by the median CL ideal point to create an Ideological Ally dummy variable. The conservative half are coded as "allies" of the president when he is a Republican and as opposed when he is a Democract. The reverse holds for the leftmost half of the sample of agencies. The results are substantively identical with both measures.[6]

In order to assess the hypotheses about technical programs, I also include a dummy variable for whether the bureau is responsible for implementing scientific policies and the natural logarithm of the percent of employees that are classified as "professional." The latter is a classification used by the Office of Personnel Management for jobs that "require knowledge in a field of science or learning characteristically acquired through education or training equivalent to a bachelor's or higher degree with major study in or pertinent to the specialized field, as distinguished from general education" (OPM 2014). I expect that the estimated coefficients for both of these variables will take a positive sign, indicating that presidents increase career SES levels in agencies that are sensitive to the expertise of management.

The final two hypotheses laid out above suggest the inclusion of variables for partisan

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than the bureau level.

[6]Another measure dividing agencies into three groups – conservative, moderate, and liberal produced no remarkable substantive changes. A final measure, that rescales the scores to be between zero and one and uses this rescaled score during Democratic presidencies, and one minus this rescaled measure during Republican presidencies also produces substantively identical effects as those reported throughout the analysis.

control of Congress and changes in presidential ideology. To this end, I include a variable for divided government – defined as periods when at least one house of Congress is opposed to the president. The interaction between divided government and ideological distance is the main test of the partisan control hypothesis laid out in the section above. I also include a dummy variable for the George H. W. Bush administration in order to examine the impact of the change in presidential partisanship. The interaction between distance and this variable provides the test of this hypothesis.

The plots in Figure 3 displays the basic relationship between the number of career SES appointees in a bureau and the ideological distance of the agency from the president. Two things are notable. First, there appears to be some support for the basic negative hypothesized relationship between ideological distance and the number of career SES employees in a bureau. The left side of the figure shows the data for the overall sample, while the right side plot zooms in on the estimated simple regression line with 95% confidence interval. The results suggest that moving across the full range of the distance variable is associated with a decrease of more than four career SES positions. Thus, the results of this descriptive analysis provide some initial support for the idea that the allocation of career SES positions is politicized.

Second, the figure demonstrates the heterogeneity in the distribution of career SES positions across agencies. Some organizations have upwards of five hundred career SES employees, while many have fewer than ten. This fact suggests the importance of modeling this heterogeneity, taking into account time variant and invariant factors that can affect the distributions of career SES employees across agencies.

To this end, I also include a number of bureau-level controls that could impact the number of SES employees. The size of the agency's authorized budget is used in order to control for changing discretion afforded to agencies over time.[7] The natural logarithm of total

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[7] Some agencies collect fees to finance their activities, and some in the data even have negative budgets, reflecting the fact that they are actually revenue-generating. In other instances, all EOP offices had budgets of zero, reflecting changes in the budgeting process, particularly where requests came from for each office. In order to sidestep these issues, in the analyses below, I consider only bureau-years with positive authorized

Figure 2: Number of Career SES Positions vs. Ideological Distance



**Career SES vs. Distance**  **Career SES vs. Distance**
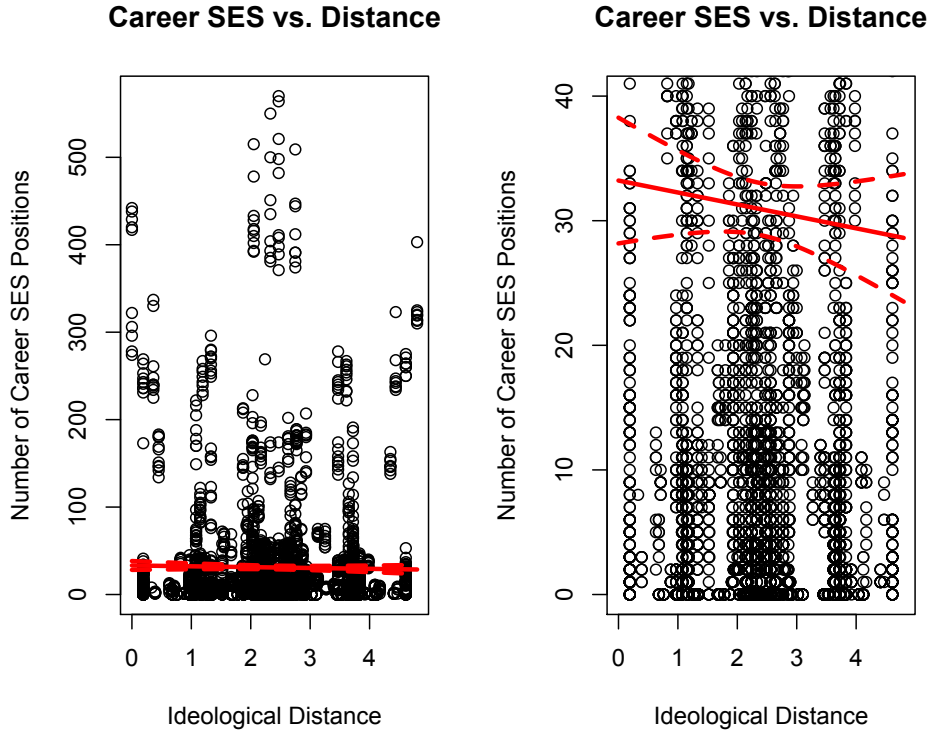
This figure displays a scatterplot of the the number of of career SES employees in a bureau as a function of the ideological distance from the president. The figure on the left shows the full range of the data, while the figure on the right zooms in on the data in the range from zero to forty career SES employees. The data appears to be reflected midway in the distance range because when the party of the president flips, the ideal point of the agency's ideology relative to the president's takes the opposite sign so that the agencies that are closest to Republican presidents are farthest from Democratic presidents and vice versa. A simple regression line with 95% confidence intervals is also drawn in red and demonstrates a negative correlation between distance and the number of career SES positions in a bureau. This should be interpreted with caution, however, given the fact that the model does not account for agency-specific, temporal dynamics, or other potential confounders. The multivariate analyses reported below address this issue.

employees and total number of employees classified as "managers" in the bureau is meant to capture the overall size of the workforce in the agency and to ensure that changes in SES numbers do not simply reflect growth in the agency overall or the managerial corps of the organization. I include variables indicating whether the bureau is located in the Executive Office of the President or an independent commission in order to control for the extent to which the president has control over an agency. I also code for other issue areas beyond the

budgets. The results of the analysis are not sensitive to the exclusion of the budget variable or the inclusion of authorized budgets equal to zero.

two mentioned above, including whether the bureau's work is defense-oriented, international in nature, or regulatory. Finally, I also control for whether the agency's personnel system exists outside of the standard Title 5 merit system.

Temporal changes may also have important effects on the allocation of SES positions across agencies. I include additional year-level variables that may also affect the distribution of SES positions. First, I control for whether the US is engaged in war. Following Cohen (2012) and Howell, Jackman and Rogowski (2013) I code 1990, 1991, 2001, 2002, 2003, and 2004 as those years in which a war is occurring in order to account for the Gulf War and the periods of heaviest fighting in Afghanistan and Iraq. Presidents may see times of war as necessitating high levels of capacity across the government, so I would expect this estimated coefficient to take a positive sign. Additionally, I include a variable for the year of the president's term in order to control for temporal dynamics within presidential terms. In alternate specifications (not presented here), I included president- and agency-specific time trends as well as models with vary slopes for time trends by agency. The results are all substantively similar.

While I have tried to account for important agency- and year-level variables that might affect how OPM allocates positions with the variables discussed above, some variation might nonetheless remain unexplained. In order to account for other agency- and year-specific factors, I include random intercepts for agency and year in the hierarchal model discussed above. An important assumption in these models is that these effects are uncorrelated with other regressors. I relax this assumption in analyses reported in the appendix in two ways. First, I find almost identical effects in a correlated random effects model, which does not make this assumption. Additionally, fixed effects models (both OLS and negative binomial) lead to the same basic conclusions.

## 4.2 Results

Table 2 provides tests of the four hypotheses laid out above. Model 1 is a baseline model that includes only a control for the number of employees and managers in the organization and its Title 5 status, as well as the bureau and year random intercepts. This model provides strong support for Hypothesis 1. There is a significant, negative association between increasing ideological distance and the number career SES positions in a bureau. Moving from first to ninth decile of the distance variable is associated with a 5.7% decrease (standard error = 1.2%) in the number of career SES positions in an agency. This result is robust to the addition of the budget variable described above, and the effect is of roughly the same magnitude as in Model 1. Overall, these results provide strong support for the idea that presidents allocate greater numbers of career SES employees to agencies that they favor ideologically.

Table 2: Testing the Four Hypotheses

| | Model 1 | Model 2 | Model 3 | Model 4 | Model 5 | Model 6 | Model 7 |
|---|---|---|---|---|---|---|---|
| Ideological Distance | −0.099*** | | −0.080** | −0.088** | −0.280*** | −0.157*** | −0.286*** |
| | (0.025) | | (0.035) | (0.035) | (0.072) | (0.042) | (0.072) |
| Ideological Ally | | 0.026** | | | | | |
| | | (0.013) | | | | | |
| Ln(Total Employees) | 0.469*** | 0.469*** | 0.549*** | 0.548*** | 0.541*** | 0.547*** | 0.543*** |
| | (0.023) | (0.023) | (0.032) | (0.034) | (0.034) | (0.034) | (0.034) |
| Ln(1 + Managers) | 0.044*** | 0.041*** | 0.022 | 0.032* | 0.036** | 0.031* | 0.034** |
| | (0.013) | (0.013) | (0.015) | (0.016) | (0.016) | (0.016) | (0.016) |
| No Title 5 System | −0.409*** | −0.380*** | −1.082*** | −1.078*** | −1.102*** | −1.100*** | −1.113*** |
| | (0.041) | (0.040) | (0.077) | (0.076) | (0.077) | (0.076) | (0.077) |
| Ln(Budget) | | | 0.159*** | 0.167*** | 0.173*** | 0.174*** | 0.177*** |
| | | | (0.025) | (0.026) | (0.026) | (0.026) | (0.026) |
| No Partisan Change | | | | 0.080** | 0.086** | −0.079 | −0.037 |
| | | | | (0.040) | (0.040) | (0.065) | (0.067) |
| Science Agency | | | | 0.162 | 0.162 | 0.163 | 0.163 |
| | | | | (0.156) | (0.157) | (0.157) | (0.157) |
| Ln(1 + % Professional) | | | | 0.091** | 0.091** | 0.090** | 0.090** |
| | | | | (0.036) | (0.036) | (0.036) | (0.036) |
| Divided | | | | −0.047 | −0.177*** | −0.048 | −0.145** |
| | | | | (0.036) | (0.055) | (0.035) | (0.057) |
| Year of Term | | | | −0.007 | −0.006 | −0.007 | −0.006 |
| | | | | (0.007) | (0.007) | (0.007) | (0.007) |
| War | | | | −0.023 | −0.022 | −0.021 | −0.021 |
| | | | | (0.032) | (0.031) | (0.031) | (0.031) |
| Regulatory Agency | | | | 0.099 | 0.101 | 0.102 | 0.103 |
| | | | | (0.159) | (0.160) | (0.160) | (0.160) |
| Defense Agency | | | | 0.715 | 0.712 | 0.729 | 0.723 |
| | | | | (0.839) | (0.840) | (0.841) | (0.842) |
| International Agency | | | | 0.342 | 0.342 | 0.350 | 0.348 |
| | | | | (0.303) | (0.304) | (0.304) | (0.304) |
| Independent Comm. | | | | 0.524*** | 0.521*** | 0.521*** | 0.520*** |
| | | | | (0.190) | (0.191) | (0.191) | (0.191) |
| EOP | | | | 0.278 | 0.272 | 0.286 | 0.280 |
| | | | | (0.367) | (0.368) | (0.368) | (0.368) |
| Distance * Divided | | | | | 0.252*** | | 0.190** |
| | | | | | (0.083) | | (0.088) |
| Distance * No Change | | | | | | 0.304*** | 0.233** |
| | | | | | | (0.098) | (0.103) |
| Intercept | −1.186*** | −1.236*** | −1.536*** | −2.000*** | −1.885*** | −1.961*** | −1.883*** |
| | (0.159) | (0.159) | (0.221) | (0.247) | (0.250) | (0.248) | (0.250) |
| Agency Intercepts | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Year Intercepts | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| N | 3423 | 3423 | 2164 | 2164 | 2164 | 2164 | 2164 |

This table displays seven models that examine the allocation of career SES positions. Models 1 and 2 are baseline models that control only for the size of the organization and changes in the merit system. As can be seen there is strong support for Hypothesis 1 – increasing ideological distance is associated with lower numbers of career SES positions. Model 3 adds a number of bureau- and year-level control variables, as well as two variables to assess Hypothesis 2, which finds some support in the data. Bureaus engaged in scientific work and with high numbers of professional employees tend to also have more career SES appointees. Hypotheses 3 and 4 find support in the data in the estimated coefficients for the interaction terms in Models 5, 6, and 7. Standard errors in parentheses. Significance codes: ***$p < 0.01$, **$p < 0.05$, *$p < 0.10$, two-tailed test.

Turning now to Model 3, I find relatively strong support for Hypothesis 2. Bureaus that are primarily engaged in scientific policy areas tend to have greater numbers of career SES positions relative to those engaged in non-scientific work, all else equal. Similarly, agencies with large proportions of professional positions also tend to have larger numbers of career SES employees. In sum, it does appear that presidents are sensitive to the consequences of policy failure, and seek to shore up expertise in agencies where the possibility of failure is higher.

It should be noted that the ideological result is robust to alternative ways of constructing the ideological variable, as can be seen in Model 4. The ally measure is increasing in the proximity of the president to the agency. As expected, there is a positive and significant estimated coefficient for the ally variable of a similar magnitude to that estimated in the other four models. Together, these results suggest strong support for Hypothesis 1. Moving from being an unallied agency to an allied agency is associated with a 5% increase in the number of career SES positions in an agency.

Model 5 provides a test of Hypothesis 3. Recall that the theory suggests that presidents will be constrained by Congress in the allocation of career SES employees. Thus, I expect that when Congress is ideologically-aligned with the president, he will be better able to favor ideologically-proximate agencies. Under divided government, however, presidents should be less able to disfavor agencies that are ideologically-opposed to them. The results of Model 4 provide support for this hypothesis. Under unified government, the effect of ideological distance is negative as before. The magnitude of the effect almost doubles, however, as compared to that in Models 1-3. Under unified government, the effect of moving from the first to the ninth decile is to decrease the number of career SES positions by 15.4% (standard error = 3.6%). On the other hand, under divided government, the effect of moving from the first to the ninth decile is a statistically insignificant 3% decrease in career SES employees. Thus, it appears that Congress constrains the president in his ability to ideologically allocate career SES employees across agencies.

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Figure 3: Ideological Effects on the Allocation of Career SES Positions
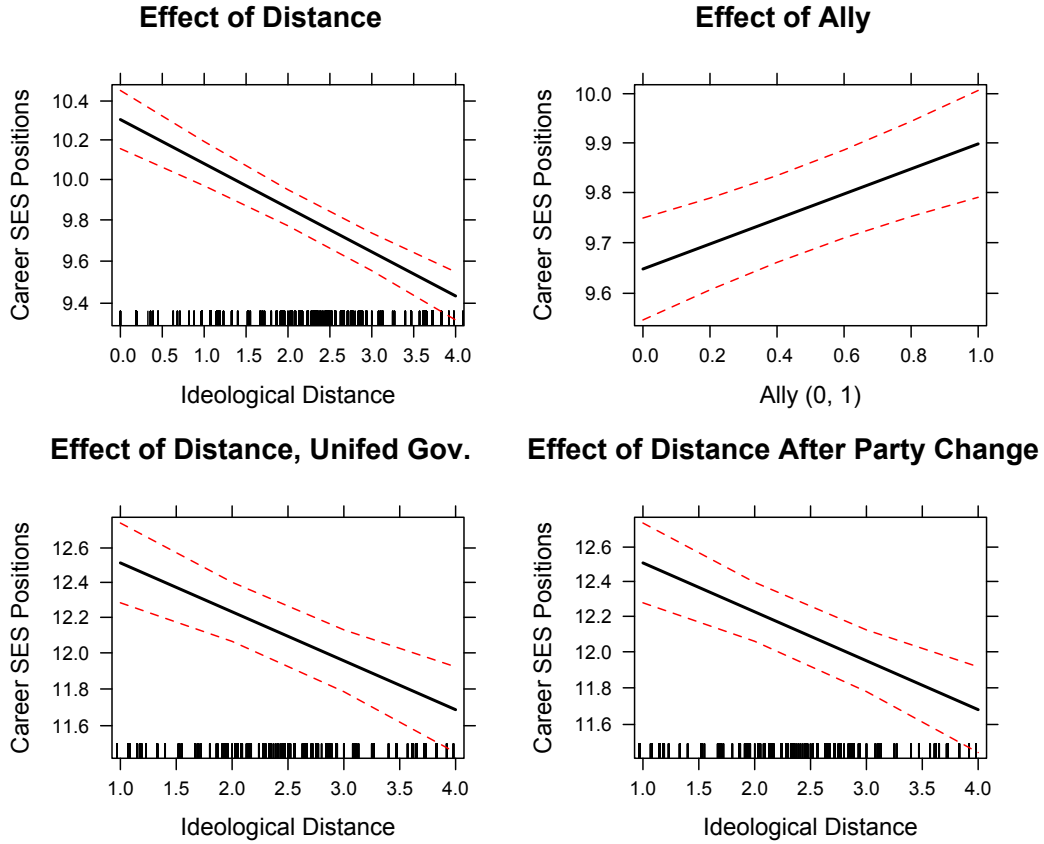


These plots demonstrate estimated effects of increasing ideological distance or moving from being an ideologically-opposed to allied agency. All other variables are held at their means and the y-axis is the predicted number of career SES employees in a bureau. The plots come from the estimates of models 1, 3, 4, and 5 (moving clockwise). In all cases, increasingly ideological distance is associated with decreased numbers of career SES employees.

Finally, Model 6 examines Hypothesis 4. To assess whether presidents are more ideological in the allocation of career SES positions after the administration of a president of the opposite party, I interact the distance variable with the no change variable. Indeed, I find strong support for this hypothesis. The direct effect of ideological distance is significant and negative in Model 5. This suggests that moving from the first to ninth decile of ideological distance is associated with a 9.1% decrease in the number of SES appointees (standard error = 2.2%) when the previous president was of the opposite party. When the previous president was of the same party, however, distance actually has a positive, though statistically insignificant 6% increase in the number of SES appointees. These results suggest that, as

Table 3: Similar Effects Across Presidents

|  | Model 1 | Model 2 |
|---|---|---|
| Ideological Distance | −0.072*** | −0.104*** |
|  | (0.020) | (0.030) |
| Ln(Total Employees) | 0.553*** | 0.512*** |
|  | (0.025) | (0.025) |
| Ln(1 + Managers) | 0.049*** | −0.038*** |
|  | (0.011) | (0.013) |
| No Title 5 System | −3.578*** | −0.279*** |
|  | (0.237) | (0.040) |
| Intercept | −1.714*** | −1.071*** |
|  | (0.187) | (0.178) |
| Agency Intercepts | ✓ | ✓ |
| Year Intercepts | ✓ | ✓ |
| $N$ | 2444 | 2481 |
| Years | 1988-2000 | 1993-2005 |

This table presents the baseline model from above, examining two subsets of the data, 1988-2000 and 1993-2005. The results suggest that career SES positions were allocated in an ideological manner in both the Clinton and George W. Bush administrations. Standard errors in parentheses. Significance codes: ***$p < 0.01$, **$p < 0.05$, *$p < 0.10$, two-tailed test.

expected, presidents favor their ideological allies most after a period in which a president of the opposite party has had a substantial hand in shaping the bureaucracy.

One question that arises is the extent to which these effects are heterogeneous across presidents. As was noted above, the inclusion of additional varying intercepts for each president does not alter the results. Another way to examine this is to divide the sample into two parts, 1988-2000 and 1993-2005, and run the baseline model on each of these subsets of the data to examine whether the effect of the change from George H. W. Bush to Bill Clinton was the same as the effect of the change from Bill Clinton to George W. Bush. The results from this analysis are presented in Table 3. Ideological distance is negative and similarly sized in both models. Thus, it appears that the effect of ideological distance is consistent across both administration changes in the data.

# 5  Accessions or Separations?

A natural question that emerges from the analysis above is whether the ideological pattern in the number of SES employees is due primarily to accessions (the addition of career SES employees to allied organizations) or separations (the departure of career SES employees from the organization when the president is ideologically distant). Recall that the theory laid out in Section 3.2 is primarily centered around the addition of career SES employees to agencies. However, an alternate theory that could produce the results above would be one in which beleaguered career SES employees in agencies that are ideologically-distant from the president exit the government for outside career options.

In order to address this question I examine the accessions and separations of career SES employees during the same period. Note that accessions include both new hires and individuals that transfer into the organization. Similarly, separations include individuals that both leave the civil service and that transfer out of the organization into another one. It should be noted, however, that the results are unlikely driven by transfers. Recall that only about 2% of career SES employees have worked in more than one organization (*"Unrealized Vision: Reimagining the Senior Executive Service"* 2009). Thus, the separations in the dataset reflect separation from government in almost every case.

To examine this question, I present the results of four models in Table 4. These models are the same as those reported in Table 2 except that the dependent variable is the number of career SES accessions or separations in a given bureau-year. All other aspects of the analysis are the same. The column headings in the table correspond to the dependent variable being examined.

The results of these models suggest that the ideological effects observed above are driven for the most part by career SES accessions in agencies that are ideologically-aligned with the president. Indeed, the estimated effect of moving from being ideological unallied to allied agency is a nearly 17% (standard error = 7%) increase in the number of career SES accessions in the bureau. While the effects of separations are in the expected directions (there are fewer

Table 4: Accessions or Separations?

| | Accessions | Accessions | Separations | Separations |
|---|---|---|---|---|
| Ideological Distance | −0.063* | | 0.003 | |
| | (0.034) | | (0.018) | |
| Ideological Ally | | 0.157*** | | −0.042 |
| | | (0.061) | | (0.032) |
| Ln(Total Employees) | −0.081 | −0.079 | 0.506*** | 0.507*** |
| | (0.086) | (0.086) | (0.062) | (0.062) |
| Ln(1 + Managers) | 0.408*** | 0.409*** | 0.060 | 0.056 |
| | (0.068) | (0.067) | (0.039) | (0.039) |
| No Title 5 System | −0.551** | −0.564** | −0.444*** | −0.431*** |
| | (0.230) | (0.229) | (0.103) | (0.102) |
| Ln(Budget) | 0.155*** | 0.150*** | 0.011 | 0.014 |
| | (0.053) | (0.053) | (0.030) | (0.030) |
| No Partisan Change | 0.368*** | 0.350*** | −0.643*** | −0.638*** |
| | (0.114) | (0.112) | (0.181) | (0.181) |
| Year of Term | 0.063*** | 0.062*** | −0.044 | −0.043 |
| | (0.018) | (0.018) | (0.036) | (0.036) |
| Divided | −0.255*** | −0.250*** | 0.032 | 0.032 |
| | (0.087) | (0.086) | (0.177) | (0.176) |
| War | 0.222*** | 0.208*** | −0.106 | −0.099 |
| | (0.079) | (0.078) | (0.159) | (0.158) |
| Science | 0.554** | 0.559** | 0.402** | 0.402** |
| | (0.232) | (0.232) | (0.193) | (0.193) |
| Regulatory | 0.012 | 0.013 | −0.022 | −0.021 |
| | (0.238) | (0.239) | (0.193) | (0.193) |
| Defense | 1.052 | 1.042 | 0.666 | 0.663 |
| | (1.130) | (1.132) | (0.978) | (0.978) |
| Commission | 0.556* | 0.550* | 0.489** | 0.491** |
| | (0.284) | (0.284) | (0.230) | (0.230) |
| International | 0.308 | 0.303 | 0.289 | 0.290 |
| | (0.423) | (0.424) | (0.353) | (0.353) |
| EOP | 0.864 | 0.857 | 0.439 | 0.436 |
| | (0.536) | (0.537) | (0.462) | (0.462) |
| Intercept | −5.072*** | −5.094*** | −3.945*** | −3.944*** |
| | (0.668) | (0.668) | (0.473) | (0.473) |
| Agency Intercepts | ✓ | ✓ | ✓ | ✓ |
| Year Intercepts | ✓ | ✓ | ✓ | ✓ |
| Num. obs. | 2042 | 2042 | 2042 | 2042 |

This table displays the results of four models that examine the patterns above are due primarily to accessions or separations. The column heading indicates the dependent variable. As can be seen, increasing ideological distance is significantly associated with lower numbers of career SES accessions. There are no significant effects for separations, though the signs are in the expected direction. This suggests that the results reported above are driven primarily through the addition of career SES employees to allied organizations. Standard errors in parentheses. Significance codes: ***$p < 0.01$, **$p < 0.05$, *$p < 0.10$, two-tailed test.

separations in ideologically-allied agencies) they fail to attain traditional levels of statistical significance. In sum, these results provide strong evidence for the notion that accessions rather than separations are the key driver of the ideological patterns in the number of career SES employees in an organization. This provides strong support for the theory advanced in Section 3.2.

These analyses also demonstrate some other interesting results about the temporal dynamics of accessions. It appears that presidents are more likely to increase career SES positions later in their terms. This suggests that the effects of presidential party changes are not immediate; rather, they take place over the course of a president's term. Interestingly, scientific agencies had both higher than baseline levels of accessions and of separations, suggesting that there are higher levels of turnover among career SES employees in those agencies than in others. This might reflect the wage premium that these employees can earn in the private sector with the technical knowledge and policy expertise that they possess from having served in government.

# 6    Discussion and Conclusion

In this chapter, I have proposed a theory of the allocation of career SES positions across the federal bureaucracy that focuses on their ability to increase the capacity of their organizations. I argue that ideological considerations are important factors in the distribution of these capacity-enhancing appointments. The results of the empirical analysis are consistent with this theory. I find that presidents allocate greater numbers of career SES positions to agencies that are ideologically-proximate, providing further evidence that presidents are strategic in their distribution of personnel resources. These effects are most pronounced during periods of unified government and when a president inherits a bureaucracy that has been shaped in large part by a president of the opposite party.

The theory and analyses presented in this chapter offer new insights into the capacity of

agencies and its origins. Rather than viewing capacity as exogenous or simply the byproduct of presidential attempts to control the bureaucracy, the theory and results presented here suggest that political actors intentionally affect agency capacity, and they do so in ways that are meant to further their ideological goals. Just as political actors attempt to manipulate the ideological locations and the amounts of agency outputs, they also are keenly interested in how well agencies carry out their missions.

Previous accounts of the origins of agency capacity have focused on the internal workings of agencies and their employees (e.g. Carpenter 2001; Kaufman 1967), changes in missions (e.g. Derthick 1979), or the influence of agency leadership (e.g. Lewis 2008). Here, I examine one way in which presidents and Congress can actively and positively influence the capacity of bureaucratic organizations. Rather than taking capacity as a slow-moving or constant variable, or a byproduct of other things happening in the political system, I argue that affecting capacity is one more tool at the disposal of political actors to exercise their will on the federal bureaucracy. Acknowledging presidential control over career SES appointments and their political allocations opens the door to future studies that attempt to understand the interactions between political appointees and these capacity-enhancing employees. In particular, attempting to understand how presidents design the portfolio of leadership (i.e. the relative numbers of political and career SES managers) in an agency would be one potentially fruitful avenue for future research.

# A   Robustness Checks

In this section, I explore the robustness of the results of the baseline model that examines the effect of distance with some other time-varying covariates – the natural logarithms of the number of employees and managers as well as whether or not the agency's personnel system is outside of the Title 5 merit system. The analyses presented in this section are also robust (in fact, stronger) to the inclusion of the budget variable, which is another important time-varying control. Nonetheless, I exclude it here because of the issues raised above – i.e. some agencies receive revenue from activities that they undertake and thus have odd budget authorization patterns, lots of missing data, etc.

Table 5: Negative Binomial, OLS, and Correlated Random Effects Models

|  | Model R1 | Model R2 | Model R3 | Model R4 | Model R5 |
|---|---|---|---|---|---|
| Ideological Distance | −0.019*** | −0.021*** | −0.019** | −0.785** | −0.021*** |
|  | (0.056) | (0.005) | (0.009) | (0.342) | (0.006) |
| Ln(Total Employees) | 0.056*** | 0.390*** | 0.363*** | 8.911*** | 0.414*** |
|  | (0.022) | (0.026) | (0.044) | (2.076) | (0.029) |
| Ln(1 + Managers) | 0.033** | 0.046 | 0.074*** | −0.727 | 0.046*** |
|  | (0.015) | (0.015) | (0.027) | (0.803) | (0.015) |
| No Title 5 System | −0.503*** | −0.387 | −0.465** | −16.664*** | −0.407*** |
|  | (0.044) | 0.040 | (0.22) | (7.280) | (0.042) |
| Intercept | 2.618*** | −0.055** | −0.170 | −30.558*** | 5.740*** |
|  | (0.155) | (0.025) | (0.129) | (6.272) | (1.742) |
| Agency FE | ✓ | ✓ | ✓ | ✓ |  |
| Year FE | ✓ | ✓ | ✓ | ✓ |  |
| Agency Intercepts |  |  |  |  | ✓ |
| Year Intercepts |  |  |  |  | ✓ |
| $N$ | 3368 | 3423 | 3423 | 3423 | 3423 |

This table contains results from five different versions of the baseline model presented in Table 2. Model R1 is a negative binomial model with agency and year fixed effects estimated via the conditional maximum likelihood method proposed by Hausman, Hall, and Griliches (1984). Model R2 presents results from an unconditional estimation. Models R3 and R4 present the results from OLS models where the dependent variable is the natural log of the number of career SES positions and the number of career SES positions, respectively. I report heteroskedasticity and autocorrelation consistent (HAC) standard errors in parentheses. The intercepts are suppressed in these models. Finally, Model R5 is a correlated random effects version of the baseline model, which relaxes the assumption that random effects are uncorrelated with regressors. All five models provide strong support for the ideological distance hypothesis. Significance codes: ***$p < 0.01$, **$p < 0.05$, *$p < 0.10$, two-tailed test.

The primary concern in the models above is the use of random effects in multilevel models. The estimated coefficients in these models will be biased if the random effects are correlated with any of the regressors. Additionally, the use of Poisson models with observation-specific random effects is only one way to deal with over dispersion in the dependent variable. Models R1-R5 deal directly with these three concerns.

Models R1 and R2 are negative binomial regression models that include fixed effects. These models have the advantage of controlling for individual-level, time-invariant effects without the restrictive assumption in the random effects models that the individual effects are uncorrelated with regressors. Additionally, the negative binomial model provides a different means of dealing with overdispersion than that presented in the models above.

R1 is estimated via the conditional likelihood method proposed by Hausman, Hall, and Griliches (1984). Allison and Waterman (2002) and Guimaraes (2008) demonstrate that this model does not actually control for individual-level time-invariant effects, except in cases when the individual effect is equal to the natural logarithm of the individual over dispersion parameter – a condition that is unlikely to be satisfied. The problem stems from the fact that the HHG estimator allows for individual, time-invariant effects in the overdispersion parameter rather than in the conditional mean. As a result changes in the individual effects affect the variance of the $y_{it}$ directly as well as through the conditional mean. No clear, easily implementable solution to this problem has been identified. Based on a number of simulations, Allison and Waterman (2002) argue that there is not clear evidence of significant incidental parameters bias in the unconditionally-estimated negative binomial model with fixed effects. Model R2 is estimated in this manner. As can be seen, the results in Models R1 and R2 are quite similar, although the standard error in R1 is an order of magnitude larger than that estimated in R2.

Models R3, R4, and R5, allow me to further explore the robustness of the findings, while avoiding the relatively unsettled problems with negative binomial models with fixed effects. Models R3 and R4 are ordinary least squares regressions. The dependent variable in R3 is

the logged number of career SES positions (plus one) and the dependent variable in Model R4 is just the raw, unadjusted number of career SES positions. Heteroskedasticity and autocorrelation consistent standard errors are reported for both models. The results provide strong support for those reported in the main analysis. The ideological retains both its sign and levels of statistical significance. This particularly true given that the unconditional mean and variance of the career SES positions are large, a situation in which logged count OLS models tend to produce inflated standard errors (O'Hara and Kotze 2010).

Finally, Model R5 is a correlated random effects model. This class of models relaxes the assumption that random effects are uncorrelated with regressors. Including the individual-level mean of regressors in the group-level regression has the effect of removing correlation between random effects and time-varying regressors (Bafumi and Gelman 2006; Wooldridge 2009; 2010). As can be seen in Table 5, the results from the correlated random effects model lend further support to the results presented above.

Table 6: Results for Large Organizations, Non-Commissions, and Title 5 Systems

|  | Model R6 | Model R7 | Model R8 |
|---|---|---|---|
| Ideological Distance | $-0.056^{***}$ | $-0.026^{***}$ | $-0.012^{**}$ |
|  | (0.013) | (0.006) | (0.005) |
| Ln(Total Employees) | $0.274^{***}$ | $0.406^{***}$ | $0.418^{***}$ |
|  | (0.102) | (0.031) | (0.027) |
| Ln(1 + Managers) | $-0.008$ | $0.043^{***}$ | $0.050^{***}$ |
|  | (0.045) | (0.016) | (0.014) |
| No Title 5 System | $-0.672^{***}$ | $-0.451^{***}$ |  |
|  | (0.080) | (0.042) |  |
| Intercept | 1.691 | $6.446^{***}$ | $7.062^{***}$ |
|  | (4.838) | (1.870) | (1.564) |
| Agency Intercepts | ✓ | ✓ | ✓ |
| Year Intercepts | ✓ | ✓ | ✓ |
| $N$ | 591 | 2892 | 3227 |

This table presents results from three correlated random effects models. Model R6 drops smaller bureaus (with less than 10,000 total employees) from the analysis. Model R7 considers the robustness of the effect of distance when commissions are excluded from the analysis given their structure and large numbers of appointees. Finally, Model R8 excludes agency-years in which there the agency's personnel system is outside of the Title 5 merit system. In all cases, the effect of distance remains significant. Significance codes: ***$p < 0.01$, **$p < 0.05$, *$p < 0.10$, two-tailed test.

In Table 6, I examine whether the effects reported throughout this paper hold in three subsets of the data. All three models are correlated random effects models. One concern with the results presented above is that there is wide variation in the number of total employees in a given bureau, ranging from fewer than ten employees to tens of thousands. In a very small bureau, the addition of a career SES employee may have a outweighed influence and drive the statistical effects reported above. In order to allay this concern, Model R6 examines only the largest organizations in the sample – those numbering greater than 10, 000 employees. Furthermore, bureaus of this size are often located in Cabinet departments, which tend to be the most productive in terms of new policies and enforcement. Because of this, these organizations are also ones that are substantively important for the theory developed here. As can be seen in this model, the impact of ideological distance is more than *double* that reported above. Increasing ideological distance from the first to the ninth decile is associated with a 14% decrease in the number of career SES positions in an organization.

Commissions tend to have larger numbers of appointees given their multimember nature, but at the organization level are smaller in terms of the number of employees than other organizations. Because of this, one might concerned (as above for small organizations generally) that the commission structure could complicate the analysis. Model R7 drops commissions from the dataset. The results for ideological distance (as well as the control variables) are comparable in size and significance to the estimates reported above.

Finally, Model R8 drops agency-years in which there organizations have agency-specific personnel systems. Though the number of agency-years affected where this is the case is not large, it includes a number of interesting and high visibility organizations, including the Department of Defense (after 2003), the Federal Bureau of Investigation, the Veterans Health Administration, and the Nuclear Regulatory Commission. As can be seen in Table 6 the effects of ideological distance remain negative and significant. Though smaller in size, the effect is statistically indistinguishable from many of those reported in other models throughout the chapter.

In sum, it appears that the results reported in the main body of this chapter are robust. Different ways of dealing with overdispersion in the dependent variable (negative binomial models and OLS with logged counts) as well as relaxing the assumption that random effects are uncorrelated with regressors (through fixed effects and correlated random effects models), all led to substantively similar results to those presented above. Additionally, the results hold even when dropping small organizations, commissions, and agency-years in which there is no Title 5 personnel system.

# B Summary Statistics for Variables

Table 7: Summary Statistics for PART Analyses

| Variable | Minimum | Median | Mean | Maximum | Standard Deviation |
|---|---|---|---|---|---|
| PART Score | 10.50 | 63.27 | 61.47 | 95.88 | 19.86 |
| % Career SES* | 0 | 5.77 | 10.68 | 68.10 | 14.17 |
| % Political Appointees* | 0 | 1.24 | 8.31 | 100 | 14.54 |
| Ln(1 + % Career SES)* | 0 | 1.91 | 1.91 | 4.24 | 1.05 |
| Ln(1 + % Political Appointees)* | 0 | 0.80 | 1.30 | 4.62 | 1.32 |
| Ln(Budget) | 0 | 5.11 | 5.22 | 12.53 | 1.72 |
| Commission | 0 | 0 | 0.03 | 1 | 0.18 |
| Conservatism | -1.72 | 0.16 | -0.57 | 2.40 | 0.99 |
| Start Year | 1790 | 1976 | 1967 | 2003 | 39.54 |
| No Title 5 | 0 | 0 | 0.53 | 1 | 0.23 |
| Capital Assets and Service Acquisition | 0 | 0 | 0.07 | 1 | 0.26 |
| Competitive Grant | 0 | 0 | 0.17 | 1 | 0.37 |
| Credit | 0 | 0 | 0.03 | 1 | 0.16 |
| Direct Federal | 0 | 0 | 0.33 | 1 | 0.47 |
| Mixed | 0 | 0 | 0.01 | 1 | 0.11 |
| Regulatory Based | 0 | 0 | 0.08 | 1 | 0.28 |
| Research and Development | 0 | 0 | 0.13 | 1 | 0.34 |

*As a percent of agency managers.

Table 8: Summary Statistics for SES Allocation Analyses

| Variable | Minimum | Median | Mean | Maximum | Standard Deviation |
|---|---|---|---|---|---|
| Career SES Positions | 0 | 10 | 30.75 | 570 | 65.17 |
| Ideological Distance | 0 | 2.38 | 2.33 | 4.80 | 1.08 |
| Ally | 0 | 0 | 0.48 | 1 | 0.50 |
| Ln(Total Employees) | 0 | 6.89 | 6.90 | 12.81 | 2.20 |
| Ln(1 + Managers) | 0 | 4.28 | 4.46 | 10.34 | 2.02 |
| No Title 5 | 0 | 0 | 0.07 | 1 | 0.25 |
| Ln(Budget) | 0.69 | 12.4 | 12.4 | 17.1 | 2.29 |
| No Partisan Change | 0 | 0 | 0.22 | 1 | 0.41 |
| Science | 0 | 0 | 0.21 | 1 | 0.41 |
| Ln(% Technical) | 0 | 2.35 | 2.33 | 4.56 | 0.74 |
| Divided Government | 0 | 1 | 0.712 | 1 | 0.45 |
| Year of Term | 1 | 3 | 3.82 | 8 | 2.19 |
| War | 0 | 0 | 0.28 | 1 | 0.45 |
| Regulatory | 0 | 0 | 0.21 | 1 | 0.41 |
| Defense | 0 | 0 | 0.10 | 1 | 0.30 |
| Commission | 0 | 0 | 0.19 | 1 | 0.39 |
| International | 0 | 0 | 0.06 | 1 | 0.24 |
| EOP | 0 | 0 | 0.04 | 1 | 0.20 |

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