

# Financial Regulators Should Do Better Job Rewarding Staff Performance, GAO Says



June 19, 2007  
By Brian Orsak

Financial regulators should do a better job rewarding employee performance, according to a Government Accountability Office report issued June 18.

The report, which evaluated the staff management practices of the FDIC, Office of the Comptroller of the Currency, and eight other financial regulators, found that all the agencies had generally improved the ways they linked pay to performance, but noted that evaluation criteria were often unclear.

Two agencies—the Securities and Exchange Commission and the Commodity Futures Trading Commission—gave blanket raises to its examiners, auditors and other employees, regardless of performance, the GAO said. The FDIC and the OCC, the primary regulators for state and federally chartered banks, were given better marks.

The report, which also reviewed employee benefits and salary ranges, noted that 86 percent of the 15,627 employees that voluntarily left the 10 agencies between fiscal 1990 and 2006 took jobs in the private sector.

## Migration to Private Sector

The migration of workers from the public to the private sector indicates a perennial problem for financial regulators, said Kenneth Bryant, the managing director of Bryant & Associates, a Hayesville, North Carolina-based AML consultancy. While public service can be viewed as a noble pursuit, few in the anti-money laundering professionals will forego the exponentially higher salaries offered by private companies, he said.

“I see salaries that are \$300,000 or \$400,000 in the private sector, and in the public sector these might get \$100,000,” said Bryant, adding that “a lot of the best talent in the government” had left for positions with private companies in recent years.

Salaries for examiners ranged from about \$23,000 to a little less than \$180,000. The OCC, the regulator that gave its examiners the highest compensation, paid between \$33,000 to \$177,600. The FDIC paid examiners from \$27,580 to \$160,910, according to the GAO.

Examiners were rated the most likely among all mission critical positions to remain in the public sector, the report said.

Other financial regulators evaluated by the report include the Farm Credit Administration, the Federal Housing Finance Board, the Board of Governors of the Federal Reserve System, the National Credit Union Administration, and the Office of Thrift Supervision.