

ARRA Helps Expose the Executive Pay of Beltway Bandits

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The recipient reporting system mandated by the American Recovery and Reinvestment Act is designed to inform the public on how federal stimulus spending is creating jobs. The [just-released first phase](#) of that system still has a considerable number of [bugs](#) to work out with regard to its job numbers, but it also represents a new step forward in making the operations of federal contractors more transparent.

The rules governing Recovery Act reporting include a [requirement](#) (FAR 52.204-11) that certain contractors disclose the amount of compensation paid to their five highest paid executives. These include companies that receive \$25 million or more in federal governments as long as federal contracts account for 80 percent or more of their total revenue.

Publicly traded companies already report this information to the Securities and Exchange Commission in their proxy statements, which are [made available](#) to the public. The Recovery Act rule is unusual in that it extends executive compensation reporting to privately held firms, which typically keep such information to themselves.

In the new Recovery Act contract data, several hundred contractors provided compensation information, including many that apparently were not required to do so. As shown in the table below, 14 contractors reported compensation in excess of \$1 million for their top executive (not including obvious glitches such as a modest-sized excavating company in Washington State that entered \$986 million in the compensation column).

Half of the contractors are part of publicly traded companies, and their compensation amounts match what was previously disclosed by those companies. The rest are privately held, meaning that this may well be the first time the pay of their top executives has been officially disclosed.

The most interesting of these is the huge consulting company Booz Allen Hamilton, which since fiscal year 2000 has been the recipient of [more than \\$16 billion](#) in federal contracts. It does business with many agencies, but it is especially close with the Pentagon. Last year it was the [22nd largest military contractor](#). The Recovery Act reports do not list executive names, but it likely that Booz Allen CEO Ralph W. Shrader was the one who was paid more than \$8.4 million last year.

The Recovery Act does not include funding for military purposes, but it forces Pentagon contractors and other Beltway Bandits that happen to be privately held to reveal how richly they are rewarding their top executives with the help of taxpayer funds.

Top Compensation Amounts Reported by Recovery Act Federal Contractors

JOHNSON CONTROLS BUILDING AUTOMATION SYSTEMS LLC
\$17,385,308

RAYTHEON TECHNICAL SERVICES COMPANY LLC
\$15,056,151

BOOZ ALLEN HAMILTON INC.
\$8,457,003

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BALL AEROSPACE & TECHNOLOGIES CORP.
\$8,111,298

ENERGYSOLUTIONS FEDERAL SERVICES, INC.
\$6,336,752

ADVANCED CONSTRUCTION TECHNIQUES LTD
\$2,724,660

DANYA INTERNATIONAL INC.
\$2,363,143

ROLLS-ROYCE NORTH AMERICAN TECHNOLOGIES INC.
\$2,025,860

WEST VALLEY ENVIRONMENTAL SERV
\$1,955,909

SCIENTIFIC RESEARCH CORPORATION
\$1,471,745

ORBITAL SCIENCES CORPORATION
\$1,448,752

STG, INC.
\$1,201,762

PARSONS INFRASTRUCTURE & TECHNOLOGY GROUP INC.
\$1,128,070

ENVIRONMENTAL CHEMICAL CORPORATION
\$1,016,426

Source: Analysis of the combined state spreadsheets provided at the Recipient Reported tab [here](#).

Notes:

The figure for Johnson Controls Building Automation Systems is apparently the compensation of Stephen A. Roell, CEO of the parent company Johnson Controls Inc., which is publicly traded and thus already reported the compensation of its top officers through its SEC filings. The figure above is the same as that reported for Roell in the company's latest [proxy statement](#).

The figure for Raytheon Technical Services is the same as that reported for parent Raytheon's CEO William H. Swanson in the company's latest [proxy statement](#).

Booz Allen is privately held. Its CEO is Ralph W. Shrader.

The figure for Ball Aerospace is the same as that reported for parent Ball Corporation's CEO R. David Hoover in the company's latest [proxy statement](#).

The figure for EnergySolutions Federal Services Inc. is the same as that reported for parent EnergySolutions' chief financial officer Philip O. Strawbridge in the company's latest [proxy statement](#).

Advanced Construction Techniques Ltd is privately held. Its president is James Cockburn.

Danya International Inc. is privately held. Its CEO is Jeffrey A. Hoffman.

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The figure for Rolls-Royce North American is roughly the same (after currency conversion) as that reported for parent Rolls-Royce PLC chief executive Sir John Rose in the company's [annual report](#).

West Valley Environmental Services LLC [describes](#) itself as “a newly-formed company comprised of four companies – URS Washington Division, Jacobs Engineering Group, Environmental Chemical Corporation (ECC), and Parallax/Energy Solutions – with extensive experience conducting environmental cleanup at Department of Energy (DOE) sites across the United States.” Its compensation figure above is the same as that reported in the [proxy statement](#) of URS Corporation for URS Washington Division President Thomas H. Zarges.

Scientific Research Corporation is privately held. Its CEO is Michael Watt.

The figure for Orbital Sciences is the same as that reported by the company for CEO David W. Thompson in the company's latest [proxy statement](#).

STG Inc. is privately held. Its CEO is Simon S. Lee.

Parsons Infrastructure is a unit of privately held Parsons Corporation, whose CEO is Charles L. Harrington.

Environmental Chemical Corporation (which seems to prefer being called simply ECC) is privately held. Its CEO is Manjiv Vohra.

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