



Senior Executive Service Performance-Based Pay System

Working for America

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT



Message from the President

“We're raising the bar. We're insisting on higher standards. We believe in accountability.”

- George W. Bush



Message from the Director



“Now, while we as government entities may not have as our bottom line mission turning a profit, this President insists that we stay on mission and that we produce results....He has challenged every one of us in government to see to it that our government is citizen-centered, of the people, results-oriented....”

- Kay Coles James

New SES Pay/Performance System

President Proposed in FY 2004 Budget

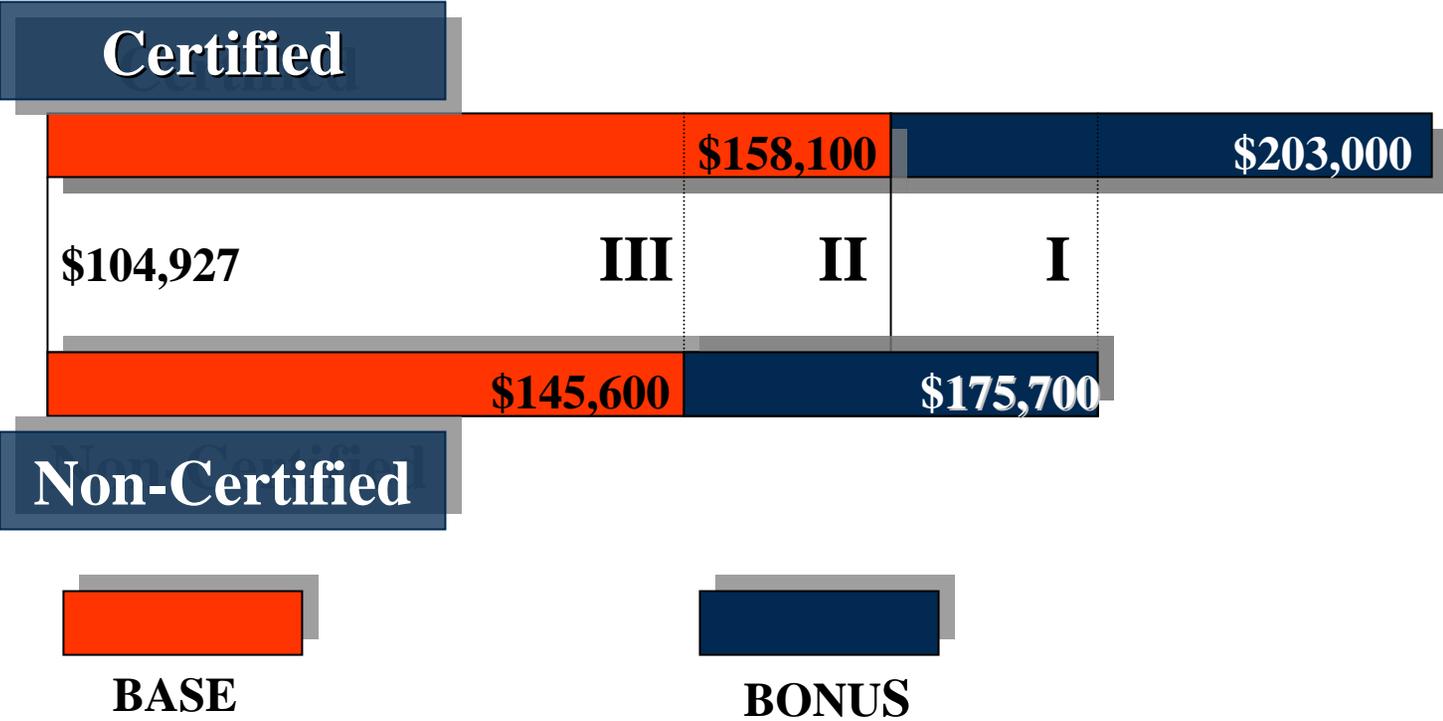
- Passed as part of DoD FY 2004 Authorization
- Coupled with Homeland Security Act of 2002

Premise: Higher Performance = Higher Pay

- Greater Pay Range (Base, Aggregate)
- Higher Individual Base Pay Levels
- Locality, Across-the-Board Adjustments Eliminated



SES Minimum and Maximum Rates



SES Appraisal System Certification Criteria

- **Alignment** - Individual performance expectations must be derived from/linked to the agency's mission, strategic goals, program/policy objectives, and/or annual performance plan
- **Consultation** - Individual performance expectations are developed with senior employee involvement and must be communicated at the beginning of the appraisal cycle
- **Results** - Individual expectations describe performance that is measurable, demonstrable, or observable, focusing on organizational outputs and outcomes, policy/program objectives, milestones, etc.



SES Appraisal System Certification Criteria (Cont.)

- **Balance** - Individual performance expectations must include measures of results, employee and customer/stakeholder satisfaction and/or competencies or behaviors that contribute to outstanding performance
- **Oversight** - Agency head/designee must certify (1) appraisal process makes meaningful distinctions based on relative performance, (2) results take into account, as appropriate, the agency's performance, and (3) pay adjustments & awards recognize individual/organizational performance



SES Appraisal System Certification Criteria (Cont.)

- **Assessments and Guidelines** - Agency head/designee provides assessments comparing performance of agency and each major program and functional areas with agency's GPRA goals and other program performance measures
- **Performance Differentiation** - Agency must provide for at least one rating level above Fully Successful (must include an Outstanding level), and in the application of those ratings, make meaningful distinctions among executives based on their relative performance



SES Appraisal System Certification Criteria (Cont.)

- **Accountability** - Senior employee ratings (and subordinates, as applicable) appropriately reflect performance expectations, program performance measures, and other factors
- **Pay Differentiation** - Agency should be able to demonstrate that the largest pay adjustments and/or highest pay levels (base and performance awards) are provided to its highest performers, and that overall, the distribution of pay rates in the SES rate range and pay adjustments reflects meaningful distinctions among executives, based on their relative performance



Types of Certification

- **Full Certification**

- System design with application
- Granted for 2 calendar years, with OMB concurrence

- **Provisional Certification**

- System design/implementation without application
- Granted for 1 calendar year, with OMB concurrence



Setting and Adjusting Rates of Pay

- Agencies may set pay at any rate within SES rate range based on individual performance and/or contribution to agency's performance
- Rates above level III must be reserved for those senior executives who have demonstrated the highest levels of performance and/or made the greatest contributions to agency's performance
- Setting rates above level III must be approved by the agency head or designee



Increasing or Reducing Rates of Pay

- No minimum or maximum pay increase upon initial appointment to the SES. Agencies may consider applicable locality payment
- Senior executives with outstanding rating must be considered for an annual pay increase
- Agency may reduce pay by not more than 10 percent for performance and/or disciplinary reasons



The 12 Month Rule

- **Agencies may adjust pay not more than once during any 12 month period**
- **Actions considered a pay adjustment**
 - Setting pay upon initial appointment or reappointment to SES
 - Any pay adjustment (increase or reduction), including pay increases resulting from waiver of 12 month rule



The 12 Month Rule

- **Actions not considered a pay adjustment**
 - Conversion to SES pay system
 - Zero pay adjustment
 - Additional increase in Executive Schedule rates



Exceptions to 12 Month Rule

- **Agency head/designee may make exceptions to 12 month rule**
 - For an exceptionally meritorious accomplishment
 - For a senior executive who is reassigned to a position with substantially greater scope and responsibility
 - For a senior executive who is critical to the mission of the agency
 - To align a senior executive with the agency's appraisal and pay adjustment cycle



Adjustments in Pay After Certification

- Agencies with certified performance appraisal systems may increase a senior executive's rate of basic pay up to level II if warranted and if the senior executive is otherwise eligible (Agencies may make limited exceptions to the 12-month rule)
- Senior executive will not suffer a reduction in pay if the agency's certification is suspended or if senior executive transfers to an agency without certification



Higher Aggregate Limitation on Pay

- Agencies with certified performance appraisal systems must apply the higher aggregate limitation on pay up to the Vice President's salary for SES members and employees in SL/ST positions
- Because there is a higher aggregate limitation on pay, certified agencies must make appropriate corrective payments (i.e., pay amounts that were deferred to next calendar year)



Top 10 Items to Avoid in Certification Requests

- No. 10 –** No official approval request form submitted with new system description

- No. 9 –** Not all required information and documentation included with certification requests

- No. 8 –** Negative performance standards meet Minimally Satisfactory requirements



Top 10 Items to Avoid in Certification Requests

- No. 7 –** Executives not held accountable for rigorous performance management of subordinates in executive performance plans
- No. 6 –** No measures of performance in elements and performance requirements of executive performance plans
- No. 5 –** Elements and performance requirements in executive performance plans that do not include appropriate measures of employee and customer perspective



Top 10 Items to Avoid in Certification Requests

- No. 4 –** Appraisal system descriptions and executive performance plans that do not verify that the executive was involved in the development of the performance plan
- No. 3 –** Executive performance plans that do not hold the executive accountable for specific business results
- No. 2 –** Executive performance plans that do not clearly link to organizational goals



Top 10 Items to Avoid in Certification Requests

No. 1 –

**And.....the number 1 thing
we don't want to see is.....**

**Automatic Annual Pay
Adjustments for SES
Members!**



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