



## UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

AUG 31 2011

PERSONNEL AND  
READINESS

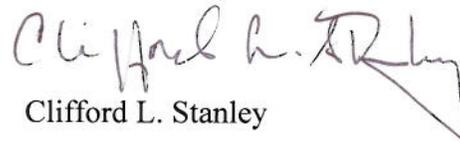
MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION  
DIRECTOR, NET ASSESSMENT  
DIRECTOR, FORCE TRANSFORMATION  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

Subject: Amendment to Executive and Senior Professional Pay & Performance Management System – Close-out Guidance for the Fiscal Year (FY) 2011 Performance Appraisal Period

This memorandum provides an update to the subject guidance originally issued on July 7, 2011. For the FY2011 performance appraisal period, the Deputy Secretary of Defense has determined the Performance Bonus Budget and overall Pay Pool Funding Factor for members of the Senior Executive Service and Senior Professional workforce for the coming appraisal period shall be a maximum of 5.0% of aggregate career executive salaries. The Department is removing the restriction of applying the 5.0% cap to each individual Tier and permitting the Pay Pool Funding Factor cap to apply as a single value across all Tiers. The organization's Performance Bonus Budget establishes the funding available for performance awards. Please keep in mind this year the Performance Bonus Budget may be only be funded and paid out up to a maximum of 5.0% of aggregate career executive salaries.

Rating Officials are reminded rigorous assessments of performance are critical to the Department's requirements for using results as a basis for making and using proper and meaningful distinctions in performance. Each Component Head must take personal interest in reviewing the results of the Performance Review process to make certain it was equitable, made meaningful distinctions in performance and fully recognized the contributions of individuals across the entire spectrum of the executive cadre. Failure to do so places the certification of DoD's executive performance appraisal system in jeopardy.

In light of this significant change, more time must be afforded to allow for certification of the results at the Departmental level. Accordingly, your individual Component results are now due to my office no later than November 30, 2011.

Handwritten signature of Clifford L. Stanley in cursive script.

Clifford L. Stanley