

Fiscal Year 2008 Executive and Senior Professional Performance Key Close-out Responsibilities and DoD Timeline

Below is a quick summary of the key performance management policy requirements. They are not intended to substitute for the policies in the tier policy and Subchapter 920. These key requirements must be understood and applied in the context of the existing policies for Executives and Senior Professionals.

Key General Performance Rating and Pay Pool Deliberations Business Rules

- The Rating Official, Pay Pool Panel Members, and Performance Review Board (PRB) must consider individual performance based upon:
 - Organizational performance (consider the DoD Organizational Assessment, Component Assessments, Strategic Plan Assessments, and other pertinent organizational assessment information).
 - Individual executive or senior professional performance results.
 - Solicitation and receipt of customer and employee feedback.
- Meaningful distinctions in performance must be made based upon individual and organizational performance. Rigorous assessments of executive and senior professional performance will drive these distinctions and support appropriate pay decisions.
- Any element rated unsatisfactory (i.e., receives fewer than 51 points) results in an Unsatisfactory Performance Rating.
- Second Level Review of the Initial Summary Rating is optional.
- An executive may not grieve the Performance Plan, Appraisal, Performance Rating Level, Performance Score, Share Allocation, Adjustment in Basic Pay, non-receipt of a Performance Bonus, or the Amount of a Bonus.
- Executives who change jobs to a position in the same or different DoD Component with a different Pay Pool within 90 days of the end of the performance cycle may be assessed and assigned an Initial Summary Rating by the Rating Official of record prior to movement. The Initial Summary Rating may be further evaluated and considered by the gaining Pay Pool and PRB. The gaining Authorizing Official may assign an Annual Summary rating and payout based upon the Executives performance outcomes prior to movement.

- Executives who change jobs to a position in the same or different DoD Component with a different Pay Pool after the last day of the appraisal period but before the effective date of the Performance Payout, will be evaluated and assigned an Annual Summary Rating by the Authorizing Official of record on the last day of the performance appraisal period. The executive's payout shall be calculated based on the pay pool funding factor and share value of the gaining pay pool.
- Executives who change jobs to a position outside the Department after the end of the performance rating period, such executives are not entitled to a pay increase but may be considered for a performance bonus. It would not be appropriate to deny a bonus payout solely on the basis that the executive left the organization after the end of the performance period.
- It is inappropriate to deny or reduce a performance payout to PRA winners solely on the basis of receiving one of these awards. The decision to grant a performance payout must be based upon accomplishments during the applicable performance period.
- A Pay Pool Panel Member and Performance Review Board Member may not participate in deliberations involving their own appraisal and performance pay out.
- Quotas or forced ratings and payout decisions are not authorized.
- Payout distributions may be prorated if the executive or senior professional was hired after the beginning of the performance period.
- When additional funds are available after recommending the total payout (basic pay and or bonus), the Rating Official, Pay Pool Manager and Performance Review Board Chairperson may recommend an executive or senior official receive a portion of the additional funds for documented reasons such as:
 - In recognition of team accomplishment (increase);
 - Extraordinary accomplishment beyond the share value calculated (increase); and
 - Recent significant in-hire basic pay increase (e.g. last 12-15 months) (decrease).
 - Recommendations must be made in a judicious and prudent manner and documented in writing. The Authorizing Official is the only authority to grant such an adjustment.

- Bonus payments will be made effective the last pay period in December 2008. Pay increases will be effective on the first pay period in January, 2009.
- All performance rating and payout data must be input into DCPDS by the end of the first pay period in February, 2009.

Key Rating Official Guidance

Estimated Window for Completion: September 30 - October 31, 2008

- Interim ratings should be considered when assessing overall performance accomplishments
- Extend the performance appraisal period for an executive who has not met the minimum 90-day requirement. The executive's performance appraisal period may be extended for a period of not more than 15 months.
- Encourage employee input through a self assessment.
- Appraise performance consistent with Subchapter 920 and Merit Principles (5 U.S.C. §2301);
- Assign a performance score for each Performance Element.
- Assign a recommended performance rating and number of shares based upon overall performance score;
 - Consider the executive's and senior professional's scope, level of responsibility, complexity of assignment and mission impact of an executive or senior professional when recommending a performance rating and the number of shares.
 - Below are the benchmark definitions for each performance rating level to help guide and inform rating decisions:

• Performance Rating Level	• Benchmark Definition
• Level 5- Exceptional Results	• Exceptional Results is performance that far exceeds what is expected in the attainment of the Performance Requirement, as evidenced by exceptional accomplishments or contributions to the mission.
• Level 4- Exceeds Expected Results	• Exceeds Expected Results is performance that surpasses what is expected in the attainment of the Performance Requirements and/or results in the achievement of unexpected outcomes that contribute to the mission.
• Level 3 Achieved Expectations	• Achieved Expectations is performance that fully meets the attainment of the Performance Requirements as defined by the Performance Plan.
• Level 2 – Minimally Satisfactory	• Minimally Satisfactory is performance that partially meets or demonstrates some progress toward the attainment of the Performance Requirements described in the Performance Plan.
• Level Unsatisfactory	• Unsatisfactory is performance that fails to meet the Performance Requirements for any element in the Performance Plan.
• X- Not Rated	Self explanatory

- Conduct an end-of-year performance review with each executive and senior professional;
 - Provide executive and senior professional with a preliminary performance assessment pending final review and approval by the Authorizing Official;
 - Discuss the overall performance, the tentative Performance Rating, Performance Score, and recommended number of Shares; and
 - Do not discuss Share values or performance payout information.
- When necessary, provide the Pay Pool Manager clarification or justification of an initial summary performance rating of an executive or senior professional.

Key Higher Level Review's Guidance

Estimated Window for Completion: Within 7 work days after receipt of Executive's and Senior Professional's Request for Reconsideration

- Higher Level Review of Initial Summary Rating requires an independent review:
 - Executive may respond, in writing, after receipt of Initial Summary Rating and prior to review by the Pay Pool and/or Performance Review Board;
 - Executive must request review within 7 work days of receiving the proposed Initial Summary Rating;
 - Higher Level Reviewer must conduct review within 7 work days;
 - The Reviewer does not change the initial summary rating;
 - Reviewer's findings are provided to the executive, Rating Official, Pay Pool, Performance Review Board, and Authorizing Official; and
 - Authorizing Official's decision is final.

Key Pay Pool Guidance

Estimated Window for Completion: November 1- 30, 2008

- In the performance appraisal review process, the Pay Pool is responsible for ensuring performance standards are applied consistently across the organization.
- The Pay Pool will also manage, control, and distribute performance-based pay increases and performance bonuses for the Authorizing Official's approval.
- The Pay Pool Manager will report proposed changes to the Executive's or Senior Professional's Performance Rating, Recommended Shares, and Performance Score with the Rating Official prior to finalizing Pay Pool deliberations.
 - The Pay Pool Manager will consider additional evidence provided by the Rating Official in support of the initial recommended rating.
- The Pay Pool Manger report final recommendations to the Performance Review Board.

Key Performance Review Board Guidance

Estimated Window for Completion: November 1- 30, 2008

- Review recommendations of the Rating Official, Pay Pool manager(s) as they relate to mission accomplishments and performance. Also review the written review by the higher-level reviewing official, as required, and the executive's written response (if any), and conduct any further review needed, to ensure
 - Performance Requirements are applied;
 - Performance Pay Adjustments are distributed; and
 - Organizational performance and pay decision processes are executed consistently, fairly, and in compliance with established DoD and organizational policies and procedures.
 - Meaningful distinctions in executive performance and pay out decisions are made relative to individual and organizational performance.
- Report recommendations to the Authorizing Official

Key Authorizing Official Guidance

Estimated Window for Completion: December 1- 5, 2008

- Establish the composition of the Performance Review Board and select a Chairperson
- Consider rating and payout recommendations received from the rating official, pay pool manager, and PRB.
- Determine the final rating, and payout distributions based upon documented reasons.
- Certify results by completing the SES Performance Validation checklist **and** submitting required evidence to the USD (P&R) by close of business, December 12, 2008.

SES 2007-2008 Validation Checklist
(Authorizing Official must submit this form with the Validation Package)

Yes/No	Requirement	Comments/Notes
<input type="checkbox"/> Yes <input type="checkbox"/> No	Completed DoD SES Performance Appraisal and Payout Data Report – Updated Version (Attachment 3)	<ul style="list-style-type: none"> • Out of cycle pay increases must be entered and identified in the Report. • For those Components using unique personal identifiers in lieu of the executive's name, the identifier must be the same from year to year. • NOTE: The 2007/2008 OPM Performance Appraisal System certification and Annual Reporting Data Form must be submitted in Jan/Feb. after Data are input into DCPDS and Component verification is complete. • Complete a quality review of data input into DCPDS.
<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide a copy of the Organizational Assessment tool used by the rating official, pay pool, and PRB to inform rating and payout decisions.	
<input type="checkbox"/> Yes <input type="checkbox"/> No (Applies to all requirements in this section)	Signed Memo from the Authorizing Official which contains the following: Validate all of the following: <ol style="list-style-type: none"> 1. The appraisal and award process comported with Subchapter 920 and Title 5, CFR, Subchapter 430.310. 2. The performance payout formula elements and values, i.e., PAEP%, Pay Progression Budget %, and Bonus% by Pay Pool and Tier (if applicable). 3. Organizational assessments were used to inform individual rating decisions and describe how the results were used to inform rating decisions. 4. Ratings, pay adjustments, and bonuses reflect and recognize individual performance and contribution to the Component/DoD mission. 5. Results demonstrate that meaningful distinctions in performance were made. 	

SES 2007-2008 Validation Checklist
(Authorizing Official must submit this form with the Validation Package)

6. Training was provided to executives and supervisors on the system to ensure effective implementation of the DoD performance management policy. Provide evidence (training materials or description of the training, the forum in which training was provided; and the number of executives and senior professionals who received the training.
7. Guidelines to executives, rating and reviewing officials and Performance Review Boards about how organizational performance should be considered when deciding ratings and payouts. Provide a copy of the PRB and Pay Pool guidance and/or instructions.

Additional Discussion Points when submitting validation package:

1. Identify the pay pool funding factor for each pay pool (collectively and by tier if applicable).
2. If applicable, the number of adjustments to performance payouts and the circumstances under which these adjustments were made.
3. The number of and basis for each out of cycle pay adjustment.
4. The number and circumstances for exceeding tier salary caps.
5. The number and circumstances for exceeding an 8% individual basic pay increase.
6. How results of the 2007-08 appraisal cycle will be communicated to executives.
7. The number of and basis for increases above Component Tier Structure ceilings.

4. Evidence of the communication must be submitted to DUSD(CPP) by Feb 2009

Data Analysis Requirements (use the PowerPoint chart submission template only- Attachment 4):

1. Provide a chart(s) depicting the distribution of performance ratings overall and by tier range for performance cycles 2005-06, 2006-07, and 2007-08.
2. Provide a chart(s) depicting the average basic pay increase and bonus payment overall, by tier and by rating levels for performance cycles 2005-06, 2006-07, and 2007-08.
3. Provide a chart depicting distribution of shares.
4. Identify the number of executives paid above Executive Level III
5. Provide a chart analyzing trends and recommendations for improvements.

INSTRUCTIONS

DoD SES Data for Performance Appraisal System Certification Report

Please enter data into the attached template.

The data in this report represent compensation and awards based on the ratings for, or granted during the following appraisal period: Start: 1 October 2007 End: 30 September 2008

So data can be analyzed in a timely manner, ensure that:

- The SES member's name or unique identifier is consistent from year to year,
- The actual compensation data received by the member is reported, and
- All comments are included in the "Explanatory Comments" column, not in the data fields.

Please contact your servicing Executive Program Office if you have any questions about this template. The descriptions below explain the information to be entered within each field of the template.

Component(s) — Name of component or Agency being certified by the Authorizing Official.

REPORTING DATA

SES Members — The last name and first initial, last name and first name, or other unique identifier for each SES member. This data will be provided to you for SES members on your rolls as of 30 September 2008.

Tier — The pay tier assignment of each SES member. Data in this field will be populated based upon information currently in DCPDS for the SES Member

Appt. Type — The field represents the appointment type currently in DCPDS for each SES member using one of the following indicators:

- C - Career,
- N - Non-Career, or
- L - Limited.

New Emp. — Place an X in this column to indicate SES members newly appointed to the agency or component who have not received a performance rating or pay adjustment based on the appraisal period reported.

Rating — The member's summary rating for the appraisal period reported.

Compensation —

- **Additional Pay Adjustments-** Input the amount of Additional Payments as a result of exceptions to 12-Month Rule (\$): The dollar amount of a member's pay adjustment if an additional adjustment was given during the rating period reported. An explanation of the basis for the adjustment must be included in the comments column. Typical nature of action codes include – 892 and 890/w authority code Q3D
- **Additional Pay Adjustments and Exceptions to 12-Month Rule (%)**: The amount of the pay adjustment expressed as a percent of the Additional Pay Adjustment as it relates to the Prior Basic Pay Amount.
- **Rate of Basic Pay Prior to Performance-Based Pay Adjustments**: The member's rate of pay at the end of the appraisal period being reported (as of 30 September 2008). This field will be populated for you.
- **Performance-Based Pay Adjustment (\$)**: The dollar amount of a member's pay adjustment associated with the performance rating paid under the authority of 5 CFR 534.404(b)(1) and (g),

excluding any amount provided independently under the authority of 5 CFR 534.404(b)(4)(i) to maintain relative position within the rate range at the same time the rate range is adjusted.

- Performance-Based Pay Adjustment (%): The amount of the performance-based pay adjustment expressed as a percentage adjustment amount. This field will automatically be calculated.
- Pay Adjustment to Maintain Relative Position (\$): The dollar amount of any increase in the rate of basic pay of the SES member made solely for the purpose of maintaining the member's relative position in the SES rate range at the time the rate range is adjusted as authorized under 5 CFR 534.404(b)(4)(i) (this is the amount excluded above). NOA 890/Auth Code Q3C
- Pay Adjustment to Maintain Relative Position (%): The amount of the pay adjustment to maintain relative position expressed as a percentage adjustment which will be automatically populated.
- New Basic Pay **After** Pay Adjustments: The member's rate of pay after all adjustments based on the rating for the appraisal period being reported. (Rate of Basic Pay After Pay Adjustments equals the Rate of Basic Pay Before Performance-Based Pay Adjustments plus any adjustments reported.) This field will be automatically calculated for you.

Awards —

- Performance (\$): The dollar amount for a performance award given based on the rating for the appraisal period reported. The nature of action code to authenticate this action is 879. Noncareer employees are not entitled to performance awards of this nature.
- Performance (%): The percentage of base pay of a performance award given based on the rating for the appraisal period reported. This field will be automatically populated
- Cash (\$): The total dollar amount for individual or group cash awards given during the period reported. If multiple cash awards were given, include an explanation and the number of awards in the comments column. The nature of action code for processing the amount in this column is 840 and 849
- Cash (%): The percentage of base pay of individual or group cash awards given during the period reported. This amount is automatically calculated
- Presidential Rank (\$): The dollar amount of a Presidential Rank award granted during the period reported. Report the full amount of the Rank award.
- Presidential Rank (%): The percentage of base pay of the Presidential Rank award granted during the period reported (i.e., 20% or 35%) and is automatically calculated for you based upon the presidential rank amount you previously input.

Aggregate Compensation — Aggregate Compensation Amount (\$): Enter the total dollar amount of basic pay, relocation, retention, recruitment incentives, cash awards, and lump sum payments in excess of the aggregate limitation on compensation received in any given calendar year, as established by 5 U.S.C. 5307. (If a member would receive total payments subject to the limitation that would exceed that limitation, he would be paid up to the allowable limit in the calendar year payments are authorized and would receive the remainder at the beginning of the next calendar year. Report the carryover amount paid at the beginning of the year being reported in this column.) This amount is automatically calculated for you

Explanatory Comments — Explain special circumstances affecting the SES members' ratings, pay or awards. Also explain additional pay adjustments and exceptions to the 12-month rule. All comments should appear in this column, no comments or symbols should appear in other data fields.