OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

OCT 21 2009

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES
DEPUTY UNDER SECRETARY OF THE ARMY

Subject: Executive and Senior Professional Pay and Performance Management System – Close-out Guidance for the 2008-2009 Performance Appraisal Period

This memorandum and its attachments provide the 2008-2009 close-out guidance for Executives and Senior Professionals. Overall guidance is contained in the "Executive and Senior Professional Pay and Performance System," Subchapter 920 (SC 920), dated April 18, 2008, and the DoD Tier Policy dated April 28, 2008. A copy of these polices may be found at http://www.cpms.osd.mil/sespm/tier_policy.aspx. However, there are three important points which need to be emphasized in the close-out process.

First, please ensure all eligible employees, including those who are or may possibly be departing your organization after the end of the performance period, but before the payout period receive a rating and performance and bonus recommendation. The losing organization should provide this information to the gaining organization for consideration. This ensures the employee has the opportunity to be compensated and/or recognized for their performance.

Second, in order to ensure executives have the opportunity to fully participate in the performance rating process, we are adding an additional step to ensure full transparency in the rating and pay pool process. Executives have the opportunity to request a Higher Level Review of their rating within seven days of receiving it. Currently, SC 920 only provides that opportunity before the Initial Summary Rating (ISR) goes forward to the Pay Pool Manager. In the event changes are proposed to the Initial Summary Rating (ISR), SC 920 requires that the Pay Pool Manager advise the Rating Official, who then has the opportunity to defend or substantiate the proposed ISR. There is no mechanism which provides executives notice or the opportunity to request a Higher Level Review of a change ISR. This year, we are adding an additional step to ensure full transparency in the rating and pay pool process as follows:

In the event changes are recommended to an executive's ISR by the Pay Pool Manager or Pay Pool Panel, the executive must be notified and given the opportunity to request a higher level review. Such request must be made within seven days of receiving notice of the recommended change. The provisions of SC 920 regarding Higher Level Review are then to be followed.

Third, as a result of the April 12, 2009, implementation of the Senior Professionals Pay Act of 2008, all DoD SL and ST employees received a pay adjustment, and are subject to the 12-month rule for pay adjustments. The U.S. Office of Personnel Management (OPM) provided guidance for addressing this issue at its September 2009 Executive Resources Forum. Components should conduct their rating and pay pool activities for SL and ST employees as usual. Performance pay and bonus decisions should be made in accordance with this closeout guidance. Pay adjustments, not to exceed the percentage of the President's Adjustment to Executive Pay (PAEP), and awards may be paid as usual. However, no adjustment to basic pay above the percentage of the PAEP can be implemented until April 12, 2010, unless OPM issues further guidance or clarification.

As a reminder, the Pay Pool Funding Factor is the sum of three variables: the President's Adjustment to Executive Pay (PAEP), and the organization's Pay Progression and Performance Bonus Budgets. While basic pay increases are not guaranteed to all executives, basic pay increases are funded by the PAEP and the organization's Pay Progression Budget. The Bonus pool is funded by the organization's Performance Bonus Budget, and may not exceed 10 percent of the total aggregate basic pay for career executives in the Pay Pool as of the end of the prior fiscal year.

The Department's Tier Policy will continue to be used as a means of ensuring comparability in executive compensation across the Department. Compensation and rewards will recognize that high level performance in some positions has more impact than comparable performance in others. To facilitate compensation decisions, the Deputy Secretary of Defense determined the overall Pay Pool Funding Factor for Executives and

Senior Professionals to be up to 13%. In addition, for Executives, the Pay Pool Funding caps for each Tier are as follows: Tier 1: 11%; Tier 2: 13% and Tier 3 17%. Requests to exceed the Pay Pool Funding caps must be fully justified and approved by the Deputy Secretary of Defense. Individual Basic Pay Increases normally will not exceed 8 percent of the basic salary of an Executive or Senior Professional.

The annual DoD Organizational Assessment for Fiscal Year 2009 was recently released by the Deputy Secretary of Defense. The DoD Organizational Assessment and any Component organizational assessments must be used by Rating Officials, Pay Pool Panels, Performance Review Boards (PRBs) and Authorizing Officials to inform individual performance ratings and payout decisions. This memorandum provides the following information tools:

- Attachment 1: Key close-out responsibilities and DoD timeline.
- Attachment 2: 2008-2009 Performance Validation Checklist.
- Attachment 3: Template and instructions for recording rating and payout information. To more efficiently and effectively record rating and payout distributions of executive and senior professionals, each respective DoD Executive Resource HR Officer will receive an excel spreadsheet with key fields (e.g., executive's name, tier, current salary, and other pertinent information) populated via DCPDS for each servicing executive and senior professional on the rolls as of September 30, 2009.
- Attachment 4: PowerPoint template and instructions for describing rating results.
- Attachment 5: Examples of share values for rating distribution.
- Attachment 6: OPM SES Survey Summary.

In performing your close-out responsibilities, I ask that you review once again the results of the 2008 OPM SES survey and DoD-specific analysis, and address areas in need of improvement. The survey results and analysis can be found on the Department's SES Web site at: http://www.cpms.osd.mil/sespm/reports_studies.aspx. In particular, we can respond to the areas of concern identified in the survey by:

- Ensuring we encourage and complete meaningful performance assessments.
- Conducting open and comprehensive discussions, including the linkage to your organizational goals and results when doing performance reviews.
- Improving the pay-for-performance communication process – including setting expectations, soliciting feedback, communicating the organizational priorities, reporting performance progress, identifying development needs, and sharing the annual, aggregate organizational performance appraisal results with Executives and Senior Professionals.

Finally, I need your continued focus and leadership in driving greater discipline and rigor in Executive and Senior Professional performance evaluation and assessment. The Department is committed to an appraisal system that makes meaningful distinctions in performance and rewards individuals accordingly. The pay-for-performance system is fully optimized when such distinctions are made. Supervisors must be held accountable for assessing performance fairly and ensuring meaningful distinctions in performance based upon individual and organizational performance. As you know, such distinctions and supervisor accountability are essential aspects to achieving certification of our performance management system. The Department's Senior Executive performance management system will be seeking re-certification in 2011, and I am confident we will continue to meet the high standards we have set for ourselves in the past.

I appreciate your continued support in helping the Department transform to a performance-based culture.

Gail H. McGinn
Deputy Under Secretary of Defense (Plans)
Performing the Duties of the
Under Secretary of Defense
(Personnel and Readiness)

Attachments:
As stated

Fiscal Year 2009 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 2009. Pay increases will be effective on the first pay period in January, 2010.

- All performance rating and payout data must be input into DCPDS by the end of the first pay period in February, 2010.

Key Rating Official Guidance

▶Estimated Window for Completion: September 30 - October 31, 2009

- 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 1: 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 following 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, 2009

- 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 to 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, 2009

- 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, 2009

- 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 11, 2009.

SES 2008-2009 Validation Checklist
(Authorizing Official must submit this form with the Validation Package)

Yes/No	Requirement	Comments/Notes
❑ Yes ❑ No	Completed DoD SES Performance Appraisal and Payout Data Report – Updated Version (Attachment 3)	• 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 2008/2009 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.
❑ Yes ❑ No	Provide a copy of the Organizational Assessment tool used by the rating official, pay pool, and PRB to inform rating and payout decisions.	
❑ Yes ❑ No **(Applies to all requirements in this section)**	Signed Memo from the Authorizing Official which contains the following: **Validate all of the following:** 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 2008-2009 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 2008-09 appraisal cycle will be communicated to executives. 7. The number of and basis for increases above Component Tier Structure ceilings. **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, 2007-08, and 2008-09. 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, 2007-08, and 2008-09. 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.	4. Evidence of the communication must be submitted to DUSD(CPP) by Feb 2009

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: October 1, 2008 End: September 30, 2009
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 September 30, 2009.

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 ($): The dollar amount of a member's pay adjustment if an additional adjustment was given during the rating period reported. An explanation of the basis for the adjustment must be included in the comments column. Typical nature of action codes include – 892 and 890/w authority code Q3D
- Additional Pay Adjustments and Exceptions to 12-Month Rule (%): The amount of the pay adjustment expressed as a percent of the Additional Pay Adjustment as it relates to the Prior Basic Pay Amount.
- Rate of Basic Pay **Prior to** Performance-Based Pay Adjustments: The member's rate of pay at the end of the appraisal period being reported (as of September 30, 2009). This field will be populated for you.
- Performance-Based Pay Adjustment ($): 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.

SES and Senior Professional
Attachment 3b
Spreadsheet
(Populated data will be disseminated separately)

COMP	FULL NAME	TIER	APPT TYPE	NEW EMP	RATING	Additional Pay Adjustments - 12 Mo. Rule Except. ($)	Additional Pay Adjustments - 12 Mo. Rule Except. (%)	Prior Basic Pay	Perf Pay Adjst ($)	Perf Pay Adjst (%)	Pay Adjst to Maintain Position (if granted) ($)	Pay Adjst to Maintain Position (%)	New Basic Pay After Adj.	Perf Bonus ($)	Perf Bonus (%)	Cash ($)	Cash (%)	Pres Rank ($)
1. ARMY	DILBERT	3	C	X	X	$0		$0	$0		$0		$0	$0		$0		
2. NAVY	JACKSON, MICHAEL	3	C		5	$0		$0	$0		$0		$0	$0		$0		
3. AIR FORCE	BENETAR, PAT					$0		$0	$0		$0		$0	$0		$0		
4. OSD	TAYLOR, S. B. JAMES					$0		$0	$0		$0		$0	$0		$0		
DCAA	FLINTSTONE, FRED					$0		$0	$0		$0		$0	$0		$0		
DFAS	RUBBLE, BARNEY					$0		$0	$0		$0		$0	$0		$0		
DISA	KING, B. B.					$0		$0	$0		$0		$0	$0		$0		
DLA	DILBERT, DILBERT					$0		$0	$0		$0		$0	$0		$0		
DODIG	DILBERT, DILBERT					$0		$0	$0		$0		$0	$0		$0		
DTRA	DILBERT, DILBERT					$0		$0	$0		$0		$0	$0		$0		
MDA	DILBERT, DILBERT					$0		$0	$0		$0		$0	$0		$0		
OUSDI	DILBERT, DILBERT					$0		$0	$0		$0		$0	$0		$0		

Components must populate
DCPDS Download will populate

INSTRUCTIONS
DoD SES Data for Performance Appraisal System Certification Charts

Please enter all required 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: October 1, 2008 End: September 30, 2009

Data Reported also covers the following appraisal periods October 1 to September 30:

2007/2008
2006/2007
2005/2006

Provide separate charts to capture ST/SL professionals

- 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.

Chart 1

Provide:

The Name of your Component(s) or Defense Agency
Date of Submission
Point of Contact

Chart 2- Results at a Glance

Self explanatory – Enter the appropriate information as described on the chart

Instructions for Modifying Charts and Graphs

Double click on the chart

Change data in the embedded Datasheet (this changes the shape of your chart)
Exit the Chart
Double click on each legend and hard code the information (number and %) as appropriate

SAMPLE

DOD MODEL RATINGS - Meaningful Distinctions

Attachment 5

ALL DOD AVG includes OSD noncareers

	# of execs
Tier 3	172
Tier 2	499
Tier 1	726
Total	**1397**

	Avg Salary	Avg Shares
Tier 3	$ 162,980	11.8
Tier 2	$ 154,318	9.5
Tier 1	$ 149,344	8.1

Tier 3

MD 1	Rating 3	Rating 4	Rating 5
%	13%	55%	32%
# of exec	22	95	55
True SV		1.72%	
Highest Payout		$44,852	
Lowest Payout		$2,803	

MD 2	Rating 3	Rating 4	Rating 5
%	25%	48%	27%
# of exec	43	83	46
True SV		1.89%	
Highest Payout		$49,285	
Lowest Payout		$3,080	

Name	PRB	Tier	Base	Shares	Share X salary	Share Value	Payout	Payout %
Exec 1	MD 1	3	$ 162,980	16	2607680	1.72%	$44,852	28%
Exec 2	MD 1	3	$ 162,980	1	162980	1.72%	$2,803	2%
Exec 1	MD 2	3	$ 162,980	16	2607680	1.89%	$49,285	30%
Exec 2	MD 2	3	$ 162,980	1	162980	1.89%	$3,080	2%

Tier 2

MD 1	Rating 3	Rating 4	Rating 5
%	13%	55%	32%
# of exec	65	274	160
True SV		1.27%	
Highest Payout		$31,357	
Lowest Payout		$1,960	

MD 2	Rating 3	Rating 4	Rating 5
%	25%	48%	27%
# of exec	125	239	135
True SV		1.39%	
Highest Payout		$34,320	
Lowest Payout		$2,145	

Name	PRB	Tier	Base	Shares	Share X salary	Share Value	Payout	Payout %
Exec 1	MD 1	2	$ 154,318	16	2469088	1.27%	$31,357	20%
Exec 2	MD 1	2	$ 154,318	1	154318	1.27%	$1,960	1%
Exec 1	MD 2	2	$ 154,318	16	2469088	1.39%	$34,320	22%
Exec 2	MD 2	2	$ 154,318	1	154318	1.39%	$2,145	1%

Tier 1

MD 1	Rating 3	Rating 4	Rating 5
%	13%	55%	32%
# of exec	94	400	232
True SV		1.06%	
Highest Payout		$25,329	
Lowest Payout		$1,583	

MD 2	Rating 3	Rating 4	Rating 5
%	25%	48%	27%
# of exec	181	349	196
True SV		1.16%	
Highest Payout		$27,718	
Lowest Payout		$1,732	

Name	PRB	Tier	Base	Shares	Share X salary	Share Value	Payout	Payout %
Exec 1	MD 1	1	$ 149,344	16	2389504	1.06%	$25,329	17%
Exec 2	MD 1	1	$ 149,344	1	149344	1.06%	$1,583	1%
Exec 1	MD 2	1	$ 149,344	16	2389504	1.16%	$27,718	19%
Exec 2	MD 2	1	$ 149,344	1	149344	1.16%	$1,732	1%

MD = Meaningful Distinction SV = Share Value

2008 Senior Executive Service Survey Results
Background

- In 2004 agencies began to receive certification on their Senior Executive Service (SES) Performance Management Systems

- In May 2006 the Senior Executives Association (SEA) provided an opportunity for career SES to complete a survey regarding their experiences with and views of the pay for performance system

- A subsequent hearing with the Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia – September 2006 – probed issues further

- In January 2008, OPM conducted a survey of all SES within the Federal Government to evaluate the new pay for performance system, and obtain information related to Executive Development

Highlights - Performance Results

- **Executives Are Proud of their Federal Career:**
  - Proud to be part of the SES corps (97% Federal/98% DoD)
  - Work gives them a sense of accomplishment (95% Federal/96% DoD)
  - Talents are well used (87%/Federal/88% DoD)

- **Executives Are Held Accountable for Performance Results**
  - Pay should be based on performance (93% Federal/94% DoD strongly agree/agree)

  - Held accountable for achieving results (91% Federal/90% DoD strongly agree/agree)

  - Most participated in the development of their performance plan (89% Federal/95% DoD strongly agree/agree)

- **Executives See a Mixed Picture in Effectiveness of Pay for Performance**
  - Over half (63% Federal/65% DoD) of the respondents believed discussions with their supervisors about performance are worthwhile
  - Performance appraisal is a fair reflection of my performance (67% federal vs. 70% DoD)

  - Over half (65% Federal/64% DoD) Satisfaction with recognition received for doing a good job

- Fewer than half (43% Federal/45% DoD) of respondents believe pay for performance promotes better organizational performance in their agencies

- Only 26% Federal/23% DoD of respondents believe their agencies deal effectively with executives who perform poorly

- Few respondents believe pay (26% Federal/25% DoD) and bonus (32% Federal/29% DoD) distinctions are meaningfully different among executives

- The journey towards a performance-based culture varies widely among DoD Components - Executives do not believe pay for performance promotes organizational performance:
    - Federal - 44%
    - Air Force – 56%
    - Navy – 51%
    - Army – 40%
    - OSD and Defense Agencies – 36%

- Most respondents (61% Federal/48% DoD) are satisfied with their pay
  Note: This number is lower than results on a comparable question in the 2006 Federal Human Capital Survey (73%)

- Receipt of a briefing of training on your agency's performance management system (64% Federal vs. 56% DoD)

- Salary increase is linked to performance rating (13% Federal vs. 20.6% DoD)
- Pay distinctions are meaningfully different among executives (Federal 26% vs. 25% DoD)
- Bonus amounts are meaningfully different among executives (Federal 33% vs. 29% DoD)
- Extent performance is linked to organizational performance (11% Federal vs. 13% DoD)

- **Bottom Line – Pay For Performance (P4P)**

  - **Improve implementation processes of DoD P4P management system**
    - Develop performance plans on time and provide feedback to executives, conduct meaningful in-progress reviews
    - Link performance results and performance rating to both individual and organizational performance – Legal and OPM Certification Criteria
    - Include customer and employee perspective in achieving results and use as a basis for performance rating – OPM Certification Criteria
    - Train ALL executives annually (see training modules at the following link: http://www.cpms.osd.mil/sespm/executive_development.aspx; hold executives and supervisor accountable for training

    - Improve Communication to Executives – Value Transparency
        - Communicate individual and organizational expectations, share aggregate results of annual performance appraisal process (ratings, payouts, etc),

share methodology for calculating pay increases and bonuses, know the system

- Lead the Journey to a Pay for Performance Culture
  - Leverage NSPS and SES performance management systems as tools to drive higher levels of organizational and individual performance

Highlights - Executive Development

- **Survey responses confirm commonly held perception that once an individual becomes an SES member, further development may be neglected**

  - Discussions with my supervisor about my development are worthwhile (50% Federal vs. 51% DoD)
  - My last performance review helped me identify my strengths (53% Federal vs. 48.7 DoD)
  - My last performance review helped me identify areas for improvement ((23% Federal vs. 26% DoD)
  - My development needs are assessed (33% Federal vs. DoD 32%)
  - 55% of Executives were satisfied with their development

  Note: In a study conducted by Development Dimensions International with private sector executives, a little over 50% indicated satisfaction with development opportunities

- **Executives are open to the prospect of continual learning and many believe in the benefit of job changes**
  - Over half (55% Federal/56% DoD) of executives believe job changes improve performance

  - The majority (77% Federal/73% DoD) of respondents believe SES members should be able to perform successfully in a wide range of career positions

  - Few executives changes jobs to work in different agencies (10% Federal/12% DoD)

- **DoD must deliberately plan to sustain the continuity of executive talent**
  - Expectations of high turnover among the senior ranks in the near future (39% Federal/36% DoD) of career SES said they plan on leaving in 3 years; 60% Federal/58% DoD plan to leave in the next 5 years)

- **Bottom Line – Executive Development**
  - Ensure institutionalization of the 21st Century SES Initiative (DoD Directive 1403.03, "The Career Lifecycle Management of the SES Leaders in DoD")
    - Moves from Ad hoc lifecycle management to deliberate and systematic management
    - Requires SES culture of continuous learning

    - In consultation with supervisors and mentors, SES to be guided through a structured series of developmental and educational experiences including reassignments to more challenging positions
- Values a diverse portfolio of experience and Joint experience/knowledge
- Requires talent management and succession planning to sustain continuity of executive leadership

- **Lead the Journey**
- It is an executive's responsibility to develop talent – identify and develop the future bench for SES positions