

Attachment: Overview of Changes to SES and SL/ST Performance Appraisal System Certification Process

The revised SES and SL/ST Performance Appraisal System Certification Process is a set of administrative improvements to the certification process, hereafter referred to as *Certification 2.0*, that will reduce agency burden and minimize the time and resources spent on preparing and reviewing certification submissions. *Certification 2.0* applies to those agencies requesting certification of OPM-approved basic SES or SL/ST performance appraisal systems; those agencies that have designed their own appraisal systems will continue using the SES or SL/ST Performance Appraisal Assessment Tool processes. Furthermore, the certification criteria at 5 CFR 430.404(a) are not changing and agencies must continue to comply with all laws and regulations pertaining to SES and SL/ST certification, pay, awards, and performance management.

Descriptions of Key Changes

Automatic Renewal of Fully Certified Appraisal Systems

Once an agency's SES or SL/ST performance appraisal system is granted full certification under *Certification 2.0*, that system will be renewed for an additional two calendar years if the agency submits a formal request for certification and the reporting requirements through the annual data call. Based on those reports, OPM will determine, with concurrence from the OMB, whether the appraisal system continues to meet the certification criteria in 5 CFR part 430, subpart D.

Aligned Results - Removing Review of Performance Plans

OPM will no longer require agencies to submit a sample of SES or SL/ST performance plans as part of a certification submission. Instead, the agency's Oversight Official will verify in the certification request letter that the agency is in compliance with the Aligned Results criterion. Agencies continue to be responsible for establishing SES and SL/ST performance plans in accordance with law, regulation, and the SES and SL/ST basic systems.

Pay Differentiation through "Annual Performance-Based Compensation"

Senior employees who have demonstrated the highest levels of individual performance and/or contribution to the agency's performance must receive the highest annual summary ratings and the largest corresponding performance-based pay adjustments and performance awards. OPM previously required pay differentiation to be shown in performance-based pay adjustments and performance awards separately; however, under *Certification 2.0*, the annual performance-based compensation approach will allow agencies to show differentiation using the combination of performance-based pay adjustments and performance awards.

Performance Distinctions when Modal Rating is Level 5 (or bimodal levels 5 and 4)

The application of the appraisal system must result in meaningful distinctions based on relative performance; agencies must be able to justify senior employees' ratings using organizational performance results. The Ratings Distribution Justification template, currently used by agencies to justify ratings using organizational performance results, will be

streamlined by OPM. Agencies will only be required to submit the template if there is a modal rating of Level 5 (or bimodal rating of levels 5 and 4) and—

- 1) it is the initial request for system certification under *Certification 2.0*; or
- 2) the system's most recent certification under *Certification 2.0* was provisional.

Organizational Assessment and Guidelines

Agencies are required to conduct assessments of organizational performance and share the results with senior employees, rating and reviewing officials, and Performance Review Board (PRB) and central review panel members so that appraisal of SES and SL/ST performance is based on both individual and organizational performance. OPM will develop an optional template agencies may use in crafting communication of Organizational Assessment and Guidelines. Agencies will only be required to submit Organizational Assessment and Guidelines documentation—

- 1) upon an agency's initial request for system certification under *Certification 2.0*; or
- 2) if the system's most recent certification under *Certification 2.0* was provisional.

Agency Verification and Agency Responsibility

The following will be verified by the Oversight Official in the certification request letter:

- 1) Aligned Results
- 2) Oversight
- 3) Communication of System Application Results
- 4) Consultation
- 5) Accountability
- 6) Balance (balanced measures)
- 7) Training

OPM reserves the right to request any documentation deemed necessary to support a certification determination.