



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

Friday, June 6, 2003

MEMORANDUM FOR: Heads Of Executive Departments And Agencies

FROM: Kay Coles James, Director

Subject: Executive Resource Allocations for FY 2004 and 2005

This memorandum provides information about executive resource allocations for Fiscal Years 2004 and 2005.

Every two years, in accordance with statutory guidelines, the Office of Personnel Management (OPM) allocates Senior Executive Service (SES) positions to Federal departments and agencies. To facilitate strategic management of the Government's total executive resources pool, OPM uses this same schedule to allocate positions in the Senior Level (SL) and Scientific/Professional (ST) pay systems.

The biennial allocation process gives us the opportunity to review organizational missions, plans, and structures and assess whether executive resources are being used in the most efficient manner. This review comes at a time when all agencies are reviewing program activities to determine their necessity, continued value, and results orientation and implementing strategic plans and annual performance plans in support of the goals of the Government Performance and Results Act (GRPA). Agencies are also continuing to move forward on the President's management agenda in order to make Government more citizen-centered, market-based and results-oriented and restructuring their workforces to implement necessary changes in the human capital management arena.

In December, agencies completed the first step in the allocation cycle by giving OPM their executive resources estimates for the next two fiscal years. We asked agencies to accept continuation of their current allocation levels or state an alternate request. Our guidance asked agencies to base their requests on a strategic assessment of their executive resource requirements and utilization. This assessment was to include a comprehensive review of current resources in conjunction with the agency's strategic plan and executive succession planning initiatives and agency restructuring plans. The review should also have included: prioritizing resource needs; examining opportunities for redeploying existing executive talent to meet those needs, especially in areas that have been scaled back or abolished; identifying opportunities for restructuring and delayering; and targeting positions for redescription or elimination. Agencies should be prepared to present a sound business argument to support consideration of any increase in executive resources.

We would like to give you an opportunity to review your agency's executive resource needs for Fiscal Years 2004-2005. Your Human Resources Director can assist you and provide you with

information about the strategic assessment and estimates your agency provided in December. We will assume your agreement to continue your current allocation, unless you provide an alternate request. If you seek an increase in executive resources, you will need to support that request with specific justification. Attachment 1 contains guidance on information needed to justify any requested increases. Attachment 2 provides guidance about identifying SES, SL, and ST positions to assist you in making your executive resource determinations. We would appreciate receiving your reply by July 6, 2003, at the following address:

Center for Leadership and Executive Resources Policy
U.S. Office of Personnel Management
1900 E Street NW, Room 6500
Washington, DC 20415-5100
(fax: 202-606-2452)

In addition to your Human Resources Director, OPM is available to provide additional information and answer any questions. You may contact Delores Everett, Acting Director of the Center for Leadership and Executive Resources Policy on 202-606-1050, or email to SESgmt@opm.gov or dxeveret@opm.gov

Attachments:

Attachment 1

Attachment 2

Attachment 1

SUPPORTING REQUESTS FOR ADDITIONAL ALLOCATIONS

Agencies that request additional resources during the biennial review must provide a detailed justification for the desired increases that is based on a comprehensive, agencywide assessment of their executive resource needs, covering established and requested positions, and prioritization of all current and proposed positions in terms of their relative contribution to agency mission requirements. The assessment should be integrated with the agency's plans to restructure its workforce in support of the President's management agenda and consistent with the Office of Management and Budget's (OMB) guidance on workforce planning and restructuring.

In making allocation decisions, the Office of Personnel Management (OPM) considers the degree to which agencies are effectively managing their executive resources and have conducted a strategic analysis of their needs, including such things as redeploying permanent allocations to critical position needs, determining whether positions can be abolished, and addressing performance issues. OPM also considers other factors, such as the SES/SL/ST vacancy rate, overall agency funding levels and personnel ceilings, and the impact of the requested increases on Governmentwide allocations. OPM also consults with OMB about the resource implications of the requested increases.

New SES Needs

Identify by title and organizational location the specific positions for which the additional spaces are requested. For each position, include:

- The particular unforeseen, mission-critical emergency giving rise to the need (e.g., legislative mandate, Presidential directive). Indicate whether this is a new initiative or expansion of an ongoing activity.
- The source of funding or other resources to support the new or expanded initiative(s). Compare current and/or future resource levels agencywide with comparable levels in previous years. If the increase is less than that allotted for the new/expanded initiative(s), indicate where resources are being reprogrammed within the agency to support the activity.
- The outcomes anticipated from each addition executive position. What results will the additional executive slots contribute to the activity? For example, an increase in the amount of grant monies appropriated does not necessarily require an increase in executive spaces; if a space is requested, what result will it bring to the management of the program and mission accomplishment?

Agencywide SES Priorities

- Provide organization charts identifying all current and proposed SES positions, with encumbered positions indicated by an asterisk or other notation.
- Prioritize all currently established positions, whether vacant or encumbered, in terms of their relative contribution to your agency's mission requirements.

- Agencies can establish and recruit for positions in excess of their allocation; however, the number of filled positions cannot exceed the number allocated. Agencies that use such a system of "floating vacancies" should account for all established vacancies, even if the total exceeds the number allocated.
- For ease of analysis, we ask that agencies prioritize positions by category (e.g., Category 'A' includes positions most critical to agency mission accomplishment). Please use at least three, but no more than five, categories. While we will leave the precise definition of categories to each agency, in all cases the lowest category should consist of those positions that present opportunities for redeployment of executive resources - i.e., positions that may be filled at a lower level or abolished as turnover occurs, or positions from which the present incumbent may be reassigned if an appropriate opportunity is identified.
- Prioritize all new executive resource needs for which the additional SES spaces are being requested, using the same system of categories. Indicate how the new needs relate to the prioritized list of current resources.
- Provide an analysis of how the agency can best meet the highest priority needs by redirecting resources from lower priority areas. In conducting this analysis, please keep in mind that we are focusing on agencywide priorities - that is, while an executive may believe a particular position is critical to his/her own program area, that position may not rank as high in terms of the agency as a whole. Also, include estimated time frames for redirecting resources away from lower priority needs for the rest of this biennium (FY 2002/2003).

Senior-Level and Scientific Resources

To reinforce our emphasis on the importance of agencies' responsibility and accountability for their own resource management decisions, we will not make allocation decisions by evaluating position individually, in terms of classification factors, to determine whether a specific position exceeds the GS-15 level and should be placed in the SES, SL or ST systems. Rather, each agency is responsible for making its own classification decisions and for conducting an agencywide assessment of its priorities to determine how its pool of SES/SL/ST spaces should be distributed. If, as part of that review, an agency concludes that it has high priority SL or ST needs and it is able to redirect SES resources from lower priority areas to meet those needs, OPM may approve an increase in SL or ST spaces in exchange for SES Spaces.

However, if an agency is seeking an overall increase in its total SES/SL/ST pool, we are requesting that the same detailed justification be provided for SL/ST increases as for SES increases. Specifically:

- Identify new SL/ST needs, on a position-by-position basis, showing the title and organizational location of each new position; the particular circumstances giving rise to the need; the source of funding or other resources to support the new or expanded initiative(s); and the specific outcome or result anticipated from each additional SL/ST resource; and
- Determine agencywide priorities by first prioritizing all currently established SES/SL/ST positions, vacant or encumbered, using a category system; then by prioritizing all new resource needs (SES/SL/ST) in relation to established positions, using the same system of

categories; and finally providing us with an analysis of how the agency can best meet the highest priority needs by redirecting resources from lower priority areas. Please refer to the detailed SES instructions earlier in this attachment.

Please keep in mind that allocation increases outside the biennial cycle are generally discouraged, unless the agency can demonstrate that there are unforeseen, mission-critical emergencies that cannot be met within the biennial allocation. In these situations, OPM's approach is to grant temporary relief only, if justified, until the next biennial assessment.

Attachment 2

Guidance on Identifying SES, SL, and ST Positions

Agencies are responsible for managing their executive resources and deciding how to organize functions and structure positions in the best way to meet mission requirements. This includes deciding whether executive level positions meet the Senior Executive Service (SES), Senior Level (SL), or Scientific/Professional (ST) criteria and actually establishing individual SES, SL and ST positions, within the executive resource allocation that the Office of Personnel Management (OPM) authorizes.

The law and OPM regulation clearly specify that SES, SL and ST positions must be classifiable above the GS-15 level. However, distinctions among positions in these three groups are not as clear. This attachment provides general guidance to help agencies identify SES, SL and ST positions; maintain agency flexibility for managing their executive resources; and contribute to intra-and interagency consistency in establishing SES, SL and ST positions.

General Information

Unless an agency is excluded from the SES by statute or the President, any position that is classifiable above the GS-15 level is to be placed in the SES, if it meets the functional criteria set forth in 5 U.S.C. 3132(a)(2). Positions that are classifiable above the GS-15 that do not meet the SES functional criteria are appropriately placed in the ST system if they involve the performance of high-level research and development in the physical, biological, medical, or engineering sciences, or a closely-related field. The SL system includes any other positions that are classifiable above GS-15 that do not meet the executive criteria characteristic of the SES nor do they involve the fundamental research and development responsibilities that are characteristic of the ST system.

SES Criteria

The law at 5 U.S.C. 3132(a)(2) sets forth the criteria that characterize SES positions. First, the position must be classifiable above GS-15, or equivalent, based on the level of duties, responsibilities, and qualifications required by the job. Second, the incumbent engages in any one of the following activities:

- Directs the work of an organizational unit;
- Is held accountable for the success of one or more specific programs or projects;
- Monitors progress toward organizational goals and periodically evaluates and makes appropriate adjustments to such goals;
- Supervises the work of employees (other than personal assistants); or
- Otherwise exercises important policy-making, policy-determining, or other executive functions.

Applying the SES Criteria

The SES was intended to be a corps of executives - not technical experts. As stated in 5 U.S.C. 3131, "It is the purpose of this subchapter to establish a Senior Executive Service to ensure that the executive management of the Government of the United States is responsive to the needs, policies, and goals of the Nation and otherwise is of the highest quality." The following guidelines interpret the section 3132(a) (2) criteria in the context of the SES as an executive corps.

Determining whether a position meets the criteria for placement in the SES cannot be made mechanically. Rather, the agency needs to evaluate the position as a whole and determine if it functions as a part of the management team, or as an independent advisor or technical expert. This evaluation should consider the position's duties, responsibilities, and qualification requirements. In borderline cases, particular attention should be given to the position's qualification requirements and the impact these qualifications have on the position's duties and responsibilities. For example, a staff assistant should be placed in the SES if executive qualifications are critical to successful performance of the position's duties and responsibilities.

Directing the work of an organizational unit includes responsibility for:

- Assessing policy, program, and project feasibility;
- Determining program goals and developing implementation plans;
- Designing an organizational structure to promote effective work accomplishment; and
- Setting effectiveness, efficiency, productivity, and management/internal control standards.

At the SES level, *accountability for the success of a program or project* at the SES level encompasses responsibility for the full range of factors that affect program/project accomplishment. This includes:

- Obtaining the resources necessary to accomplish the program or project and assuming responsibility for their effective use; and
- Dealing with key officials from within and/or outside the agency to gain understanding and support for the program or project.

Responsibility for *monitoring progress toward organizational goals and making appropriate adjustments to such goals* is an extension of an individual's responsibility for directing the work of an organization. It includes:

- Monitoring work status through formal and informal means to evaluate progress toward objectives;
- Assessing overall effectiveness, efficiency, and productivity of the organization; and
- Identifying, diagnosing, and consulting on problem areas related to implementation and goal achievement and making decisions on alternative courses of action.

A position should be credited with *supervising the work of employee* only if it meets the minimum requirements for coverage under OPM's *General Schedule Supervisory Guide* (April 1998). Specifically, the position's supervisory and related managerial responsibilities must:

- Require accomplishment of work through combined technical and administrative direction of others;
- Constitute a major duty occupying at least 25 percent of the position time; and
- Meet at least the lowest level of Factor 3 in the *General Schedule Supervisory Guide* based on supervision of non-contractor personnel.

A position with *policy-making or policy-determining* functions would be expected to include responsibility for:

- Reviewing staff recommendations on policies developed to affect the organization's mission; considering political, social, economic, technical, and administrative factors with potential impact on the recommended policies; and approving the policies.

Distinguishing Between SES and SL/ST positions

Positions that are classifiable above the G-15 level, but do not meet the SES functional criteria are placed in the Scientific/Professional (ST) system, in accordance with 5 U.S.C. 3104, or in the Senior-Level (SL) system, depending on the nature of the work.

Scientific and Professional Positions

Positions that are classifiable above the GS-15 level, but do not meet the SES functional criteria are appropriately placed in the ST (scientific and professional) system if they involve performance of high-level research and development in the physical, biological, medical or engineering sciences, or a closely-related field. ST positions are established under 5 U.S.C.3104. All ST positions are in the competitive service.

Research and development positions are characterized by the following features:

- systematic investigation of theory, experimentation, or stimulation of experiments;
- application of the scientific method, including problem exploration and definition, planning of the approach and sequence of steps, execution of experiments or studies, interpretations of findings, and documentation or reporting of findings; and
- exercise of creativity and critical judgment, variation in which may materially affect the nature of the end product.

The qualifications, stature, and contributions of an individual involved in research and development have a direct and major impact on the level of difficulty and responsibility for the work performed. ST incumbents would be expected to possess a graduate degree, significant research experience, and national or international reputation in their field. Typically, the incumbent of ST position:

- has authored fundamental papers in the field of expertise that are widely used and cited;
- has received significant honors from major organizations for his/her accomplishments and contributions; and
- is sought as an advisor and consultant on scientific and technological problems that extend beyond his/her specialty.

Senior-Level Positions

The senior-level (SL) pay system was established under the Federal Employees Pay Comparability Act of 1990 (FEPCA) to replace grades GS-16, 17 and 18 of the General Schedule, which were abolished. Positions in the SL system are classified above GS-15, but do not meet the executive criteria characteristic of the SES nor do they involve the fundamental research and development responsibilities that are characteristic of the ST pay system. (However, the SL system is used for positions that meet SES executive criteria in certain agencies that are excluded from the SES.) SL positions may be in either the competitive or excepted service.