



## UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

Friday, April 8, 2011

### MEMORANDUM FOR: Other Stakeholders

FROM: John Berry  
Director

Subject: Guidance for Certification of Performance Appraisal Systems for Senior Employees

This memorandum provides updated guidance for agencies seeking certification by the U.S. Office of Personnel Management (OPM), with concurrence from the U.S. Office of Management and Budget (OMB), of agency performance appraisal systems for members of the Senior Executive Service (SES) and employees in senior-level (SL) and scientific or professional (ST) positions. Agencies with a certified SES and/or SL/ST appraisal system may pay new and current members covered under the certified system(s) a salary up to the rate for level II of the Executive Schedule, and apply a higher aggregate pay limitation to these senior employees. The guidance is designed to assist agencies in obtaining system certification.

Agencies requesting continued certification should submit the applicable Performance Appraisal Assessment Tool (PAAT) to OPM six months prior to the expiration of their system's current certification. The SES and SL/ST PAATs are now available online at <https://www.chcoc.gov/content/guidance-certification-performance-appraisal-systems-senior-employees-0>. If applicable, agencies should highlight in request packages any description or evidence of improvements made as a result of comments from OPM or OMB in response to the previous certification submission. Agencies are reminded that a gap in certification will result in restricting the setting of pay for senior employees to a maximum of level III of the Executive Schedule for the duration of the gap. Agencies that are not certified may submit their requests for certification of senior employee appraisal systems using the applicable PAAT as soon as the required information for submission is available.

Offices of Inspectors General (OIGs) are expected to establish their own SES appraisal systems and obtain OPM approval and certification of those systems separately from the agency SES system. To date, 26 OIGs have received certification. If an agency currently applies a certified agency-wide system that includes OIG SES employees, the agency's OIG SES employees will continue to be covered by that system until the certification expires.

While specifically required for certification, all agencies are expected to align senior employee performance with organizational goals, hold senior employees accountable for setting clear expectations for employees and managing with evidence to improve results, and align the appraisal process with agency and program efforts to improve results. In accordance with guidelines in the SES-PAAT, certification may be withheld or delayed if senior employee goals do not sufficiently align with and contribute to the agency's outcome-oriented goals.

Specifically, OPM and OMB expect Chief Human Capital Officers and Performance Improvement Officers to work together to provide support so that each senior employee performance plan includes goals that are strongly linked to the agency's mission, as conveyed through its strategic and annual performance plans (including agency high-priority performance goals, as relevant) and that every agency goal has a senior executive clearly responsible for managing progress on the goal. OPM and OMB will consider agency mission and executive responsibilities when reviewing for alignment and measurable results. However, certification may be withheld if senior employee goals are not sufficiently results- or outcome-oriented.

Public Law 111-242 generally prohibits agencies from providing any base salary increases to SES and SL/ST employees, including performance-based increases; however, this statute does not affect an agency head's ability to grant performance awards. Therefore, agencies can make the pay distinctions required for certification in their award decisions. Final decisions made by each agency pertaining to ratings and awards will be crucial in OPM's determination on the appropriateness of granting certification of the agency's system. In order for the agency to receive certification, awards must reflect meaningful distinctions in performance, as well as the agency meeting the other certification criteria.

OPM and OMB encourage agencies to continue requesting certification despite the enactment of P.L. 111-242. The certification criteria help agencies maintain systems and performance plans that align executive performance to agency mission; assure executives maintain a strong focus on measurable results; balance measures including customer and employee perspective; and hold executives accountable for effective management of subordinates, including assuring that employees understand their organizational unit's objectives and how they contribute to them and that employees receive frequent constructive feedback that helps them improve. While one of the criteria that reflect the application of these systems is the agency's pay distinctions, OPM will consider the impact of the pay freeze when considering agency certification requests.

All agencies (regardless of whether they seek certification) are required to operate merit-based systems for their senior employee cadre and submit to OPM data on SES and SL/ST employees' summary performance ratings, pay rates, pay adjustments, and awards. To reduce duplication of effort, each agency is only required to submit this annual data to OPM once, in response to the agency data call generally due in March of each year, and OPM will use this data for a variety of different analytical activities, including determination of performance appraisal system certification. OIGs report their SES ratings, pay, and awards data separately to OPM.

OPM is committed to providing agencies assistance to help ensure their systems meet certification requirements. My staff is available to provide additional information and to answer questions you might have regarding this guidance. For such assistance, your staff may contact Ms. Barbara Colchao, Executive Resources and Employee Development at 202-606-2720, or [barbara.colchao@opm.gov](mailto:barbara.colchao@opm.gov). For questions about the system certification process, please contact Ms. Karen Lebing, Executive Resources and Employee Development at 202-606-1633 or [karen.lebing@opm.gov](mailto:karen.lebing@opm.gov).

cc: Deputy Secretaries/Chief Operating Officers  
Chief Human Capital Officers  
Performance Improvement Officers  
Inspectors General  
Human Resources Directors  
Executive Resources Contacts