



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

Thursday, February 12, 2004

MSG-011

**MEMORANDUM FOR: HEADS OF DEPARTMENTS AND EXECUTIVE AGENCIES**

FROM: KAY COLES JAMES, Director

Subject: Reporting SES Performance Ratings and Awards for FY 2003

On several occasions in the past, I have issued updated information concerning past Senior Executive Service (SES) performance ratings and awards, as well as guidance encouraging agency leaders to use those data to support moving away from a performance culture where every executive is rated at the highest level. I take this occasion to provide you in the attached charts with a summary of the SES ratings and awards information for fiscal year 2002, as well as fiscal years 2000 and 2001 for comparison, and to call on you to provide your ratings and awards data for fiscal year 2003. The data indicate a growing number of agencies have taken seriously the need to improve the distribution of SES ratings and awards to support the high performance culture the President is determined to establish. However, these data also suggest that more work has still been required, and we will be extremely interested in the information you report for fiscal year 2003. The necessity for more rigorous and realistic ratings is especially clear in instances where agencies are not fulfilling their missions and reporting demonstrable results. The President, the Congress, and the American people expect the ratings and rewards that Federal executives receive to be commensurate with the results they have achieved.

As you know, the Administration and the Office of Personnel Management (OPM) have successfully engaged in a series of sweeping SES pay and performance reforms. As of January 2004, a new performance-based pay system is in effect for members of the SES. Among other things, the system allows significantly higher base pay rates for the best performing SES members, and in so doing, can significantly strengthen the linkage between agency performance and executive compensation. Achieving that linkage requires agencies to use performance appraisal systems that rely on credible and rigorous performance measurements to make meaningful distinctions based on relative performance, as the law requires. OPM staff is available to consult with your agency Performance Review Boards, and executive resources management staff concerning the implementation of results-oriented performance measures for senior executives.

For many years, OPM has collected information on SES members' performance ratings and awards. Over the past several years, this information has been used to assess your agency's success in meeting certain performance management goals in the President's Management Agenda. In addition, it permits the longitudinal analysis of performance statistics conducted by

OPM as part of its Governmentwide oversight responsibility. Your assistance and cooperation in reporting last year's SES performance ratings and awards information was greatly appreciated. For fiscal year 2003, SES performance ratings will again be an important indicator of the Administration's efforts to promote a government that is results-oriented, citizen-centered, and market-based, as well as agencies' readiness to move forward with the SES performance-based pay system. Therefore, it is essential that Federal agencies provide complete, accurate, and current data on SES ratings and awards and that the data consolidate the program information for their subordinate components.

The forms necessary for reporting ratings and awards for SES rating periods that ended in fiscal year 2003 are attached. Also attached are detailed instructions on how to complete these forms. Please note that these reports must be completed by the department/agency SES contact; we cannot accept reports directly from component organizations. Once again, we are asking for separate data concerning Inspector General ratings and awards, as well as the actual percentage of aggregate base salary used to fund the bonus pool for the 2003 awards. We are also requesting that departments/agencies provide **aggregate data** for each SES summary level pattern permitted under their SES performance management system (i.e., 3-level, 4-level, and/or 5-level).

Please submit your reports of fiscal year 2003 ratings and awards immediately following receipt of this memorandum. If your department/agency granted no awards, please report the summary ratings. Please send your report(s) to Ms. Delores Everett in the Division for Strategic Human Resources Policy at:

U.S. Office of Personnel Management

Division for Strategic Human Resources Policy

Office of Leadership and Executive Resources Policy, Room 6500

1900 E Street, NW.

Washington, DC 20415-5100

You may also FAX your report(s) to (202) 606-1637.

For additional guidance about SES performance ratings and awards, Chief Human Capital Officers and Human Resources Directors should contact Mr. Hughes Turner, Deputy Associate Director for Leadership and Executive Resources Policy at (202) 606-1811. Staff inquiries should be referred to the appropriate OPM Human Capital Officer.

cc:

President's Management Council

Chief Human Capital Officers

Human Resources Director