



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

The Director

October 9, 2007

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: LINDA M. SPRINGER  
DIRECTOR

A handwritten signature in blue ink, appearing to read "LMS", written over the printed name and title.

SUBJECT: Updated 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 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. As stated in 5 U.S.C. 5307(d) and 5382, agencies with a certified SES appraisal system may pay SES members a salary above the rate for level III of the Executive Schedule and apply a higher aggregate pay limitation to these executives. An agency with a certified SL/ST appraisal system may apply the higher aggregate limitation to SL/ST members, but salaries - including locality pay - still are limited to the rate for level III of the Executive Schedule.

We are pleased to announce an important enhancement to the certification process which is planned for introduction in calendar year (CY) 2008. Agencies receiving full certification of their SES appraisal systems will be able to request a renewal of full certification by using OPM's SES-Performance Appraisal Assessment Tool (SES-PAAT). This tool was designed to function as an important component of agencies' internal human capital accountability systems and should also promote increased efficiencies in the certification process. The concept requires the SES-PAAT to be completed every 2 years, consistent with the 2 year full certification cycle, and submitted to OPM no later than 6 months prior to the expiration of certification. Agencies that received full certification of their SES appraisal systems for CYs 2007 and 2008 would submit their completed SES-PAAT to OPM no later than June 30, 2008, in order to request full certification for CYs 2009 and 2010. OPM would then review the PAAT submission and grant (if warranted) full certification for CYs 2009 and 2010 before the CY 2008 certification expires, thus avoiding a gap in certification.

The SES-PAAT should be made available for agency use by January 1, 2008; comprehensive information regarding its use is forthcoming. Please note that ratings, pay adjustments, and awards data must still be submitted to OPM through the *annual* reporting process.

Agencies receiving provisional certification of their appraisal systems and agencies that are not certified may begin making their requests for certification of senior employee appraisal systems as soon as the required information for submission is available, but not later than June 30 of the

year for which certification is requested. If applicable, please make sure to highlight in your request package any description or evidence of improvements made as a result of comments from OPM or OMB in response to the previous year's certification submission. Detailed guidance on what agencies must include in their certification submissions for 2008 will be made available at [www.opm.gov/ses/index.asp](http://www.opm.gov/ses/index.asp).

As you may recall, OPM's certification guidance for calendar year 2007 included a new requirement that the features and results of agency SES performance management systems be communicated to executives, and that appropriate training be provided to those responsible for operating the system. We are happy to report that agencies have generally done a good job of meeting this requirement, which is now being incorporated into the SES PAAT and will continue to play a significant role in future determinations regarding both full and provisional certification.

Agencies receiving full or provisional certification will have demonstrated that performance plans appropriately provide for achieving measurable results, crediting measurable results as at least 60 percent of the summary rating. More specifically, the performance expectations for individual senior employees should (1) reflect expected agency and/or organizational outcomes and outputs, performance targets or metrics, policy/program objectives, and/or milestones; (2) identify specific programmatic crosscutting, external, and partnership-oriented goals or objectives, as applicable; and (3) be stated in terms of observable, measurable, and/or demonstrable performance. Recognizing that identifying observable, measurable, and/or demonstrable performance can sometimes be difficult, OPM remains committed to providing the assistance necessary to help agencies strengthen their performance appraisal systems and practices. Therefore, we are pleased to provide updated samples of performance plan language that we consider to meet selected criteria, including results. These samples are taken from actual plans submitted by agencies. We are making them available at [www.opm.gov/ses/index.asp](http://www.opm.gov/ses/index.asp).

Agencies should be aware that senior employee expectations must also derive from, and clearly link to the agency's mission, strategic goals, program and policy objectives, and/or annual performance plans and budget priorities. Moreover, the appraisal system must provide for appropriate assessments of the agency's performance, both overall and with respect to particular missions, components, programs, policy areas, and support functions, and for communication of those assessments to senior employees so that agency performance may be taken into account, as appropriate, in assessing individual performance. The purpose of these factors is to promote alignment between a senior employee's performance expectations and the furtherance of agency mission.

A key criterion affecting certification is the requirement for making meaningful distinctions in performance ratings, pay adjustments, rates of pay, and awards. Final decisions for ratings, pay, and awards will be crucial for determining whether your agency receives certification of its system. Only agencies showing meaningful distinctions in performance and pay, as well as meeting the other stated criteria, will receive certification. Please be sure that the requirement to make meaningful distinctions is communicated clearly to your agency Performance Review Boards (PRB). PRBs should also be made aware that OPM expects senior employees who are at a pay level consistent with their current level of responsibilities and who receive an acceptable

("fully successful" or better) rating will receive a performance-based pay increase. Agencies choosing to deliver a pay increase through the authority to maintain relative position (MRP) at 5 CFR 534.404(b)(4) must comply with the limitations established by regulation including the requirement to make the increase effective on the first day of the first pay period beginning on or after January 1. Agencies may wish to consult with OPM staff prior to application.

All agencies (regardless of whether they seek certification) are required to operate pay-for-performance systems for their SES cadre and submit to OPM data on SES and SL/ST employees' summary performance ratings, pay, and awards. To reduce duplication of effort, you need only submit your annual report in response to the FY 2007 agency data call once. Your response to that data call will also be used for certification, provided the submission is timely, complete, and accurate. Instructions for preparing this annual report will be provided by December 15, 2007.

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 Mr. Paul Thompson, Center for Learning, Executive Resources, and Policy Analysis at 202-606-1429, or [paul.thompson@opm.gov](mailto:paul.thompson@opm.gov). For questions about the certification process, contact Ms. Karen Lebing, Center for Human Resources at 202-606-1633 or [karen.lebing@opm.gov](mailto:karen.lebing@opm.gov), or your agency's OPM Human Capital Officer.

cc: Chief Human Capital Officers  
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