




OFFICE OF THE DIRECTOR

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, DC 20415-0001

JUL 26 2004

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Kay Coles James
Director 

SUBJECT: Certification of Performance Appraisal Systems for Senior Employees

I am pleased to inform you that the Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) have jointly issued interim final regulations setting forth the criteria for obtaining certification of performance appraisal systems for members of the Senior Executive Service (SES) and employees in senior-level (SL) and scientific or professional (ST) positions. These regulations are designed to assist Federal agencies in assuring that their senior employee performance management systems make meaningful distinctions based on relative performance, thereby strengthening the linkage between performance and pay. The attached guidance is designed to assist you in submitting requests for full or provisional certification in keeping with the interim final regulations.

The interim final regulations establishing certification requirements and procedures for senior employee appraisal systems incorporate a number of changes received in response to a request for your informal comments on an early draft of these regulatory provisions. The regulations governing the certification of appraisal systems are being issued as interim final regulations with an immediate effective date so that Federal agencies will be able to submit formal requests for full or provisional certification as soon as possible. At the same time, OPM has issued proposed regulations to implement the basic pay and pay administration features of the new SES pay-for-performance system. The SES pay administration regulations, which were also distributed to Federal agencies for informal review, are being issued as proposed regulations so that all interested parties will have an opportunity to provide comments before the new SES pay-for-performance system is fully implemented.

Once you have received certification of your performance appraisal systems for senior employees and OPM's **final** regulations on SES pay administration are issued, you will be permitted to (1) pay your highest-performing SES members above the rate for level III of the Executive Schedule—up to the rate for level II of the Executive Schedule—and (2) apply a higher aggregate limitation—up to the Vice President's salary—to both SES members and SL/ST employees. These are important steps in reforming the Federal pay and performance systems. They will enhance your ability to recruit and retain employees who can make vital contributions to your agency's mission and organizational goals.

You will find the interim final certification regulations at <http://www.opm.gov/oca/compmemo/2004/2004-13-SESCertRegs.pdf> and the proposed SES pay regulations at <http://www.opm.gov/oca/compmemo/2004/2004-13-SESPay.pdf>. These regulations describe the criteria that appraisal systems must meet in order to receive provisional or full certification, the documentation that must be included with certification requests, and the proposed pay administration rules necessary to make pay decisions under the new SES pay system.

The attached implementing guidance provides detailed instructions on how to submit requests for either full or provisional certification. Some of the required documentation is quite straightforward and builds upon materials that agencies already should have readily available. Among the documentation requirements is a requirement to provide OPM with a sample of individual senior employee performance plans. Agencies must provide either a 10 percent sample of covered employee performance plans or a total of 20 plans, whichever is greater. For agencies with fewer than 20 covered employees, all employee performance plans must be submitted. For agencies applying for full certification, the documentation requirements include ratings data for each senior employee for the last two appraisal periods. OPM will also provide an electronic template for this data submission at a later date. The attachments include the following materials:

- Attachment 1: Submission requirements for full certification.
- Attachment 2: Sample cover letter requesting full certification.
- Attachment 3: Submission requirements for provisional certification.
- Attachment 4: Sample cover letter requesting provisional certification.

Agency heads or their designees may submit a single cover letter requesting certification of several SES and/or SL/ST appraisal systems or separate letters requesting certification of each system. For additional guidance or assistance in submitting certification requests, agency Chief Human Capital Officers and Human Resources Directors may contact their assigned OPM Human Capital Officers. Employees should contact their agency human resources offices for information.

We look forward to working with you to implement this critical initiative, which is an important component of the President's Management Agenda and a vital step toward reforming pay and performance systems throughout the Federal Government.

Attachments

cc: Chief Human Capital Officers
Human Resources Directors