


AUG 27 2010



UNITED STATES DEPARTMENT OF COMMERCE  
Chief Financial Officer and  
Assistant Secretary for Administration  
Washington, D.C. 20230

MEMORANDUM FOR Secretarial Officers  
Operating Unit Heads  
Principal Human Resources Managers

FROM: William J. Fleming   
Acting Deputy Chief Human Capital Officer and  
Acting Director for Human Resources Management

SUBJECT: 2010 End-of-Year Guidance for Senior Executive and Senior  
Professional Employees

Based upon the Department of Commerce's (Department) record of making meaningful distinctions in ratings, pay and bonuses based on relative performance, the Department has full certification of its Senior Executive Service (SES) performance management systems through Calendar Year 2010. Full certification is only obtained when agencies demonstrate that their executives are being held accountable for individual and organizational results. Due to the results of last year's performance cycle and the lack of articulation of measurable results in the 2010 plans, we approach the upcoming performance management cycle with no better than provisional certification achievable. As we move forward through this process, you must critically assess and appropriately reward the contributions of each executive to the success of the Department's mission and programs. This is essential to keeping the Department's efforts aligned with its strategic plan and goals and maintaining certification as well.

The Deputy Secretary serves as the Senior Assessment Official and as required by regulation, to achieve certification of the Senior Executive and Senior Professional Performance Management systems, must certify that:

- the Department's appraisal process makes meaningful distinctions based on relative performance
- results of the appraisal process take into account the bureaus' assessments of their performance against program assessment results; and
- pay adjustments, bonuses, awards, and salaries and overall compensation accurately reflect and recognize both individual and organizational performance.

As a result of the manner in which performance was assessed and rewarded last year and given the Department's posture with respect to future certification, some changes are being instituted this year which will enhance the Deputy Secretary's ability to certify to the above and help regain full certification status.

The Departmental and bureau Performance Review Boards (PRB) are essential to ensuring that meaningful distinctions in relative performance are made. They must ensure that the above mentioned criteria is met, and afford especially close scrutiny to cases in which Outstanding ratings and performance-based pay adjustments above the rate of Level III of the

Subject: 2010 End-of-Year Guidance for Senior Executive and Senior Professional  
Employees

Page 2

Executive Schedule are recommended. Guidance on the activities, responsibilities and composition of PRBs, is provided in Attachment A of this memorandum. Please note that noncareer executive participation on each PRB will be required and the size of published membership limited to no more than five members.

Regarding performance appraisals, it is critical that you convey throughout the management chain and to the PRB that narrative summaries must clearly and strongly support the assigned rating of record and any recommendation for a performance bonus and/or pay adjustment. The narrative summaries must also express the specific nature and quality of the executives' performance results and unambiguously convey their contribution to mission accomplishment. Narrative summaries must be submitted in the format contained in Attachment B of this memorandum, may not exceed two pages, and must be written and signed by the supervisor of record, not by the employee whose performance is being appraised. In stating that the ratings should be strongly supported, it means the assigned rating must closely comport to the applicable performance rating level definitions contained at the back of the CD-518 Senior Executive/Professional Performance Agreement, and are provided as Attachment B of this memorandum. Consequences of failure to meet performance requirements are outlined in Attachment C.

Prior to commencement of their work, PRBs will be provided with copies of applicable PRB charter(s) and they will be instructed to critically examine performance appraisals' alignment with strategic goals, results and accountability. In accordance with Departmental policy, during September the Department will conduct information briefings on the SES and senior professional (ST/SL) performance management process, with special focus on the PRBs, for all rating and reviewing officials, PRB members and human resources liaisons. The briefings are tentatively scheduled to be held September 17, 10:00 a.m. to 11:00 a.m., September 21, 10:00 a.m. to 11:00 a.m., and September 23, 10:30 a.m. to 11:30 p.m., in HCHB Room 5201.

In accordance with applicable Department Organizational Orders, the Deputy Chief Financial Officer (CFO) will rate the critical element, "Financial Operations and Management," the Chief Information Officer (CIO) will rate the critical element, "Information Technology Management," and the Deputy Chief Human Capital Officer and Director for Human Resources Management will rate the critical element, "Human Capital Management." Guidance on the CFO, CIO, and Principal Human Resources Managers' positions, as well as guidance for other positions for which there is a Departmental executive counterpart position, will be forthcoming shortly.

Please advise your management that recommendations must be made in line with the Departmental Pay Policy Summary contained at Attachment D. This policy supports the requirement that the highest performers shall receive the highest compensation. Prior to submission to the Department, bureaus and operating units must review all documentation to ensure that all submissions comply with the policy criteria and reconcile any discrepancies. A documentation submission checklist will be provided to Principal Human Resources Managers under separate cover. They will be required to review the checklist and certify that all submission requirements have been met.

Subject: 2010 End-of-Year Guidance for Senior Executive and Senior Professional  
Employees

Page 3

The Senior Professional Performance Act of 2008 established a new pay for performance system for ST/SL employees that provides pay ranges comparable to the SES and eliminates automatic annual comparability increases. In 2009, the Department obtained provisional certification of its ST/SL performance management system, effective through the end of the current fiscal year. Therefore, as with the SES, a higher aggregate compensation ceiling has applied. This higher compensation ceiling will continue to apply contingent upon the outcome of the Department's 2010 ST/SL certification request, which is pending with OPM.

While OPM has not yet finalized its guidance on 2011 Presidential Rank Awards, no major changes to the guidance are anticipated. Therefore, please be certain to submit nominations in accordance with the guidance contained at Attachment E. Upon receipt of OPM's official guidance, additional instructions will be forwarded to you.

As always, please remind rating and reviewing officials that performance-based pay adjustment, bonus and other related recommendations are not final until approved by the Secretary of Commerce. Bureau/operating unit recommendations are not binding, so no written or verbal feedback may be provided to executives until after receipt of the Secretary's approval.

The timetable for end-of-year activities is contained at Attachment F. Of note, the bonus payout date will be in Tax Year 2011, enhancing the 2011 personal tax planning opportunity. Please ensure that your staff carefully follows all procedures and strictly adhere to the timetable. If you have any questions, please feel free to contact William J. Fleming, Acting Deputy Chief Human Capital Officer at (202) 482-3502, or Denise A. Yaag, Director, Office of Executive Resources at (202) 482-3600.

Attachments:

Attachment A – Operating Unit/Bureau Performance Review Board (PRB) Guidelines and OPM Appraisal System Criteria

Attachment B – Narrative Summary Format and SES Performance Rating Level Definitions

Attachment C – Adverse Action Procedures for Career SES Members Who Fail to Meet Performance Requirements

Attachment D – Pay Policy Summary

Attachment E – Presidential Rank Award Program Instructions and Sample Formats

Attachment F – Timetable for End-of-Year Senior Employee Activities

## **Operating Unit/Bureau Performance Review Board (PRB) Guidelines**

The following highlights the PRBs' role in performance management and the processes they must follow to meet the Civil Service Reform Act, the Chief Human Capital Officers Act of 2002, and the National Defense Authorization Act of 2004, Office of Personnel Management implementing regulations, and Departmental requirements. These guidelines are supplemented by applicable operating unit/bureau PRB charters.

### **PRB Membership Restrictions**

While additional restrictions may be listed in applicable PRB charters, at a minimum, a member shall not participate in a specific performance appraisal review when he/she is:

1. The senior executive whose performance is being reviewed
2. The rater of the senior executive(s) whose performance is being reviewed
3. The direct subordinate of the senior executive whose performance is being reviewed.

To participate in PRB deliberations, each member must have a current performance rating of Fully Successful or higher.

Each PRB must have at a minimum, one member who is not within the organizations under the reporting line of the Secretarial Officer or Operating Unit Head.

Each PRB must include noncareer executive participation. It is encouraged that the executive function as a full member, but at a minimum, in an advisory capacity.

While a greater number of members may be published to ensure a sufficient number of executives are available to convene, PRBs are limited to five convening to perform their performance management cycle-related work.

### **General Process Information**

Prior to commencement of PRB activities, all members must be provided copies of applicable PRB charter(s), the content of which must be discussed with them by a human resources office representative having expertise in executive performance management subject matter. PRBs additionally must be advised that in the conduct of their work they must critically examine performance appraisals' alignment with strategic goals, results and accountability.

PRBs must be diligent in the review process to ensure meaningful distinctions based on relative performance are being made, thereby strengthening the link between performance and pay. In particular, PRBs are required to examine the alignment of executives' performance outcomes with strategic goals.

PRBs review initial summary ratings and performance-based pay adjustment and bonus recommendations, and based on Departmental Pay Policy (Attachment D), make recommendations to Appointing Authorities on:

1. Final annual summary ratings
2. Performance-based SES, ST and SL bonuses
3. Performance-based SES, SL and ST pay adjustments
4. Presidential Rank Awards

In their review process, PRBs must consider organizational assessments and OPM's criteria for certified performance management systems. Exhibition of these criteria support meaningful distinctions in relative performance. The criteria are provided at the bottom of this attachment.

### **Higher Level Review**

A senior executive may request higher level review of the initial summary rating before they are forwarded to the PRB for review. The senior executive is entitled to one higher level review. The request must be made to the principal human resources manager within 5 work days of receipt of the initial rating. This must be done prior to the PRB considering the executive's rating.

### **Recommendations to Secretarial Officers and Operating Unit Heads**

After review of performance appraisals, initial summary ratings, senior executives' written responses, if any, recommended performance-based pay adjustments and bonuses, and organizational assessments, PRBs must compare documentation against criteria in PRB charters and assessed for conformance with OPM criteria. Written recommendations regarding senior executive appraisals and ratings must be made to the appropriate Secretarial Officer/Operating Unit Head. PRB recommendations are not binding. When the PRB does not concur with the initial summary rating, or when there is a record of disagreement with the rating by the executive, the PRB must include a written explanation for its recommendation. PRBs must always document their recommendations concerning the proposed performance-based pay adjustments and bonuses on page 5 of the CD-518 form and the PRB Chair must initial them.

### **OPM Criteria**

**Alignment** – Performance expectations' linkage or derivation from the Department's and subordinate organizations' mission, strategic goals, program/policy objectives and/or annual performance plan.

**Consultation** – Evidence is present that performance expectations are based on senior employees' involvement and input and were communicated to the employee at the beginning of the appraisal period and requirements and progress in meeting them was communicated at appropriate times thereafter.

**Results** – The summary material being reviewed reflects that performance expectations for senior employees apply to their respective areas of responsibility; reflect expected Departmental or organizational performance, clearly describe performance that is measurable, demonstrable or observable; and focus on tangible outputs, outcomes, milestones, or other deliverables.

**Balance** – The documentation includes appropriate measures or indicators of results; customer/stakeholder feedback; quality, quantity, timeliness, and cost effectiveness as

applicable, and competencies or behaviors that contributed to and are necessary to distinguish outstanding performance.

**Assessment and Guidelines** – Evidence is present that the agency head or designee provides assessments of performance of the agency overall, as well as each of its major program and functional areas, such as GPRA goals and other program performance measures and indicators, and evaluation guidelines issued and based, in part, upon those assessments provided to senior employees, senior employee rating and reviewing officials and the PRB members. Assessments and guidelines are to be provided at the conclusion of the appraisal period but before ratings are recommended.

**Oversight** – There is rigorous oversight of the appraisal process by the agency head or designee who certifies that: 1) the senior employee appraisal process makes meaningful distinctions based on relative performance; 2) results of the process take into account, as appropriate, the agency's assessment of its performance against program performance measures; and 3) pay adjustments, cash awards, and levels of pay accurately reflect and recognize both individual and organizational performance.

**Accountability** – The senior employee's rating (as well as subordinate employee's performance expectations and ratings for those with supervisory responsibilities) appropriately reflect the employee's performance measures, and any other relevant factors.

**Performance Differentiation** – 1) The appraisal process includes a rating level that reflects outstanding performance and provides for clear differentiation of outstanding performance, as defined in the regulations; and 2) the appraisal process results in meaningful distinctions in relative performance based on senior employees; actual performance against rigorous performance expectations. "Relative performance" in this context does not require ranking senior employees against each other. Indeed, such ranking is prohibited for the purpose of determining performance ratings. Rather it is defined as the performance of a senior employee with respect to the performance of other senior employees, including their contribution to agency performance, where appropriate, as determined by the application of a certified appraisal system.

**Pay Differentiation** – Individual pay rates and pay adjustments, as well as their overall distribution, reflect meaningful distinctions among executives based on their relative contribution to agency performance. Agencies must ensure transparency in the process for making decisions. The highest performing senior employees should receive the largest pay adjustments and or highest pay levels (including both basic pay and performance awards), particularly above the rate for level III of the Executive Schedule.

**Narrative Summary**

Bureau: \_\_\_\_\_  
Name of Senior Executive/Professional: \_\_\_\_\_  
Position Title: \_\_\_\_\_  
Recommended Rating (Adjective): \_\_\_\_\_  
Pay Adjustment Percentage: \_\_\_\_\_ New Salary Level: \_\_\_\_\_  
Bonus Percentage: \_\_\_\_\_  
Check if Nominee is Under Consideration for a Presidential Rank Award: \_\_\_\_\_

(Narrative not to exceed two pages.)

# APPENDIX B

## SES GENERIC PERFORMANCE RATING GUIDE

### INSTRUCTIONS

The generic performance standards (GPS) are the primary basis for assigning element ratings in the Department of Commerce. The GPS are to be applied to each critical element in the performance plan. (Summary ratings are assigned by using a point scale after each element has been rated.)

When evaluating an element, the rater should:

- 1 Read carefully each performance standard level beginning with the fully successful one. (It is considered the base level standard.)
- 2 Determine which level best describes the employee's performance on the element. (Each and every criterion in the standards does not have to be met by the employee in absolute terms for the rater to assign a particular rating level. The sum of the employee's performance of the element must, in the rater's judgment, meet the assigned level's criteria.)
- 3 Provide in writing, on the appraisal form, specific examples of accomplishments, which support the assigned rating level.

Element ratings of fully successful do not require full written documentation unless the employee requests it. To assign a fully successful element rating, the rating official need only document in writing that: (1) the fully successful standards were met, and (2) that the rating was discussed in detail with the employee.

Occasionally, when rating some elements, a rating official may determine that an employee's performance on an element was not consistent. For example, the employee may have performed at the commendable level on several major activities within a critical element and at the Minimally Acceptable level on several others. In such a case, the rating official must consider the overall effect of the employee's work on the element and make a judgment as to the appropriate rating level he/she will assign. The rationale for the decision must be documented on the rating form, citing specific accomplishments, which support the decision.

Any additional standards that are included in the performance plan must also be considered by the rating official. Such standards are included in performance plans to supplement the GPS, not supplant them. Rating officials should consider such standards within the context of the GPS and rate elements accordingly.

### OUTSTANDING

This is a level of rare, high-quality performance. The employee has performed so well that organizational goals have been achieved that would not have been otherwise. The employee's mastery of technical skills and thorough understanding of the mission have been fundamental to the completion of program objectives.

The employee has exerted a major positive influence on management practices, operating procedures, and program implementation, which has contributed substantially to organizational growth and recognition. Preparing for the unexpected, the employee has planned and used alternate ways of reaching goals. Difficult assignments have been handled intelligently and effectively. The employee has produced an exceptional quantity of work, often ahead of established schedules and with little supervision.

In writing and speaking, the employee presents complex ideas clearly in a wide range of difficult communications situations. Desired results are attained.

### SUPERVISORY\*

The employee is a strong leader who works well with others and handles difficult situations with dignity and effectiveness. The employee encourages independence and risk-taking among subordinates, yet takes responsibility for their actions. Open to the views of others, the employee promotes cooperation among peers and subordinates, while guiding, motivating, and stimulating positive responses. The employee's work performance demonstrates a strong commitment to fair treatment, equal opportunity, and the affirmative action objectives of the organization.

### COMMENDABLE

This is a level of unusually good performance. It has exceeded expectations in critical areas and shows sustained support of organizational goals. The employee has shown a comprehensive understanding of the objectives of the job and the procedures for meeting them.

The effective planning of the employee has improved the quality of management practices, operating procedures, task assignments, or program activities. The employee has developed or implemented workable and cost-effective approaches to meeting organizational goals.

The employee has demonstrated an ability to get the job done well in more than one way, while handling difficult and unpredicted problems. The employee produces a high quantity of work, often ahead of established schedules with less than normal supervision.

The employee writes and speaks clearly on difficult subjects to a wide range of audiences.

### SUPERVISORY\*

The employee is a good leader, establishes sound working relationships and shows good judgment in dealing with subordinates, considering their views. He/she provides opportunities for staff to have a meaningful role in accomplishing organizational objectives and makes special efforts to improve each subordinate's performance.

### FULLY SUCCESSFUL

This is the level of good, sound performance. The employee has contributed positively to organizational goals. All critical element activities that could be completed are. The employee effectively applies technical skills and organization knowledge to get the job done.

The employee successfully carries out regular duties while also handling any difficult special assignments. The employee plans and performs work according to organizational priorities and schedules.

The employee also works well as a team member, supporting the group's efforts and showing an ability to handle a variety of interpersonal situations.

The employee communicates clearly and effectively.

All employees at this level and above have followed a management system by which work is planned, tasks are assigned, and deadlines are met.

### SUPERVISORY\*

The employee is a capable leader who works successfully with others and listens to suggestions.

The employee rewards good performance and corrects poor performance through sound use of performance appraisal systems, performance-based

incentives and, when needed, adverse actions; and selects and assigns employees in ways that use their skills effectively.

The employee's work performance shows a commitment to fair treatment, equal opportunity, and the affirmative action objectives of the organization.

### MINIMALLY ACCEPTABLE

This level of performance, while demonstrating some positive contributions to the organization, shows notable deficiencies. It is below the level expected for the position, and requires corrective action. The quality, quantity or timeliness of the employee's work is less than Fully Successful, jeopardizing attainment of the element's objective. The employee's work under this element is at a level, which may result in removal from the position.

There is much in the employee's performance that is useful. However, problems with quality, quantity or timeliness are too frequent or too serious to ignore. Performance is inconsistent and problems caused by deficiencies counterbalance acceptable work. These deficiencies cannot be overlooked since they create adverse consequences for the organization or create burdens for other personnel. When needed as input into another work process, the work may not be finished with such quality, quantity and timeliness that other work can proceed as planned.

Although the work products are generally of useable quality, too often they require additional work by other personnel. The work products do not consistently and/or fully meet the organization's needs. Although mistakes may be without immediate serious consequences, over time they are detrimental to the organization.

A fair amount of work is accomplished, but the quantity does not represent what is expected of Fully Successful employees. Output is not sustained consistently and/or higher levels of output usually result in a decrease in quality. The work generally is finished within expected timeframes but significant deadlines too often are not met.

The employee's written and oral communications usually consider the nature and complexity of the subject and the intended audience. They convey the central points of information important to accomplishing the work. However, too often the communications are not focused, contain too much or too little information, and/or are conveyed in a tone that hinders achievement of the purpose of the communications. The listener or reader must question the employee at times to secure complete information or avoid misunderstandings.

### SUPERVISORY\*

Inadequacies surface in performing supervisory duties. Deficiencies in areas of supervision over an extended period of time affect adversely employee productivity or morale, or organizational effectiveness. The Minimally Acceptable employee does not provide strong leadership or take the appropriate initiative to improve organizational effectiveness. For example, he/she too often fails to make decisions or fulfill supervisory responsibilities in a timely manner, to provide sufficient direction to subordinates on how to carry out programs, to give clear assignments and/or performance requirements, and/or to show an understanding of the goals of the organization or subordinates' roles in meeting those goals.



## UNSATISFACTORY

This is the level of unacceptable performance. Work products do not meet the minimum requirements of the critical element. Most of the following deficiencies are typically, but not always, characteristic of the employee's work:

- Little or no contribution to organizational goals;
- Failure to meet work objectives;
- Inattention to organizational priorities and administrative requirements;
- Poor work habits resulting in missed deadlines, incomplete work products;
- Strained work relationships;
- Failure to respond to client needs; and/or
- Lack of response to supervisor's corrective efforts.

## SUPERVISORY\*

Most of the following deficiencies are typically, but not always, common characteristics of the employee's work:

- Inadequate guidance to subordinates;
- Inattention to work progress; and
- Failure to stimulate subordinates to meet goals.

\* Supervisory standards must be applied to SES supervisors.

**Adverse Action Procedures for Career SES Members  
Who Fail to Meet Performance Requirements**

**Coverage**

Career SES members who have completed the probationary period, if required, and who are not re-employed annuitants.

**Removal Due to Failure to Meet Annual Performance Requirements**

An Unsatisfactory rating requires a reassignment or transfer within the SES, or removal from the SES in accordance with 5 CFR 430.309(c)(1).

Two Unsatisfactory ratings within any period of 5 consecutive years require removal from the SES in accordance with 5 CFR 430.309(c)(2).

Two less than Fully Successful ratings in any period of 3 consecutive years require removal from the SES in accordance with 5 CFR 430.309(c)(3).

Notice in writing is required at least 30 days before the effective date of the removal action. The notice shall include:

- The basis for the action;
- The executive's placement rights;
- The executive's right to an informal Merit System Protection Board (MSPB) hearing;
- The effective date of removal;
- (If applicable), the appointee's eligibility for immediate discontinued service retirement in lieu of placement rights.
- The fallback position to a GS-15 or equivalent position will be identified.
- Notice of the right to an informal hearing before MSPB at the employee's request at least 15 days before the effective date of removal.

Removal for less than Fully Successful performance cannot be made effective within 120 days after the appointment of a new Secretary of Commerce or the appointment of the career appointee's most immediate supervisor who is a noncareer appointee and has the authority to remove the career appointee (the Secretarial Officer). This restriction does not apply when the career appointee has received a final rating of Unsatisfactory under the Department's performance appraisal system before the appointment of a new agency head or Appointing Authority.

**Senior Executive/Professional  
Pay Policy Summary**

The Department of Commerce (DOC) determinations on setting and adjusting rates of basic pay for Senior Executive Service (SES) members and Senior Professionals are based on each executive's individual performance and in relation to the quality of achievement of organizational and Departmental goals and objectives.

The DOC SES Performance Management System has five summary performance levels: Outstanding (Level 5), Commendable (Level 4), Fully Successful (Level 3), Minimally Acceptable (Level 2), and Unsatisfactory (Level 1). No decimals other than .5 may be used in assignment of element ratings.

**DOC SES Performance-based pay Adjustment Basic Eligibility Criteria**

The senior executive has not had a pay increase since January 3, 2010. Senior professionals must not have had a pay increase since April 12, 2010.

A senior executive/senior professional's summary performance rating must be at least Fully Successful (Level 3, 290-379 points).

A rating of Fully Successful (Level 3) or higher has been assigned to each critical element in the senior executive/senior professional's performance plan.

Pay adjustments may only be proposed within the applicable pay adjustment ceilings. Senior executives may receive increases of up to 2 percent for a Fully Successful rating, up to 3.5 percent for a Commendable rating, and up to 5 percent for an Outstanding rating.

In accordance with 5 CFR 534.404(b)(2), a senior executive who receives an annual summary rating of Outstanding (Level 5, 470-500 points) must be considered for an annual pay increase subject to the limitation on the maximum rate of base pay in 5 CFR 534.403(a)(2).

Decisions concerning SES performance-related downward pay adjustments are limited to no more than 10 percent of base pay and will be made at the discretion of the Secretarial Officer, with prior consultation with the Deputy Chief Human Capital Officer and Director of Human Resources Management, and the approval of the Departmental Executive Resources Board (DERB).

For senior professionals, pay adjustments may only be proposed within the applicable pay adjustment ceilings. Senior Professionals may receive increases up to 2 percent for a Fully Successful rating, up to 3.5 percent for a Commendable rating, and up to 5 percent for Outstanding rating. Please note both the timing and amounts of these increases may be impacted by the Department's senior professional performance management system certification status and OPM's issuance of Senior Professional Performance Act implementation regulations. Currently, it is anticipated that Senior Professional Pay Adjustments will be effected in April 2011.

## **Supplemental Pay Adjustment Criteria for Senior Executives and Senior Professionals Rated Fully Successful**

Although the Department's executive pay policy allows for performance-based pay adjustments up to 2 percent for a Fully Successful rating, regulations require agencies to differentiate among its executives' pay based on individual performance and/or contribution to agency performance. Regulations state that certified performance management systems must provide for pay differentiation, such that senior employees who have demonstrated the highest levels of individual performance receive the highest ratings, as well as the largest corresponding pay adjustments, cash awards, and levels of pay, particularly above the EX-III level.

It remains the Department's policy that only the highest performing senior executives and senior professionals generally should receive any type of pay adjustment that raises or maintains a salary above the rate for level III of the Executive Schedule (currently \$165,300 for 2010). Consequently, Senior Executives and Senior Professionals rated Fully Successful will only be considered for a performance-based pay adjustment up to the rate for level III of the Executive Schedule. Senior executives and Senior Professionals rated Fully Successful whose salaries are at or above the new EX-III, are ineligible to receive a performance-based increase.

### **DOC SES Bonus Pool**

The DOC SES bonus pool is funded at 7.5 percent of the aggregate salaries of career executives as of September 30, 2010. Pool amounts are calculated by separate program areas and prorated to provide for distribution by DERB recommendations to the Secretary of Commerce. The DERB may adjust individual pools as long as the agency's 7.5 percent funding maximum is maintained. The Department will provide Secretarial Officers/Operating Unit Heads their bonus pool amounts. Bureaus and Operating Units may not exceed the designated pool amounts.

### **DOC SES Performance-based Bonuses**

In accordance with statute, only career executives may receive performance-based bonuses. If proposed for a bonus, career executives may receive at a minimum 5 percent, up to 15 percent of salary. Bonuses may only be proposed within the applicable bonus amount ceilings; executives may receive a 5 percent bonus for a Fully Successful summary rating, up to 10 percent for a Commendable summary rating, and up to 15 percent for an Outstanding summary rating. Bonuses are computed as a percentage of base salary, up to two decimal places. The DERB reserves the right to make recommendations to the Secretary for bonuses of more than 15 percent. Expression of bonuses as dollar values rather than percentages will not be accepted.

### **DOC Senior Professional Performance-based Bonuses**

The following bonus structure will apply for Senior Professionals. If proposed for a bonus, Senior Professionals may receive up to 3 percent (maximum of \$5,180) for a Fully Successful Rating; 3.1 to 4.6 percent (approximately \$4,675 - \$7,943) for a Commendable rating; and 4.7 to 5.79 percent (approximately \$7,087 to \$9,998) for an Outstanding rating. A formal bonus structure is necessary in order for the Department to maintain certification of its ST/SL Performance Management System.

**2010 Presidential Rank Award recipients are not eligible for bonuses.**

## Presidential Rank Award Program Instructions

### General Information

To recognize prolonged high quality accomplishment, the President awards the rank of Distinguished Executive, Distinguished Senior Professional, Meritorious Executive, and Meritorious Senior Professional each year to a select number of SES career executives and senior career professionals.

Distinguished Executive and Distinguished Senior Professional Rank Awards recognize sustained extraordinary accomplishment and include an award of 35 percent of base pay.

Meritorious Executive and Meritorious Senior Professional Rank Awards recognize sustained accomplishment and include an award of 20 percent of base pay.

The Department submits its nominations to OPM which administers the Presidential Rank Award Review Boards, composed of private citizens. Separate Review Boards evaluate SES nominations and the senior professional nominations. Each Board has three members who individually evaluate and rate the accomplishments described in the justification statements. Each member makes an independent judgment on the cases presented.

The Review Boards for the Distinguished Rank Awards meet in Washington, DC, usually in March or April. OPM conducts inquiries on all nominees for Distinguished Rank Awards that the Review Boards recommend for approval and pays the cost of these inquiries. Distinguished nominees who do not score high enough to be recommended for approval are referred to Meritorious Review Boards, if eligible.

### Submission Requirements

Nominations must be signed by the appropriate Secretarial Officer and/or Head of the Operating Unit before submission to the Department. By signing this document, the Secretarial Officer/Head of the Operating Unit affirms that all information and accomplishments in the nomination are accurate.

Each nomination must contain the following original documentation (and four (4) copies), arranged in the order listed below:

- Form CD-590, Executive Personnel Transaction (available on the Department's forms website), signed by the Secretarial Officer or Head of the Operating Unit. Please note, bureaus must ensure that all information on the CD-590 matches exactly the data provided on the nomination form.
- Completed copy of the applicable Presidential Rank Award Program Nomination Form signed by the Secretarial Officer. Each nomination form must be complete and legible.
- Biographical Summary in bullet form that describes the executive's current position and lists highlights from his/her SES or ST/SL career.
- Accomplishment Summary which lists accomplishments attained by the executive which serve as the basis for the nomination and are elaborated upon in the Justification

Statement. The Biographical Summary and Accomplishment Summary, combined, may not exceed one page.

- A Justification Statement that addresses the nominee's career accomplishments in terms of the Senior Executive or senior professional criteria in a concise manner. The Presidential Rank Award Review Board members will evaluate the nomination against the same criteria. The justification statement may not exceed three (3) pages in length; longer justifications will be returned without action. Please spell out acronyms and abbreviations. Do not use any staples or paper clips in the nomination folder. The justification heading should indicate the individual's name, title, and operating unit.
- A summary data sheet listing rank nominees showing name, the current and previous 3 years' performance ratings, years of service with the Department, previous recognition, including rank awards for which nominees were recommended but not approved. See Attachment E-1.
- The accounting classification code number to be used for payment of an award.
- The work phone and fax number of each nominee.

Bureaus must ensure that nominations meet OPM and DOC requirements exactly, and all packages should be free of typographical errors. Nominations returned for rewriting or other corrections should be rare. All required documentation must be received in the Department's Office of Human Resources Management, Office of Executive Resources, by the deadline to ensure that review and preparation for the DERB are not delayed.

If you have questions concerning the Presidential Rank Award Program or the nomination procedures, please call Terri Lucente, Executive Resources Policy Program Manager, at (202) 482-1630.

[Name of Operating Unit]

**DISTINGUISHED NOMINATIONS**

NAME	RATING YEAR '10	PRIOR RATINGS			YEARS OF SERVICE	PREVIOUS RECOGNITION*
		'09	'08	'07		
1. Jane Doe	O	O	C	O	15	'09 – 15% Bonus '07 – Meritorious Rank
2. John Sanchez	C	O	O	O	12	'09 – 10% Bonus '06 – Dist/Nominee/NS

**MERITORIOUS NOMINATIONS**

NAME	RATING YEAR '10	PRIOR RATINGS			YEARS OF SERVICE	PREVIOUS RECOGNITION*
		'09	'08	'07		
1. Jerry Brown	O	O	O	O	19	'09 – 20% Bonus '07 – 15% Bonus '93 – Gold Medal '90 – Nobel Prize '88 – Merit/Nominee/NS
2. Gina Chin	C	C	O	O	4	'09 – 09% Bonus

\*When an executive received an SES bonus in the past, provide the year and percent of the bonus as illustrated. **Do not provide dollar amount.**

**Timetable for End-of-Year Senior Executive/Professional Activities**

August 2010	End-of-Year Guidance issued.
September 17, 21, and 23, 2010	Performance Review Board Training
September 30, 2010	End of FY 2010 Senior Executive/Professional Performance Cycle.
October 4, 2010	Executive Resources Information System (ERIS) is populated via download from the National Finance Center (NFC) and forwarded to the bureau contacts.
October 8, 2010	Bureaus provide Department's Chief Financial Officer and Assistant Secretary for Administration (CFO/ASA) with bureau organizational assessment data.
October 14, 2010	Recommended rating and appraisals for bureau CFOs and CIOs covering the Department's 25 percent of ratings for the "Financial Operations and Management," "IT Management," and "Human Capital Management" critical elements, are provided to the Office of Executive Resources to transmit to bureaus for consolidation into CFOs', CIOs', and PHRMs' overall ratings, respectively.
October 21, 2010	Organizational assessment results are issued to bureaus as required by OPM regulations.  Bureaus provide recommended ratings and performance-based pay increase/bonus amounts for those executives requiring Departmental Performance Review Board (DPRB) review to OHRM, OER. Principal Human Resources Managers forward performance ratings of executives requesting higher level review to the Director, OHRM.  Office of the General Counsel (OGC), Chief Information Officer (CIO), CFO/ASA and the Office of the Secretary (OS) provide recommended ratings to the Director of Human Resources Management (HRM), OHRM, for Office of the Secretary PRB review.
October 25-29, 2010	Bureaus, including OS, provide recommended ratings, performance-based pay increase/bonus amounts, and Presidential Rank Award nominations to bureau operating Performance Review Boards (PRB) and convene PRBs and the DPRB.  The Departmental Performance Review Board (DPRB) will perform the higher level review for executives who exercise this



option and for which no higher level exists in the bureau or operating unit. DPRB completes review of performance ratings of executives requesting higher level review and forwards recommendations to the Secretarial Officers for their PRBs' consideration.

November 2, 2010

Results of DPRB review of ratings are provided to bureau heads by the Deputy CHCO/Director for HRM.

Results of the OS PRB are provided to OGC, CIO, CFO/ASA, and OS by the Deputy CHCO/Director for HRM.

November 4, 2010

Bureaus, OGC, CIO, CFO/ASA, and OS complete bonus and performance-based pay adjustment review process. Secretarial Officers submit recommendations for bonuses and performance-based pay adjustments (with appraisals and narrative justifications), Presidential Rank Award nominations to the Director of HRM, for the Departmental Executive Resources Board (DERB) review.

November 22-  
December 13, 2010

DERB meets and finalizes recommendations on bonuses and performance-based pay adjustments and submits them to the Deputy CHCO/Director for HRM.

December 23, 2010

Final decisions are made by the Secretary of Commerce

December 30, 2010

Bureaus are notified of final decisions

January 7, 2011

OHRM electronically transmits approved information to NFC

January 2, 2011

Performance-based pay adjustments are effective

January 27, 2011

Official pay date for FY 2010 SES and ST/SL bonuses. SES pay adjustments will be included in pay period 1 salary payment.