



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

October 16, 2026

MEMORANDUM FOR: Secretarial Officers
Operating Unit Heads

FROM: Jennifer Hesch
Acting Deputy Assistant Secretary for Administration

SUBJECT: Fiscal Year 2026 End-of-Year Performance Management
Operational Guidance and Required Compliance for Non-Senior
Employees

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This memorandum outlines the operational requirements for the Fiscal Year 2026 career Senior Executive Service (SES) and Senior Professional (SP) Performance Management end-of-cycle activities.

Executive level employees who served in a covered position for at least 90 days must be rated and must provide a self-assessment demonstrating accomplishments of no more than two pages. Rating Officials must prepare a narrative summary. Bureau recommendations for pay adjustments and bonuses are not binding, and information on performance-based bonuses or pay adjustments should not be provided to employees until after the Department Executive Resources Board concludes its review and an official notification is provided.

Recent federal performance management reforms emphasize the need for performance ratings rooted in documented accomplishments. The changes require supervisors to create evidence-based assessments to clearly distinguish exceptional performance from satisfactory performance and demonstrate measurable contributions to organizational outcomes. The strengthened standards reinforce accountability and heighten expectations for rating officials, marking a broader shift toward rigorous, defensible evaluation practices.

Changes Effective for FY 2026 Close Out

- **Timeline:** Bureau Performance Review Boards and Appointing Authority decisions must be completed by November 24, 2026. All deadlines are firm. The complete list of activities and due dates are found in [Appendix A](#).
- **Ratings Caps:** The U.S. Office of Personnel Management (OPM) sets a governmentwide cap on the combined percentage of Level 4 and Level 5 ratings for SES, SP, and GS populations. This cap is a ceiling, not a target. Agencies must publish their ratings caps and award ranges to all employees.
- **Transparency:** Bureaus must provide transparency in the end-of-year process, including sharing pay adjustments, awards ranges, and ratings distribution targets with all rated employees.
- **Performance Management Officer (PMO):** This role is designated to the Chief Human Capital Officer (CHCO), who oversees agency implementation, ensures fairness and consistency, and monitors compliance with OPM standards. The PMO is also responsible for reporting to OPM. Bureaus may appoint a Bureau PMO as needed to ensure adherence to the guidance.
- **Award approvals:** OPM has delegated approval for awards for SPs of over \$10,000 to agency heads who may redelegate this authority. SP awards may not exceed \$25,000.

End-of-Year Requirements

- **Eligibility**: Executive level employees serving in a covered position for at least 90 days must be rated.
- **Written Assessments**: Employees must submit a self-assessment, limited to two pages in 10-point font, clearly demonstrating accomplishments. Rating officials must prepare a narrative. [Appendix B](#) contains the outline of the Narrative Summary and Tip Sheet.
- **Acting Roles**: Employees must clearly identify accomplishments completed while serving in an acting role or while on a detail assignment.

Ratings Distribution

The Departmental Executive Resources Board requires clear differentiation in performance ratings. Rating Officials must ensure recommended ratings accurately reflect defined performance levels. This distinction is essential to maintaining OPM performance appraisal system certifications.

For SES and SP executives, the Department's required distribution sets forty percent for *Outstanding* and *Great* levels, and sixty percent for *Satisfactory* level and below. Every rating must be supported by evidence, measurable accomplishments, and demonstrated results.

Award Distribution Considerations

OPM issues a recommended percentage allocating separate SES, SP, and GS bonus pools to Level 4 and Level 5 performers, along with suggested award and pay adjustment ranges for each rating level.

Agencies must establish a separate bonus pool for employees classified as Schedule Policy/Career. These employees will receive an additional 0.5% bonus applied to the payout associated with their rating level.

As noted above, to ensure transparency pay adjustments, awards ranges and ratings distributions must be shared with employees who receive a rating.

FY 2026 awards distributions:

Level	SES	SP	SP - Schedule P/C
Outstanding – Level 5	10.1 – 20 %	10.1 – 20 %	10.6% – 20 %
Great – Level 4	8.1 – 10 %	8.1 – 10 %	8.6 – 10.5 %
Satisfactory – Level 3*	0 % or 5 – 8 %	0 – 8 %	0.5 - 8.5 %

*If awards are provided for Level 3 performance, the minimum remains at 5% for SES. There is no minimum requirement for SP.

FY 2026 Pay Adjustments for SES and SP employees:

Level	SES/SP
Outstanding – Level 5	10 – 15 %
Great – Level 4	6 – 10 %
Satisfactory – Level 3	1 – 5%

Bonus Pool Distribution

The Department determines the bonus pool as a percentage of salaries for all career employees on board as of September 30, 2026. Sixty percent of the available bonus pool is allocated to those receiving *Outstanding* and *Great* ratings. The remaining forty percent is reserved for those receiving *Satisfactory* rating. Each bureau will receive formal notification of its bonus pool distribution and percentage of salaries calculation. Bureaus are responsible for ensuring the accuracy of this information, including salary data.

If an employee does not achieve a Level 3 or higher rating, the Rating Official should contact James Triem at jtriem@doc.gov for next steps.

If you have any questions, please contact your executive resources servicing office.

Attachments:

- [Appendix A](#) – Fiscal Year 2026 Senior Executive and Senior Professional Performance Management Activities
- [Appendix B](#) – Fiscal Year 2026 Narrative Summary Format and Tip Sheet

cc: Principal Human Resources Managers

Appendix A

Fiscal Year 2026 Senior Executive and Senior Professional Performance Management Activities

Date	Deliverable
No Later Than October 16, 2026	- DERB Decisions made for bonus pool and Bureau PRB membership. - Department Office of Performance Excellence and Bureau points of contact should issue preliminary Organizational Assessments with mission accomplishment parameters for rating and Bureau PMO or senior leadership review. This document is used for senior leadership, PRBs, and DERB decisions. - OPM requires the Department to publish their ratings caps and pay adjustment and award ranges to all rated employees by October 16, 2026.
October 19-26, 2026	- End-of-Year training for employees and Rating Officials needs to be scheduled and conducted (per regulation). - HRIT, OST, and Bureau users testing and validating data in Bonus Pool System. - OST prepares bonus pool memos and spreadsheets. - BPRB training sessions and meetings scheduled.
October 13- November 6, 2026	Federal Register preparation, internal approvals obtained, and Notice is published.
October 19-30, 2026	Rating officials communicating notional ratings to employees.
October 20- November 4, 2026	HLR commences 5 calendar days after the employee receives notional rating.
October 26- November 4, 2026	Executive Resources Offices prepare BPRB packages and open site for PRB member review.
November 8, 2026	HLR Official Decisions finalized.
November 12- 19, 2026	BPRBs are convened.
November 24, 2026	Appointing Authority memo and packages returned to OST.
December 4-9, 2026	DERB decisions made.
December 10-11, 2026	HR processing to NFC.
Before the end of the pay year (01/09/27)	NFC Corrections and resubmissions. Bonus payouts effective pay period 25, pay adjustments effective pay period 1.

Appendix B

Fiscal Year 2026 Mandatory Narrative Summary and Tip Sheet

Requirements

The narrative summary must not exceed two-pages in 10-point font. Rating Officials must address each critical element separately and tie narrative directly to the performance requirements in the employee's performance plan. The narrative must be signed by the Rating Official and clearly describe the nature and quality of the employees' results. Narratives must unambiguously demonstrate the employee's contribution to mission accomplishment and fully support the initial summary rating.

For employees who served in an acting role, Rating Officials may incorporate accomplishments tied to the role under each applicable critical element. These accomplishments should be clearly identified as pertaining to the acting assignment and the narrative must specify the period the employee served in the acting role.

Critical Elements

For SES Members:

1. Faithful Administration of the Law and the President's Policies
2. Government Efficiency
3. Merit and Competence
4. Holding Others Accountable and Treating Them Fairly
5. Achieving Organizational Goals

For Senior Professionals:

1. Faithful Support of Administration of the Law and the President's Policies
2. Government Efficiency
3. Merit and Competence
4. Partnership/Leadership/Mentorship
5. Achieving Organizational Goals

Tips for Writing Narratives

- **Focus on Results, Not Actions.** Actions describe what someone did; results describe the impact. Demonstrate outcomes, progress against targets, quality improvements, customer impact, efficiencies, or mission advancement. *Example:* Instead of "prepared a strategic plan," use "delivered a strategic plan to reduced cycle time by 15% and enabled the bureaus to meet deadlines."
- **Demonstrate How Each Competency Was Met or Exceeded.** Departmental Performance Review Boards look for clear differentiation, especially at higher rating levels. Narratives should:
 - Show exceptional impact, not routine performance.
 - Describe influence on programs, stakeholders, or Department priorities.
 - Highlight leadership behaviors such as collaboration, strategic alignment, coaching, or innovation.
- **Use Measurable, Objective, Observable Evidence.** Departmental guidance repeatedly stresses "specific and measurable results" and "accurate, results-based ratings." Include:
 - Quantitative metrics (percentages, time saved, error reduction).
 - Timelines (met OMB deadline by August 28; delivered quarterly reviews ahead of schedule).
 - Scope/scale (impacted three bureaus; served 1,200 employees; processed 300 cases).

- Avoid Generalities. Performance Review Boards will not accept vague statements. Replace broad claims (“supported leadership,” “improved service delivery”) with facts, evidence, and context tied directly to the performance plan.
- Ensure Clear Differentiation Across Performance Levels. Differentiation is mandatory under Department/OPM policy. Narratives for higher ratings should explicitly demonstrate:
 - Consistently exceeding expectations.
 - Delivering results ahead of schedule or with more impactful results than expected.
 - Handling complex challenges with high quality and sensitive issues with diplomacy.
 - Meaningful contributions to Department goals (e.g., PMA, AI literacy, data-driven operations, etc.)
- Use Clear, Concise, Direct Language. Avoid jargon unless essential; be precise and readable. OPM and Department guidance emphasize concise summaries reflecting the quality of performance.
- Ensure Organization-Wide Alignment. Good narratives:
 - Link accomplishments to Bureau/Department priorities.
 - Reflect crosscutting initiatives (AI readiness, PMA goals, workforce modernization).
 - Align with critical elements and performance plan expectations, as required for SES/SP narratives.
- Incorporate Customer Perspective and Mission Value. Department frameworks emphasize customer input and needs and Department-wide service improvement. *Example*, the OS WCF Customer Experience initiative explicitly requires strengthening customer feedback loops. Show:
 - How results improved stakeholder experience.
 - How work enabled better service delivery, reduced burden, or addressed customer pain points.
 - Positive feedback, if documented.
- Maintain Organization, Readability, and Required Structure. Narratives must be readable, logically organized, and consistent with Departmental format requirements. Use:
 - Clear sections.
 - Straightforward sentence structure.
 - No extraneous text.
 - Alignment with the performance plan’s critical elements.
- Document Only Verifiable, Reviewable Evidence. PRBs cannot seek additional justification and will not request revisions. Narratives must stand alone. Ensure:
 - All statements are factual.
 - Items included do not rely on undocumented claims or subjective assertions.