



PERSONNEL AND
READINESS

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

October 26, 2021

MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF THE COMBATANT COMMANDS
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Directive-type Memorandum 21-008- – “Senior Level and Scientific and Professional Performance Management System and Compensation”

References: Code of Federal Regulations, Title 5
DoD Directive 5124.02, “Under Secretary of Defense for Personnel and Readiness (USD(P&R)),” June 23, 2008
DoD Instruction 1400.25, Volume 920, “Defense Civilian Personnel Management System: Senior Executive Service Performance Management System and Compensation Policy,” March 29, 2017
United States Code, Title 5

Purpose. In accordance with the authority in DoD Directive 5124.02, this Directive-type Memorandum (DTM):

- Establishes policy, assigns responsibilities, and provides procedures for rating individual Senior Level (SL) and Scientific and Professional (ST) employees against established criteria toward the achievement of organizational and agency goals and mission accomplishments.
- This DTM is effective October 26, 2021; it will be converted to a new DoD instruction. This DTM will expire effective October 27, 2022.

Applicability.

- This DTM applies to:
 - OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (referred to collectively in this DTM as the “DoD Components”).
 - DoD SL and ST employees (referred to in this DTM as “Senior Professionals (SPs)”), including those in the Office of Inspector

General of the Department of Defense. It may be administratively extended to the Defense Intelligence Senior Level (DISL) employees by the Under Secretary of Defense for Intelligence and Security (USD(I&S)). If extended, the USD(I&S) serves as the appointing authority for DISL positions.

Definitions. See Glossary.

Policy.

- The DoD will:
 - Promote excellence in SP performance by establishing a rigorous performance culture in which the performance and contribution of SPs are fully recognized and rewarded.
 - Recognize SPs who demonstrate the highest levels of performance and make the most significant contributions to the DoD's and DoD Components' organizational performance with the highest rates of performance-based pay adjustments and bonuses.
- Unless specified otherwise in this DTM, DoD Components will adhere to the policies and procedures in Volume 920 of DoD Instruction 1400.25.
- DoD will comply with Office of Personnel Management requirements for full certification of the SP Performance Management System (PMS) as established in Section 430.404 of Title 5, Code of Federal Regulations (CFR).

Responsibilities. See Attachment 1.

Procedures. See Attachment 2.

Releasability. Cleared for public release. Available on the Directives Division Website at <https://www.esd.whs.mil/DD/>.



Gilbert R. Cisneros, Jr.
Under Secretary of Defense for
Personnel and Readiness

Attachments:
As stated

ATTACHMENT 1

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER AND RESERVE AFFAIRS. Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness (USD(P&R)), and in accordance with DoD Directive 5124.02, the Assistant Secretary of Defense for Manpower and Reserve Affairs has overall responsibility for the development of DoD civilian personnel policy covered by this DTM.

2. DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL POLICY (DASD(CPP)). Under the authority, direction, and control of the Assistant Secretary of Defense for Manpower and Reserve Affairs, the DASD(CPP) supports the development of civilian personnel policy covered by this DTM and monitors its execution by DoD Components, ensuring consistent implementation and continuous application throughout the DoD.

3. DIRECTOR, DEPARTMENT OF DEFENSE HUMAN RESOURCES ACTIVITY. Under the authority, direction, and control of the USD(P&R), the Director, Department of Defense Human Resources Activity, provides support to the DASD(CPP), as appropriate, in the execution of duties and responsibilities assigned in this DTM.

4. USD(I&S). If this DTM is administratively extended to DISL employees, the USD(I&S) implements performance management for DISL positions and performs the functions of the appointing authority with respect to DISL positions.

5. INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE. The Inspector General of the Department of Defense serves as the appointing authority for SP positions within the DoD Office of Inspector General.

6. DEPUTY SECRETARY OF DEFENSE, SECRETARIES OF THE MILITARY DEPARTMENTS, AND CHIEF JUDGE OF THE UNITED STATES COURT OF APPEALS FOR THE ARMED FORCES (USCAAF).

a. The Secretaries of the Military Departments serve as appointing authorities for SP positions in their respective Military Departments. The Chief Judge of the USCAAF serves as the appointing authority for positions in the USCAAF. The Deputy Secretary of Defense serves as the appointing authority for all SP positions other than DISL positions, those in the Office of the Inspector General of the Department of Defense, those in the Military Departments, and those in the USCAAF.

b. Ensure that SPs receive training in the requirements and operation of the SP PMS to ensure its effective implementation.

ATTACHMENT 2

PROCEDURES

1. USE OF THE EXECUTIVE PERFORMANCE AND APPRAISAL TOOL. In cases where an electronic appraisal system cannot be accessed, SPs will use the Office of Personnel Management's SL/ST appraisal template.

2. CRITICAL ELEMENTS. There are five critical elements established for SP performance appraisals. These critical elements are composed of identified competencies or established performance objectives that should be selected or written, as appropriate, by the rating official in consultation with the SP.

a. Project or Program Management. Rating officials, in consultation with the SP, must select at least one competency in this category that contributes to the SP's performance on work assignments or carrying out responsibilities. Appointing authorities may further designate a required number of competencies or specific competencies.

(1) Decision Making. Makes sound, well-informed, and objective decisions; perceives the impact and implications of decisions. Commits to appropriate action, even in uncertain situations, to accomplish work assignments and applicable organizational goals.

(2) Financial Management. Understands the organization's financial processes. Prepares, justifies, and administers the project or program budget. Oversees procurement and contracting to achieve desired results. Monitors expenditures and uses cost-benefit thinking to set priorities.

(3) Information Management. Identifies a need for gathering information and knows where or how to do so. Organizes and maintains information on information management systems. Retrieves and applies information appropriately in various situations.

(4) Legal, U.S. Government, and Jurisprudence. Has knowledge of applicable laws, legal codes, court procedures, precedents, legal practices or documents; U.S. Government regulations, Executive orders, agency rules, U.S. Government organization or functions; and the democratic political process as they apply to the area of responsibility.

(5) Planning and Evaluating. Organizes work, sets priorities, and determines resource requirements and determines short- or long-term goals and strategies to achieve them. Coordinates with other organizations or parts of the organizations to accomplish goals. Monitors progress and evaluates outcomes.

(6) Problem Solving. Identifies problems, determines the accuracy and relevance of information, and uses sound judgment to generate and evaluate alternatives and make recommendations.

(7) Project Management. Applies principles, methods, or tools for developing, scheduling, coordinating, monitoring, evaluating, and managing projects and resources, including technical performance.

(8) Reasoning. Identifies rules, principles, or relationships that explain facts, data, or other information. Analyzes information and makes correct inferences or draws accurate conclusions.

(9) Research. Applies knowledge of the scientific principles, methods, and processes used to conduct a systematic and objective inquiry, including study design, collection, analysis, interpretation of data, and the reporting of results.

(10) Technical Competence and Subject Matter Expertise. Uses knowledge that is acquired through formal training or extensive on-the-job experience to perform one's job. Works with, understands, and evaluates technical information related to the job. Advises others on technical issues.

b. Interpersonal Leadership and Responsibilities. Rating officials, in consultation with the SP, must select at least one competency in this category, in addition to customer service, that contributes to the SP's performance on work assignments or carrying out responsibilities. Appointing authorities may further designate a required number or specific competencies.

(1) Customer Service (Mandatory). Engages with customers to seek their input (e.g., assessing their needs, obtaining information), resolve their problems, or satisfy their expectations. Uses customer input to inform quality products and services.

(2) Collaboration/Partnership. Encourages and facilitates cooperation and trust; fosters commitment; and works with others to achieve goals.

(3) Conflict Management. Anticipates and takes steps to prevent counterproductive confrontations. Manages and resolves conflicts and disagreements in a constructive manner.

(4) Influencing/Negotiating. Persuades others to accept recommendations, cooperate, or change their behavior; works with others toward an agreement; and negotiates to find mutually acceptable solutions.

(5) Leadership. Influences, motivates, and challenges others and adapts leadership styles to a variety of situations. Accepts leadership roles as appropriate. Conducts their self in a manner that sets a positive example.

(6) Leveraging Diversity and Civil Rights Compliance. Relates well to people from varied backgrounds and different situations and is sensitive to cultural diversity, race, gender, disabilities, and other individual differences. Complies with all laws, regulations, and agency policies regarding the treatment and acceptance of all individuals. Acts in ways that protect civil rights.

(7) Mentorship. Provides guidance, direction, and advice through mentoring either in a standalone program, as part of a training and development program within an organization, or individually. Establishes mentoring relationships with one or more individuals.

(8) Political Savvy. Identifies the internal and external politics that impact their work or the organization's work. Perceives organizational and political reality and acts accordingly.

c. Leading Innovation. Rating officials, in consultation with the SP, must select at least one competency in this category that contributes to the SP's performance on work assignments or carrying out responsibilities. Appointing authorities may further designate a required number or specific competencies in annual guidance or policy.

(1) Creative Thinking. Uses their imagination to develop new insights into situations and applies innovative solutions to problems. Designs new methods where established methods and procedures are inapplicable or unavailable.

(2) Flexibility and Adaptability. Is open to change and new information. Adapts behavior or work methods in response to new information, changing conditions, or unexpected obstacles. Deals effectively with ambiguity.

(3) Organizational Awareness. Knows the organization's mission and functions and how its social, political, and technological systems work and operates effectively within them. This includes the organization's programs, policies, procedures, rules, and regulations.

(4) Strategic Thinking. Formulates effective strategies consistent with the business and competitive strategy of the organization in a global environment. Examines policy issues and strategic planning with a long-term perspective. Determines objectives and sets priorities. Anticipates potential threats or opportunities.

(5) Vision. Takes a long-term view and builds a shared vision with others and acts as a catalyst for change. Influences others to translate vision into action.

d. Business Results. The rating official will work with the SP to include at least one, and normally not more than four, performance requirements for the "business results" element.

(1) These requirements must be written to include specific performance results, including the established targets and milestones expected from the SP during the appraisal period, focusing on measurable outputs and outcomes that are aligned to organizational or agency goals and objectives or program and policy objectives.

(2) Rating officials, in consultation with the SP, must include the business results and their quality indicators depicting the range of performance at the "fully successful" level for each result specified. In addition to the quality indicators, applicable measures of quantity, timeliness, and/or cost-effectiveness may be included to describe the appropriate level of accomplishment expected.

(3) Results and quality indicators must be clearly and differentially identified by the SP so that it is readily evident what will be rated and what is expected for success. Activities that lead to the specified result may be included; however, the quality indicators must clearly apply to the result, not any associated activity.

e. Position-Specific. Performance objectives under this critical element that are written as competencies must be rated in accordance with Paragraph 4. If the performance objective is a result, commitment, or activity, it must include quality indicators that reflect the same level of performance as the “fully successful” performance standard. Competencies or business results contained within another critical element throughout the performance plan are prohibited.

(1) This element will include performance requirements written by rating officials, in consultation with the SP, as competencies or specific commitments or activities that are not already accounted for in the other critical elements. USD(P&R), appointing authorities, and rating officials may assign “position-specific” objectives as needed.

(2) Plans for supervisory SPs must contain, at a minimum, a performance objective that holds the SP accountable for the performance management of subordinates:

(a) Designs and implements strategies that:

1. Maximize employee potential.
2. Connect the organization horizontally and vertically.
3. Foster high ethical standards in meeting the organization's vision, mission, and goals.

(b) Provides an inclusive workplace that:

1. Fosters the development of others to reach their full potential.
2. Allows for full participation by all employees.
3. Facilitates collaboration, cooperation, and teamwork.
4. Supports constructive resolution of conflicts.

(c) Ensures that:

1. Employee performance plans are aligned with the organization’s mission and goals.
2. Employees receive constructive feedback.
3. Employees are realistically appraised against clearly defined and communicated performance standards.

(d) Holds employees accountable for appropriate levels of performance and conduct. Seeks and considers employee input.

(e) Recruits, retains, and develops the talent designed to achieve a high-quality, diverse workforce with the skills needed to accomplish organizational performance objectives while supporting workforce diversity, workplace inclusion, and equal employment policies and programs.

3. PERFORMANCE STANDARDS FOR CRITICAL ELEMENTS. The performance ratings in this system are:

a. Level 5 (Outstanding). The SP demonstrates exceptional performance, directly contributes toward sustaining organizational excellence, and enhances their ability to achieve results in the organization, agency, department, or U.S. Government-wide. This level represents the highest level of SP performance, as evidenced by the extraordinary impact on the achievement of the organization's mission. The SP continually contributes materially to or spearheads agency efforts that address or accomplish important agency goals. The SP consistently exceeds expectations at the highest level of quality possible, and consistently handles challenges, exceeds targets, and completes high-quality assignments ahead of schedule. These examples may indicate performance at this level:

(1) Overcomes unanticipated barriers or persistent problems by developing creative solutions that address project or program concerns that could affect the organization, agency, or U.S. Government.

(2) Takes the initiative to identify new opportunities for project or program development and implementation or seeks more opportunities to contribute to optimizing results. Takes calculated risks to accomplish organizational objectives.

(3) Accomplishes objectives even under demands and time pressure beyond those typically found in the SP environment.

(4) Achieves results of significant value to the organization, agency, or U.S. Government.

(5) Achieves significant efficiencies or cost savings in project or program delivery or in the daily operational costs of the organization.

b. Level 4 (Exceeds Fully Successful). The SP demonstrates a very high level of performance beyond that required for successful performance in the SP's position. The SP often exceeds established performance expectations, timelines, or targets, as applicable. The SP is consistently highly effective and delivers high-quality results. These examples may indicate performance at this level:

(1) Significantly advances the progress of achieving one or more project or program goals.

(2) Demonstrates exceptional resourcefulness in dealing with project or program operations challenges.

(3) Achieves unexpected results that advance the goals and objectives of the project or program, organization, agency, or U.S. Government.

c. Level 3 (Fully Successful). The SP demonstrates the high level of performance expected of the SP, and the SP's actions contribute positively to the achievement of project or program goals and meaningful results. The SP is effective and dependable and delivers project or program results based on indicators of quality or measures of quantity, efficiency, and/or effectiveness within agreed-upon timelines. The SP meets and occasionally exceeds challenging performance expectations established for the position. These examples may indicate performance at this level:

(1) Addresses issues proactively and effects change when needed.

(2) Finds solutions to problems and champions their adoption.

(3) Designs strategies leading to improvements.

d. Level 2 (Minimally Satisfactory). The SP's contributions to the organization are acceptable in the short term but do not appreciably advance the project or program or organization's progress in achieving its goals and objectives. While the SP generally meets established performance expectations, timelines, and targets, there are occasional lapses that impair operations and/or cause concern from management. While showing the basic ability to accomplish assigned projects or programs, the SP may demonstrate a limited ability to address problems characteristic of the project or program or organization and its work.

e. Level 1 (Unacceptable). In repeated instances, the SP demonstrates performance deficiencies that detract from project or program goals and objectives or the agency mission. Agency leadership or peers generally view the SP as ineffective. The SP:

(1) Does not meet established performance expectations, timelines, or targets.

(2) Fails to produce or produces unacceptable work products, services, or outcomes.

4. ADDRESSING POOR PERFORMANCE.

a. Rating officials who communicate expectations and provide constructive, timely, and meaningful feedback on a regular basis about performance may more readily identify and reduce instances of poor performance.

b. If at any time during the performance appraisal the supervisor determines the performance of an SP who has completed a probationary or trial period is unacceptable in one or more critical elements, the supervisor will take action in accordance with Section 432.104 of Title 5, CFR, providing the SP a reasonable opportunity to demonstrate acceptable performance.

c. Rating officials will take appropriate personnel action to address unacceptable performance no later than 90 days after performance results have been approved by the DoD Component's appointing authority.

5. PAY SETTING.

a. SP Pay Decisions.

(1) When DoD Components set pay, they should consider the individual's experience, pay history, qualifications, and accomplishments as they relate to the requirements of the position.

(2) All pay actions proposing to set basic pay within the top 10 percent of the pay range must be approved by the appointing authority. Table 1 shows an example calculation of the top 10 percent of the pay range.

Table 1. Example of Calculating the Top 10 Percent Pay Range (CY 2021 Salaries)

Calculation Steps	Calculation Example
<p>Subtract the minimum rate of basic pay from the maximum rate of pay.</p> <p>For this example, the minimum rate of basic pay is \$132,552. The maximum rate of basic pay is \$199,300.</p>	$\begin{aligned} & \$199,300 - \\ & \$132,552 = \$66,748 \end{aligned}$
<p>Take this amount and multiply it by 10 percent (0.1).</p>	$\begin{aligned} & \$66,748 \times 0.1 = \\ & \$6,674.8 \end{aligned}$
<p>Subtract this amount from the maximum rate of basic pay.</p>	$\begin{aligned} & \$199,300 - \\ & \$6,674.8 = \$192,625.2 \end{aligned}$
<p>Total</p>	$\$192,625$

b. New Appointments.

(1) If the PMS is certified, DoD Components may offer a salary rate not to exceed EX-II. If the PMS is not certified, the maximum rate of basic pay is the rate payable for EX-III, and the aggregate compensation limit is equal to the rate for EX-I.

(2) Rates of basic pay above EX-III, but less than or equal to EX-II under a certified PMS, will be paid to those SPs who possess superior leadership, functional or technical competence, or other critical qualifications as determined by the appointing authority as part of the organization's strategic human capital plan.

(a) Pay will generally be set no higher than 6 percent above the SP's most recent rate of basic pay.

(b) Amounts between 6 and 10 percent require strong justification of the need for a higher amount (e.g., recruitment of a candidate from academia or other non-Federal employment where rates of pay may be lower, the requirement to relocate from a low-cost living area to a high-cost living area).

(c) Recommendations for rates of basic pay above 6 percent must be approved by the appointing authority.

c. Off-Cycle Pay Increases. Appointing authorities may approve an off-cycle pay increase for an SP. An off-cycle pay increase is an increase granted other than through the SP PMS.

(1) Documentation must be included to provide an explanation of what additional factors contributed to determining the pay adjustment such as:

(a) Exceptional meritorious accomplishments not captured in the annual appraisal that contributed significantly to agency performance.

(b) Reassignment to a position that has a substantially greater impact or scope.

(c) The need to retain an SP whose contributions are critical to the agency or who is likely to leave.

(2) Off-cycle increases may not be made retroactively.

(3) If the maximum rate of the pay range increases during the year for reasons other than certification status, the appointing authority may consider whether to grant an off-cycle pay increase using the same criteria used to determine the SP's annual pay increase.

d. Reducing Pay.

(1) A decrease in basic pay will be considered for an SP who receives a "minimally satisfactory" or "unacceptable" annual summary rating or otherwise fails to meet a critical performance requirement. SPs may also receive a pay reduction as a disciplinary or adverse action resulting from conduct-based activity including, but not limited to, misconduct, neglect of duty, or malfeasance. As applicable, the procedures in Subpart D of Part 752 of Title 5, CFR, or Part 432 of Title 5, CFR, must be followed.

(2) Voluntary reductions in pay are not considered an adverse action subject to Subpart D of Part 752 of Title 5, CFR.

e. Transfers from another Federal Agency or DoD Component and Reappointments. A pay setting action proposing to set pay more than 5 percent higher than the SP's rate of basic pay in the SP's former agency must be approved by the appointing authority.

6. PERFORMANCE-BASED BONUSES. Pursuant to Section 4505a of Title 5, U.S.C., a performance-based bonus must not exceed 20 percent of the basic pay, provided the dollar amount does not exceed the statutory limit of \$25,000 set in Section 4502(b) of Title 5, U.S.C. Appointing authorities will award only the maximum performance-based bonus, as established in annual closeout guidance, to those SPs who truly demonstrate exceptional performance, foster a climate that sustains excellence, and optimize results in the organization, agency, department, or the U.S. Government.

GLOSSARYPART I. ABBREVIATIONS AND ACRONYMS

ACRONYM	MEANING
CFR	Code of Federal Regulations
DASD(CPP)	Deputy Assistant Secretary of Defense for Civilian Personnel Policy
DISL	Defense Intelligence Senior Level
DTM	directive-type memorandum
EX	Executive Schedule
PMS	Performance Management System
SL	Senior Level
SP	Senior Professional
ST	Scientific and Professional
U.S.C.	United States Code
USD(I&S)	Under Secretary of Defense for Intelligence and Security
USD(P&R)	Under Secretary of Defense for Personnel and Readiness

PART II. DEFINITIONS

These terms and their definitions are for the purpose of this issuance.

TERM	DEFINITION
customer	Any individual who uses or receives the services or products the work unit produces. This includes the general public and individuals who work in the agency, other agencies, or organizations outside the U.S. Government.
SP	Employees in an appropriated fund position classified as Senior Level or Scientific and Professional pursuant to Section 5376 of Title 5, U.S.C.