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

JUL 28 2016

MEMORANDUM FOR Secretarial Officers
Operating Unit Heads
Principal Human Resources Managers

FROM: Ellen Herbst
Chief Financial Officer and
Assistant Secretary for Administration

SUBJECT: 2017 Senior Executive Performance Plan Implementation Deadline and Senior Employees' Plan Content Requirements

There is a new regulatory requirement established by the Office of Personnel Management (OPM) concerning senior executive service (SES) members' performance plans. I wanted to share this new requirement and highlight other Office of Management and Budget requirements to you so that you can lead your organization's compliance with these requirements. These requirements must be met to maintain a certified SES performance management system. Compliance to the requirements and the resulting certification has a direct effect on employee compensation. A certified system enables us to pay our senior executives up to the EX-II level (currently $185,100) versus the EX-III level (currently $170,400). Losing certification of our program would result in Commerce being less competitive in attracting and retaining senior executives.

Specifically, 5 CFR 430.306 (b) states, "Supervisors must develop performance plans in consultation with senior executives and communicate the plans to them in writing, including through the use of automated systems, on or before the beginning of the appraisal period." This means that for the 2017 SES performance management cycle, performance plans must be executed, that is signed by both the executives and their supervisors, no later than October 1, 2016. As this deadline is established via regulation, it is one that must be met in order to be considered by OPM and the Office of Management and Budget for SES performance management system certification. This requirement applies to all senior executives, both career and non-career (political).

Additionally, OMB memorandum M-15-04, dated December 23, 2014, provided guidance to agencies to ensure they are continuing efforts to strengthen their cultures of employee engagement and inclusiveness. The memorandum requires all executives' performance plans to include a measurable component related to action planning based on employee feedback and/or results for improving employee engagement. The measurable item must be included in Critical Element 2, Leading People, and should reflect an active feedback loop. This, too, is required for SES performance management system certification. Sample requirements addressing employee engagement are attached.

Executive Order 13526 directs that the performance system to rate personnel includes the designation and management of National Security Information (NSI) as a critical element or item to be evaluated in the rating of (1) original classification authorities; (2) security managers or security specialists; and (3) all other designated personnel whose duties significantly involve the creation or handling of

classified information, including personnel who regularly apply derivative classification markings. All SES whose work entails any of the three categories above must have added to the Business Acumen critical element, "Classified materials are managed in accordance with applicable laws, executive orders, directives, and regulations." All ST/SL employees whose work entails the above must have the language added to one of the critical elements that does not focus on business results.

To ensure the October 1, 2016, deadline is met and required content included, executives and their supervisors should begin planning and communicating about 2017 SES performance plans now. It is understood that there is some uncertainty, much of it budgetary, as we approach the next fiscal year. Performance plans, as "living" documents, are subject to updating and revision as necessary when information and operating parameters become known. Inasmuch as it appears that agencies may begin Fiscal Year 2017 under continuing resolution, some revision of the performance plans that are executed is expected.

Thank you for your action on this matter. If you have any questions, please contact Director, Office of Human Resources/Chief Human Capital Officer, Kevin E. Mahoney, at (202) 482-4807, or via e-mail at KMahoney@doc.gov.

Attachment: Sample Employee Engagement Requirements

Department of Commerce
Senior Executive Service Performance Plans
Fiscal Year 2017
Sample Employee Engagement Requirements

In accordance with guidance issued by the Office of Management and Budget and the Office of Personnel Management, agencies are to ensure Senior Executive Service performance plans include some measurable component related to action planning based on employee feedback and/or results to improve employee engagement.

The following are sample employee engagement requirements for Critical Element 2, Leading People:

1. Connect employees to Commerce's and the bureau's mission and priorities through consistent, effective, and timely communication. As appropriate to one's position, use the Employee Viewpoint Survey and other available data to analyze issues related to employee engagement, development, and satisfaction, and implement strategies to improve where necessary. Analysis of issues completed by the end of 3rd quarter and at least one strategy for implementation is identified.

2. Promote a learning organization through performance management (feedback and coaching), individual development plans, and training. 80-85% of identified necessary training is completed by initial deadline.

3. Workforce engagement is enhanced by 75 - 85% of employees completing a bureau-specific survey or participating in focus groups addressing areas for improving organizational culture or other target improvement areas.

4. Consistently solicits input from employees on policies, procedures, and administrative matters. Provides timely feedback to employees on input received. Implements at least one change to policies, procedures, or administrative matters attributed to employee input.

5. Communicate organizational issues and information to staff on a regular basis in a frequency and manner that staff deem optimal. Ensure staff provides sufficient input into any determination of optimal communications practices. Participate in fora at least semi-annually through which staff input can be heard. As appropriate, response to staff input is provided to staff before the next forum is conducted.

6. Organize at least one team including employees as team members to develop and implement innovative policy or procedure recommendations with impacts on fostering innovations and strengthening organizational performance.