

# U.S. NUCLEAR REGULATORY COMMISSION

## DIRECTIVE TRANSMITTAL

TN: DT-06-04

To: NRC Management Directives Custodians

Subject: Transmittal of Management Directive 10.137, "Senior Executive Service Performance Management System"

Purpose: Directive and Handbook 10.137 are being revised to bring the NRC's SES performance appraisal system into compliance with Governmentwide regulations regarding SES members' accountability for accomplishing agency goals and objectives, and making meaningful distinctions among executives with regard to performance ratings and rewards. The performance management system described in this revision has received provisional certification from the Office of Personnel Management and the Office of Management and Budget.

No change bars have been used because of the extent of the revisions.

Office of Origin: Office of Human Resources

Contact: Carolyn Swanson, 301-415-7530

Date Approved: October 1, 2001 (**Revised: February 15, 2006**)

Volume: 10 Personnel Management

Part: 6 Senior Executive Service, Senior Level Positions, and Judges

Directive: 10.137 Senior Executive Service Performance Management System

Availability: Rules and Directives Branch  
Office of Administration  
Michael T. Lesar, 301-415-7163  
Christy Moore, 301-415-7086

# Senior Executive Service Performance Management System

---

Directive  
10.137

---

## Contents

Policy .....	1
Objectives .....	1
Organizational Responsibilities and	
Delegations of Authority .....	2
Chairman .....	2
Commission .....	3
Inspector General (IG) .....	3
Senior Performance Official(s) (SPO(s)) .....	4
Executive Director for Operations (EDO) .....	4
Chief Financial Officer (CFO) .....	4
Chair, Executive Resources Board (ERB) .....	5
Performance Review Board (PRB) .....	5
Chair, Performance Review Board (PRB) .....	5
Performance Review Board (PRB) Panel .....	5
Director, Office of Human Resources (HR) .....	5
Office Directors and Regional Administrators .....	6
Applicability .....	6
Handbook .....	7
References .....	7



# U. S. Nuclear Regulatory Commission

Volume: 10 Personnel Management

Part: 6 Senior Executive Service, Senior Level  
Positions, and Judges

HR

---

## Senior Executive Service Performance Management System Directive 10.137

### Policy (10.137-01)

It is the policy of the U.S. Nuclear Regulatory Commission to implement and maintain a performance management system for its Senior Executive Service (SES) members that promotes executive excellence and accountability through a focus on results; strengthens the links with strategic planning; clearly and directly links organizational mission/program goals and individual executive performance and results; balances organizational results, customer perspectives, and employee perspectives; and forms the basis for other executive personnel activities.

### Objectives (10.137-02)

- To communicate and clarify organizational goals and objectives. (021)
- To identify individual accountability for accomplishing NRC goals and objectives. (022)
- To make meaningful distinctions among executives with regard to performance ratings and rewards that are tied to the degree of difficulty of the assigned responsibilities, leadership skills they demonstrate, and the results they achieve. (023)

Volume 10, Part 6 - Senior Executive Service, Senior Level  
Positions, and Judges  
Senior Executive Service Performance Management System  
Directive 10.137

---

---

## Objectives

(10.137-02) (continued)

- To evaluate and improve individual and organizational capacity, performance, and accomplishments. (024)
- To enhance communication and feedback between executives and their supervisors in establishing performance expectations. (025)
- To use the results of performance appraisals as a basis for adjusting pay and for rewarding, reassigning, retaining, training, and removing executives. (026)

## Organizational Responsibilities and Delegations of Authority

(10.137-03)

Chairman  
(031)

- Serves as the appointing authority for executives on the Chairman's staff, for the Director and the SES staff of the Office of Public Affairs, and the Director and SES staff of the Office of Congressional Affairs. (a)
- Serves as supervising, rating, and ranking official for all Commission-level office directors. (b)
- Appoints the senior agency executive(s) (i.e., Senior Performance Officials) who will assess the NRC's performance, overall and with respect to its mission and programs, and communicate the results of those assessments to rating and reviewing officials, Performance Review Board (PRB) members, and senior executives. (c)

Organizational Responsibilities and  
Delegations of Authority  
(10.137-03) (continued)

Commission  
(032)

- Serves as the appointing authority for the Chief Financial Officer, the General Counsel, the Directors of the Offices of International Programs, the Secretary of the Commission, and Commission Appellate Adjudication, as well as the Executive Director for Operations and the Directors of the Offices of Nuclear Regulatory Research, Nuclear Reactor Regulation, and Nuclear Material Safety and Safeguards, as shown on the authorities chart in the exhibit of Handbook 10.137. (a)
- Serves as the awarding authority for all SES members, except those in the Office of the Inspector General (OIG), as shown on the authorities chart in the exhibit of Handbook 10.137. (b)

Inspector General (IG)  
(033)

- Serves as the appointing and awarding authority for OIG. (a)
- Appoints the Chair and members of the OIG PRB, which convenes to recommend performance ratings and awards for executives in OIG. (b)
- Appoints a senior executive to assess the OIG's program performance, communicate the results of such assessment to appropriate OIG officials, and provide the results described below for the agency's Senior Performance Official. (c)

Organizational Responsibilities and  
Delegations of Authority  
(10.137-03) (continued)

Senior Performance Official(s) (SPO(s))  
(034)

- Conducts an assessment of organizational and program performance to determine level of achievement of strategic goals, performance measures, and other NRC objectives. (a)
- Communicates results of assessment to rating and reviewing officials, PRB members, and senior executives. (b)
- Certifies that the SES appraisal process takes into account the results of the assessment and makes meaningful distinctions among executives based on relative performance, and that pay levels, pay adjustments, and awards accurately reflect and recognize the degree of difficulty of assigned responsibilities, leadership skills, and results achieved. (c)

Executive Director for Operations (EDO)  
(035)

- Serves as the appointing authority for all EDO staff offices shown on the authorities chart in the exhibit of Handbook 10.137. (a)
- Provides oversight and direction on matters involving the NRC Senior Executive Service Performance Management System. (b)

Chief Financial Officer (CFO)  
(036)

Ensures that NRC budgets for costs for SES performance awards.



Organizational Responsibilities and  
Delegations of Authority  
(10.137-03) (continued)

Chair, Executive Resources Board (ERB)  
(037)

Appoints, after consulting with the Chairman and the EDO, as appropriate, the members and Chair of the PRB.

Performance Review Board (PRB)  
(038)

Makes recommendations to the appointing authority through the SPO(s) on the performance rating, awards, and related personnel actions for NRC executives.

Chair, Performance Review Board (PRB)  
(039)

Renders decisions on requests for modification of normal performance appraisal procedures on a case-by-case basis under applicable laws and regulations.

Performance Review Board (PRB) Panel  
(0310)

Makes recommendations to the appointing authority on the performance rating, awards, and related personnel actions for PRB members.

Director, Office of Human Resources (HR)  
(0311)

- Submits the SES Performance Management System and any additional reports or information to the Office of Personnel Management as required. (a)

Organizational Responsibilities and  
Delegations of Authority  
(10.137-03) (continued)

Director, Office of Human Resources (HR)  
(0311) (continued)

- Administers the appraisal system. (b)

Office Directors and  
Regional Administrators  
(0312)

- Serve as supervising, reviewing, ranking, and appointing authorities as shown on the authorities chart in the exhibit of Handbook 10.137. (a)
- Consult with subordinate executives in the development of performance plans to ensure that objectives, requirements, and time frames are understood. (b)
- Ensure consistency in the application of the performance management system in their offices so that only those executives whose performance meets expectations are rated as such. (c)

Applicability  
(10.137-04)

All incumbent NRC SES members are subject to the SES performance appraisal system without regard to type of appointment or type of position occupied.

Handbook  
(10.137-05)

Handbook 10.137 contains the program requirements and procedures for administering the NRC's SES Performance Management System, clarifies the basic parameters of the system, establishes Executive Core Qualifications, and provides assistance to SES members and supervising executives in carrying out their responsibilities regarding performance planning and appraisal.

References  
(10.137-06)

*Code of Federal Regulations*

"Employment in the Senior Executive Service," 5 CFR Part 317.

"Performance Appraisal for the Senior Executive Service (SES)," Subpart C, 5 CFR Part 430.

"Performance Appraisal Certification for Pay Purposes," Subpart D, 5 CFR Part 430.

Nuclear Regulatory Commission

Management Directives

10.72, "Incentive Awards."

10.138, "Reduction in Force in the Senior Executive Service."

*United States Code*

Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 et seq.).

Volume 10, Part 6 - Senior Executive Service, Senior Level  
Positions, and Judges  
Senior Executive Service Performance Management System  
Directive 10.137

---

---

References

(10.137-06) (continued)

Civil Service Reform Act (Pub. L. 95-454).

Energy Reorganization Act of 1974, as amended (42 U.S.C. 5801 et seq.).

Inspector General Act of 1978, as amended (5 U.S.C. Appendix 3, et seq.).

Meritorious and Distinguished Executives (5 U.S.C. 4507).

National Defense Authorization Act (Public Law 108-136, November 24, 2003).

"Performance Appraisal," Chapter 43, "Performance Appraisal in the Senior Executive Service" (5 U.S.C. 43, Subchapter 11).

Privacy Act of 1974, as amended (5 U.S.C. 552a).

# Senior Executive Service Performance Management System

---

Handbook

10.137

---

## Contents

### Part I

Overview of the Senior Executive Service (SES) Performance	
Appraisal Process .....	I-1
The SES Appraisal System (A) .....	I-1
Applicability (B) .....	I-2
Key Components (C) .....	I-2
Training and Evaluation (D) .....	I-5

### Part II

Performance Planning .....	II-1
Preliminary Planning (A) .....	II-1
Timing (B) .....	II-1
Critical Elements (C) .....	II-1
Performance Requirements (D) .....	II-3
Review of Performance Planning (E) .....	II-4
Midyear Progress Review (F) .....	II-4
Documenting Changes (G) .....	II-5

### Part III

Performance Appraisal .....	III-1
Annual Appraisal Period (A) .....	III-1
Exceptions to the Annual Appraisal Period (B) .....	III-1
Other Ratings (C) .....	III-2
Changes in Positions During the Rating Period (1) .....	III-2
NRC Details and Temporary Reassignments (2) .....	III-2
Details Outside NRC (3) .....	III-2
Supervisor's Departure (4) .....	III-3
Absences (5) .....	III-3
Limitations (D) .....	III-3
Distribution of Ratings (E) .....	III-4
Evaluation by the Rating Official (F) .....	III-4

## Contents (continued)

### Part III (continued)

Comments by the Senior Executive (G) .....	III-9
Independent Executive Review (H) .....	III-10
Review by the Ranking Official (I) .....	III-11
Performance Review Board (PRB) Procedures (J) .....	III-12
Performance Review Board Panel (K) .....	III-13
Assignment of the Final Rating by the Appointing Authority (L) .....	III-14
Decisions by the Awarding Authority (M) .....	III-14
Disposition of Completed Appraisal (N) .....	III-14
Effect of the Rating (O) .....	III-14
General (1) .....	III-15
Pay Adjustments (2) .....	III-15
Assistance To Improve Performance (3) .....	III-15
Reassignment, Transfer, or Removal (4) .....	III-15
Rights of the Senior Executive (5) .....	III-16

### Part IV

Performance Review Boards (PRBs) .....	IV-1
General (A) .....	IV-1
Membership of the NRC PRB and the PRB Panel (B) .....	IV-1
Limitations (C) .....	IV-3
Membership of the Office of the Inspector General (OIG) PRB (D) .....	IV-3
Performance Requirements and Ratings Review (E) .....	IV-4

### Part V

SES Pay Adjustments .....	V-1
General (A) .....	V-1
Pay Adjustments (B) .....	V-2

### Part VI

SES Performance-Based Awards and Recognition .....	VI-1
Statutory Basis (A) .....	VI-1

## Contents (continued)

### Part VI (continued)

Budgeting (B) .....	VI-2
Similarities Between Presidential Rank Awards and Performance Awards (C) .....	VI-2
Differences Between Presidential Rank Awards and Performance Awards (D) .....	VI-3
Performance Awards (Bonuses) (E) .....	VI-4
Eligibility (1) .....	VI-4
Limitations (2) .....	VI-4
Relationship of Superior Accomplishment Awards to Performance Awards (3) .....	VI-5
Presidential Rank Awards (F) .....	VI-6
Types of Presidential Rank Awards (1) .....	VI-6
Eligibility (2) .....	VI-6
Limitations (3) .....	VI-7
Criteria (4) .....	VI-8
Procedures for Nomination and Selection (5) .....	VI-9
Award Payment (6) .....	VI-9

### Part VII

Adverse Actions Based on Performance .....	VII-1
Reassignment or Removal (A) .....	VII-1
Appeals (B) .....	VII-2
Procedures (C) .....	VII-2
Guaranteed Placement (D) .....	VII-4
Reductions in Pay (E) .....	VII-4

### Part VIII

Records .....	VIII-1
Employee Performance File (EPF) (A) .....	VIII-1
Maintenance (B) .....	VIII-1



## Contents (continued)

Part VIII (continued)	
Retention (C) .....	VIII-1
Access to Records (D) .....	VIII-2
Glossary .....	G-1
Exhibit	
Supervisory Performance Appraisal Chain .....	E-1

## Part I

### Overview of the Senior Executive Service (SES) Performance Appraisal Process

#### The SES Appraisal System (A)

The SES Appraisal System provides a documented record of management performance expectations and individual accomplishments that serves as the basis for a variety of performance-based actions, including bonus awards, pay adjustments, removal or reassignment, and training. (1)

This system provides a comprehensive methodology to— (2)

- Communicate and clarify NRC and office, region, or division organizational goals and objectives and the individual leadership attributes expected of the executive. (a)
- Identify individual accountability for the accomplishment of organizational goals and objectives demonstrative of leadership attributes through the establishment of written performance objectives and requirements. (b)
- Evaluate and improve individual and organizational capacity, performance, and accomplishments through performance monitoring and feedback during the appraisal period. (c)
- Enhance communication and feedback between executives and their supervisors in establishing performance expectations. (d)
- Make meaningful distinctions among executives with regard to performance ratings and rewards. (e)

### The SES Appraisal System (A) (continued)

- Use the results of performance appraisals as a basis for making decisions that are related to performance, such as those involving pay, performance awards, training, and retention in the SES. (f)

### Applicability (B)

All incumbent NRC SES members are subject to the SES performance appraisal system without regard to type of appointment or type of position occupied.

### Key Components (C)

The SES performance appraisal process includes two distinct phases: performance planning/consultation and performance appraisal. Although distinct, each phase is part of an ongoing management process linked to the other phase. The appraisal process provides for the following:

- One or more performance planning sessions in which the rating official and the senior executive consult to prepare a performance plan based on critical performance requirements for the upcoming rating period. These sessions may include a discussion of training or other development activities. The plan is generally approved by the office director or regional administrator, or designee. (1)
- A midyear progress review of the senior executive's progress toward achieving the performance requirements. This review also provides an opportunity to modify the performance plan as a result of changes in position requirements, program, or resources. The progress review is documented on NRC Form 351. (2)

### Key Components (C) (continued)

- Input from the executive to the rating official documenting the executive's accomplishments related to the two critical performance elements. (3)
- An assessment by the Senior Performance Official of the NRC's performance, overall and with respect to its mission and programs, and communication of those results to rating and reviewing officials, Performance Review Board (PRB) members, and senior executives. (4)
- An initial appraisal of each element to reflect both programmatic and leadership performance and accomplishments, and an initial summary rating and pay/award recommendation, if appropriate, by the rating official. The initial summary rating must be one of the following five levels: (5)

**Outstanding** - Clearly exceeds performance expectations. Performance expectations set in the key programmatic accomplishments are highly complex, extremely challenging, and of the highest importance to the NRC. A model executive who sets an example for others, while consistently making outstanding contributions to the agency. This rating level is reserved for top performing executives.

**Excellent** - Exceeds performance expectations in most areas. Performance expectations set in the key programmatic accomplishments are complex and challenging. An executive who makes key contributions to the agency in major areas and is viewed as a leader of other executives.

**Meets Expectations** - Consistently meets all performance expectations. Performance expectations set in the key programmatic accomplishments are consistent with agency goals. A solid performer.

Key Components (C) (continued)

**Needs Improvement** - Occasionally does not meet performance expectations.

**Unsatisfactory** - Regularly does not follow through with meeting performance expectations. Job performance is below an acceptable standard and corrective action is required.

- An opportunity for the senior executive to request an independent review by an executive reviewer who is not within the same organizational chain and who is at a higher level, if possible, than the supervising executive, except for those positions for which the Chairman serves as the rating official. (6)
- Pay and/or award recommendations and ranking of the senior executive, if appropriate, by the ranking official, based on the executive's overall contribution to the organization, the performance appraisal, and the initial summary rating. (7)
- A review of all performance appraisal information, including any response from the senior executive, input from the Senior Performance Executive, the rating official, and input, if any, from an executive reviewer, by the NRC PRB or the PRB Panel. (The PRB or the PRB Panel may conduct any necessary additional review.) (8)
- A recommendation from the NRC PRB or the PRB Panel to the appointing authority on ratings, retention, reassignments, and removals. (9)
- An annual summary rating by the appointing authority, after consideration of all available information and the PRB or the PRB Panel recommendations, and any decision by the appointing authority to reassign or remove the executive. (10)

## Training and Evaluation (D)

NRC will provide appropriate briefings, training, and other information to senior executives on the policy, procedures, or application of the SES Performance Management System. (1)

To improve the SES Performance Management System, NRC will periodically evaluate its effectiveness, as appropriate. (2)

## Part II

### Performance Planning

#### Preliminary Planning (A)

At or before the beginning of a rating period, the rating official and the senior executive discuss what is expected of the executive during the upcoming rating period, based on the requirements of the executive's position and organizational objectives linked to the agency's strategic planning initiatives. The discussion should be structured so that there is a clear, mutual understanding of organizational objectives, responsibilities, assignments, leadership attributes, and performance. The executive to be rated should actively participate in setting performance requirements for the rating period. However, the rating official's opinion prevails in any disagreement with the senior executive on performance requirements.

#### Timing (B)

By law, elements and performance requirements must be communicated at or before the beginning of each appraisal or rating period. Written performance plans must usually be provided to the executive within 30 calendar days after the beginning of the rating period, and within 30 calendar days after the beginning of an NRC detail or temporary assignment expected to last 120 days or more.

#### Critical Elements (C)

Each Senior Executive Service (SES) performance plan consists of two critical elements applicable to all members of the SES in NRC. The first element is specific to the executive, corresponds to his or her performance priorities, and is expressed in terms of

Critical Elements (C) (continued)

specific expected, achievable, and measurable program outcomes, execution targets, and results achieved. The second element, standard for all NRC executives and preprinted on NRC Form 351, "Senior Executive Service (SES) Performance Plan and Appraisal" (accessible through the online forms icon), is expressed in terms of the key leadership attributes that each NRC executive is expected to exhibit. No other elements are required or permitted.

- **Critical Element I — "Key Programmatic Accomplishments."** Rating officials and senior executives collaborate to develop between three and five critical program and mission-related performance objectives to be accomplished during the rating period. The objectives must be closely linked to the organization's mission, should be described in terms of expected outcomes, results, time frames, final products, and services, and so on, and must be within the executive's control to accomplish. Evaluation of performance on these accomplishments is based on both results achieved (e.g., program improvements, outcomes, policy impacts), and how effectively and efficiently these programs were executed. (1)
- **Critical Element II — "Key Leadership Attributes."** These five executive core qualifications focus on how the executive carries out his or her responsibilities relative to predefined highly desirable leadership attributes expected of all NRC SES members. The attributes are as follows— (2)

**Leading Change** - The ability to develop and implement an organizational vision integrating key national and program goals, priorities, values, and other factors. Ability to balance change and continuity; to strive to improve customer service and program performance; and to create a work environment that encourages creativity. (a)



Critical Elements (C) (continued)

**Leading People** - The ability to design and implement strategies that maximize employee potential and foster high ethical standards in meeting the organization's vision, mission, and goals. (b)

**Results Driven** - Accountability and continuous improvement and the ability to make timely and effective decisions and produce results through strategic planning and the implementation and evaluation of programs and policies. (c)

**Business Acumen** - The ability to acquire and administer human, financial, material, and information resources in a manner that instills public trust and accomplishes the organization's mission, and the ability to use new technology to enhance decisionmaking. (d)

**Building Coalitions/Communications** - The ability to explain, advocate, and express facts and ideas in a convincing manner and to negotiate with individuals and groups internally and externally. The ability to develop an expansive professional network with other organizations and to identify the internal and external politics that impact the work of the organization. (e)

Performance Requirements (D)

Performance requirements for Critical Element I, Key Programmatic Accomplishments, must be written at the Meets Expectations level. (1)

Performance requirements must be stated in clear, quantifiable terms that are measurable over a range of performance and related to the accomplishment of the mission. The requirements may include, but are not limited to, quality of work, quantity of work, cost efficiency, and timeliness of performance. These

Performance Requirements (D)  
(continued)

requirements should be consistent with the organization's operating plan. (2)

Performance requirements established at the Outstanding to Unsatisfactory levels for Critical Element II, Executive Core Qualifications, are predefined as reflected on NRC Form 351. (3)

Review of Performance Planning (E)

The rating official will sign NRC Form 351 to indicate approval before giving it to the executive for signature at the beginning of the appraisal period. Each senior executive is given a copy of his or her approved performance plan for retention, and each rating official retains the original performance plan.

Midyear Progress Review (F)

During the rating period, the rating official will provide real-time feedback on performance and will conduct at least one midyear progress review and counseling session with the senior executive. This review is conducted at the midpoint of, but no less than 120 days before the end of, the rating period and documented on NRC Form 351. (1)

At a minimum, executives will be informed of their performance through comparison of their performance with the elements and performance requirements established for their positions. To facilitate the review, the executive being reviewed will provide the supervising executive a self-assessment consisting of an NRC Form 351 marked to indicate how the executive believes his performance should be rated. This midyear review is used to improve performance, provide guidance, improve communications, and avoid misunderstandings at the end of the rating period. The progress review also may be used as an

Midyear Progress Review (F)  
(continued)

opportunity to modify key programmatic accomplishments and associated performance requirements to reflect recent changes in the senior executive's position. (2)

Additional informal progress reviews may be conducted on the basis of need as determined by the rating official or as requested by the senior executive. These additional reviews are not documented on NRC Form 351. (3)

Documenting Changes (G)

Any significant changes to the approved performance plan resulting from the midyear progress review, or any significant changes in the mission, structure, or resource allocation of the senior executive's organization, or any changes to the performance plan resulting from a reasonable request by the senior executive must be recorded on the approved performance plan and receive the same distribution as the previous plan. Changes become effective at the time the revisions are approved.

## Part III

### Performance Appraisal

#### Annual Appraisal Period (A)

The NRC rating period begins annually on October 1 and ends the following September 30. Each incumbent of an NRC Senior Executive Service (SES) position must be appraised and rated on performance in accordance with the time schedules established by the Performance Review Board (PRB) if the executive has served in an NRC SES position for at least 120 calendar days before the end of the rating period.

#### Exceptions to the Annual Appraisal Period (B)

The two primary exceptions to the annual appraisal period described above are—

- **New NRC Executives.** If an executive has not served in an NRC SES position for the required 120 calendar days before the end of the rating period, the executive may be appraised after serving 120 days but, in any case, must be appraised and rated after serving for 1 year. These ratings will be prepared and submitted to the Chair of the PRB through appraisal channels. (1)
- **Terminating Appraisal Period.** A performance appraisal period may be terminated before the end of the rating period if it is determined that an adequate basis for appraising and rating an executive exists. The Chair of the PRB will make decisions on a case-by-case basis, as requested, on the need for these ratings. (2)

## Other Ratings (C)

Other ratings are required under the following conditions. Appraisals should be sent immediately through appraisal channels directly to the Chair of the PRB.

### **Changes in Positions During the Rating Period (1)**

A summary rating will be prepared on NRC Form 351, "Senior Executive Service (SES) Performance Plan and Appraisal," within 30 days after an executive changes positions during the rating period if the executive has served for at least 120 calendar days in the former position. Although this summary rating is not considered an initial summary rating, it must be given due weight by the new supervisor when an initial rating is assigned and when the rating of record is derived. "Due weight" includes consideration of the portion of the rating period covered by the appraisal, the relevance of the Key Programmatic Accomplishments of the prior position to the new position, and any other reasonable considerations.

### **NRC Details and Temporary Reassignments (2)**

A summary rating will be prepared on NRC Form 351 when executives are detailed or temporarily reassigned within NRC and when the detail or temporary reassignment lasts 120 calendar days or more. These ratings are considered in deriving the executive's final rating.

### **Details Outside NRC (3)**

When an executive is detailed outside the agency, NRC will make reasonable efforts to obtain appraisal information from the outside organization. This information is considered when deriving the executive's annual summary rating.

Other Ratings (C) (continued)

**Supervisor's Departure (4)**

An annual summary rating will be prepared on NRC Form 351 immediately before separation or transfer of the executive's supervisor, when feasible, if the supervisor leaves within the last 120 days of the rating period and has supervised the executive for at least 120 calendar days. This rating may serve as the initial summary rating and is submitted through appraisal channels to the Chair of the PRB.

**Absences (5)**

An annual summary rating will be prepared by the rating official immediately before the beginning of an extended period of absence of the executive, such as for training or leave, when the executive has performed in the position for at least 120 calendar days and is not expected to return before the end of the rating period. The rating is submitted through appraisal channels to the Chair of the PRB.

Limitations (D)

Performance ratings must not be given to career SES appointees in the first 120 calendar days of a new Presidential administration. This moratorium applies to all phases of the formal appraisal process but does not apply to interim summary ratings resulting from position changes, to instances in which a supervisor leaves the agency, or to midyear progress reviews. (1)

Each executive shall be appraised on both critical elements in the performance plan. (2)

## Distribution of Ratings (E)

NRC may not prescribe a distribution of levels of ratings for executives.

## Evaluation by the Rating Official (F)

The rating official of each senior executive will appraise the performance of a senior executive taking into consideration the following information: (1)

- In preparing the evaluation, the rating official will use the currently approved performance plan and performance requirements agreed to previously by the senior executive and the rating official to complete the Results Achieved portion of each objective. (a)
- The appraisal will be based, to the extent possible, on observable and measurable indicators of actual performance during the appraisal period. The appraisal should take into account both individual and organizational performance, including such factors as (1) results achieved in accordance with goals established in the strategic plan and other mission-related goals; (2) stakeholder feedback; (3) employee perspectives; (4) the assessment of the senior performance official regarding agency performance overall and with respect to its mission and programs; (5) the effectiveness, productivity, and performance quality of employees for whom the senior executive is responsible; and (6) the executive's written statement of accomplishments. (b)
- Each executive will provide the rating official a self-assessment consisting of a copy of NRC Form 351 marked to reflect the executive's perception of his or her own performance. The rating official will also consider the Senior Performance Official's assessment. (c)

## Evaluation by the Rating

### Official (F) (continued)

- The rating official will consider the performance plans and appraisals prepared by subordinate rating officials during the period to evaluate the degree to which the subordinate executives establish staff performance requirements and expectations that are linked to organizational goals and program objectives, and assign performance ratings that reflect distinctions in individual and organizational performance. (d)

### **Rating Critical Elements**

#### **Critical Element I**

The rating official will rate the performance of the senior executive in each key objective and assign a rating for each in the appropriate space on NRC Form 351. Significant accomplishments and deficiencies should be noted in the spaces provided for comments.

Ratings of Meets Expectations normally should not require extensive narrative comments.

Ratings of Outstanding, Excellent, Needs Improvement, or Unsatisfactory must be fully justified in the narrative. Ratings of Outstanding or Unsatisfactory should be rare and used only for the unusual executive whose performance clearly and substantially exceeds or fails to meet expectations. The justification must specifically address performance in relation to exceeding or failing to meet the described performance requirements criteria.

After assessing each objective, the rating official assigns an overall rating for the element in accordance with the following:



## Evaluation by the Rating

### Official (F) (continued)

**Outstanding (O):** At least three objectives are rated Outstanding, and no objective is rated below Excellent.

**Excellent (E):** At least three objectives are rated Excellent or higher, and no objective is rated below Meets Expectations.

**Meets Expectations (ME):** At least four objectives are rated Meets Expectations or higher, and no objective is rated Unsatisfactory.

**Needs Improvement (NI):** Three or more objectives are rated Meets Expectations or lower, and no objective is rated Unsatisfactory.

**Unsatisfactory (U):** One or more objectives are rated Unsatisfactory.

The rating official then documents the resultant rating for Element I in the space provided on NRC Form 351.

### **Critical Element II**

The rating official should refer to the performance descriptors for each Executive Core Qualification in the performance plan to assess performance related to each attribute in accomplishing the Key Programmatic Objectives.

After assessing each attribute in Element II and entering the rating on NRC Form 351, the rating official will assign an overall rating for the element in accordance with the following:

**Outstanding:** At least three attributes are rated Outstanding, and no attribute is rated below Excellent.

## Evaluation by the Rating

### Official (F) (continued)

**Excellent:** At least three attributes are rated Excellent or higher, and no attribute is rated below Meets Expectations.

**Meets Expectations:** At least four attributes are rated Meets Expectations or higher, and no attribute is rated Unsatisfactory.

**Needs Improvement:** Three or more attributes are rated Meets Expectations or lower, and no attribute is rated Unsatisfactory.

**Unsatisfactory:** One or more attributes are rated Unsatisfactory.

The rating official then documents the resultant rating for Element II in the space provided on NRC Form 351.

### Summary Performance Appraisal Rating

The rating official documents the rating in the space provided for the Initial Summary Rating on NRC Form 351. This constitutes the written initial summary rating.

The initial summary rating is derived as follows:

**Outstanding (O):** Both critical elements are rated at the Outstanding level.

**Excellent (E):** One or both critical elements are rated at the Excellent level. Neither critical element is rated below the Excellent level.

**Meets Expectations (ME):** One or both critical elements are rated at the Meets Expectations level. Neither critical element is rated below the Meets Expectations level.

## Evaluation by the Rating

### Official (F) (continued)

**Needs Improvement (NI):** One or both critical elements are rated at the Needs Improvement level. Neither critical element is rated Unsatisfactory.

**Unsatisfactory (U):** One or both critical elements are rated at the Unsatisfactory level.

- The rating official should indicate any pay change he or she recommends. If no change is recommended, the "Recommended for Pay Change" section should be left blank. A recommendation for an award, but not the amount of the award, should be recorded. A reassignment/performance improvements requirements memorandum (PIRM)/removal recommendation is not required for a rating of Meets Expectations or higher and should be left blank in that instance. (e)
- The rating official should then sign and date the form in the space provided in Step 1. (f)
- When the rating official also is the ranking official/office director, a copy of the initial rating will be provided to the senior executive at this point in the evaluation. (g)
- The rating official will then meet with the senior executive to discuss the appraisal, provide any necessary guidance and counseling, and receive comments from the senior executive. Discuss any areas for future emphasis or training and development at this time. In addition, performance planning for the next rating period should be accomplished. (h)
- The rating official should ensure that the senior executive clearly indicates whether he or she requests an independent review and whether he or she plans to submit written comments to the PRB. (i)

## Evaluation by the Rating

### Official (F) (continued)

- If the senior executive does not request an independent review, the rating official will send the appraisal package directly to the ranking official within 5 working days. (j)
- If the senior executive submits written comments, the rating official will forward the appraisal, the rating, and the supervisor's comments, along with the senior executive's written comments, directly to the ranking official. (k)
- If the senior executive requests an independent executive review, the rating official should forward the appraisal package to the ranking official within 5 working days, after flagging it to indicate that an independent review is being requested. The ranking official should then immediately inform the Chair of the PRB through the Director of the Office of Human Resources (HR) that an independent executive review has been requested. The Director of HR coordinates the independent review process for the Chair of the PRB and provides the Chair of the PRB with a copy of the appraisal package. (l)

### Comments by the Senior Executive (G)

The senior executive will be given a copy of his or her performance appraisal and the initial rating. The senior executive should sign and date Step 2 of the original NRC Form 351. (1)

The senior executive has the right to respond in writing to the performance appraisal and to request an independent executive review. If the senior executive decides to exercise this right, he or she should check the appropriate block in Step 2. (2)

If the senior executive wishes to respond to the performance appraisal or the initial summary rating, he or she has 5 working days from the date a copy of the appraisal and rating were

Comments by the Senior Executive (G)  
(continued)

provided to prepare a written response as an attachment to NRC Form 351. The appraisal package then goes to the rating official. (3)

Any response to a performance appraisal or rating by a senior executive supervised by the NRC Chairman will be forwarded directly to the Chair of the PRB. (4)

Independent Executive Review (H)

If the senior executive wishes an independent executive review of his or her appraisal or the initial rating, the senior executive has 5 working days from the date he or she was provided a copy of the rating to request on NRC Form 351 that the Chair of the PRB appoint an independent executive reviewer. (1)

At the request of a senior executive, the Chair of the PRB will appoint an executive reviewer within 2 working days to review the senior executive's appraisal and the initial rating. (2)

Unless the NRC Chairman is the rating official, the executive reviewer, if possible, will be higher in the organizational hierarchy than the supervising executive performing the appraisal and outside the executive's chain of command. (3)

The executive reviewer will conduct the review within 5 working days, complete Step 3 of NRC Form 351, and forward any comments, recommendations, and the complete appraisal package to the Chair of the PRB through the ranking official. (4)

The independent review should either validate or challenge the ratings for the critical elements. If there is a challenge, the reviewer should document his or her basis for disagreement. The independent reviewer should not provide a recommendation regarding a pay increase or a bonus. (5)

### Independent Executive Review (H) (continued)

Copies of the executive reviewer's comments and recommendations must be sent to the senior executive and the rating official. (6)

### Review by the Ranking Official (I)

The ranking official should indicate agreement or disagreement with the initial summary rating in Step 4 of NRC Form 351. If the ranking official disagrees, he or she will provide the reasons for any disagreement on a separate page. Any disagreement must be discussed in terms that evaluate the Results Achieved against the performance requirements specified. (1)

In rank-ordering executives for awards decisions, the following factors may be considered to ensure equity among individuals or organizational components, to break ties, or to reflect the broader perspective of the ranking official: (2)

- Difficulty of the position
- Scope and magnitude of the executive's responsibility
- Program stability or sensitivity
- Special obstacles encountered during the rating period
- Factors beyond the executive's control

The PRB will consider the rank order lists before making its recommendations. (3)

## Performance Review Board (PRB) Procedures (J)

The PRB reviews and evaluates the entire performance appraisal package for each senior executive. (1)

In consideration of a case, the PRB may obtain additional records and statements and make any other necessary contacts with the rating official, any second-level supervisors, the ranking official, the independent executive reviewer, or others to clarify existing information or to obtain additional data. (2)

The PRB must also take into consideration the senior performance official's assessments of the NRC's mission and program performance. (3)

The PRB must specifically indicate in Step 5 of NRC Form 351, whether or not it agrees with the initial summary rating. Any disagreement that is based on additional information obtained by the PRB must be clearly documented. (4)

After the PRB indicates its recommendations in Step 5 of NRC Form 351, the form is signed by the Chair of the PRB. (5)

The PRB may make recommendations to the appointing authority regarding the summary rating and on retention, removal, or reassignment of executives on the basis of less than Meets Expectations performance, as follows: (6)

- Changes in the initial summary rating may be recommended after consideration of the adequacy of the performance plan and of the documentation supporting the initial summary rating, the findings of the senior performance official, and any additional information obtained and documented by the PRB. Changes to the initial rating also may be recommended to achieve equity across organizational lines or to ensure procedural accuracy. (a)

## Performance Review Board (PRB)

### Procedures (J) (continued)

- Reassignments may be recommended on the basis of performance or NRC needs, or both. (b)
- Recommendations to remove executives must be decided on the basis of Office of Personnel Management (OPM) regulations and statutory requirements. (c)

The PRB may recommend performance awards and pay changes on the basis of performance, as follows: (7)

- The complete performance appraisal package, the PRB's views, the senior performance official's assessment, the available budget, and any OPM guidance should be considered in determining the executives to be recommended. (a)
- Recommendations for awards may be in the form of rank order lists or indices based on percentages of the awards pool, actual dollar amounts available, or percentages of individual base pay. (b)

The PRB may recommend decreases in pay only for summary ratings of less than Meets Expectations and only within OPM guidelines. (8)

### Performance Review Board Panel (K)

The PRB Panel reviews and evaluates the entire performance appraisal package for each executive on the PRB and makes recommendations in writing to the appointing authority in accordance with the preceding PRB procedures.



### Assignment of the Final Rating by the Appointing Authority (L)

The appointing authority will make a final determination of the senior executive's summary rating in Step 6 of the NRC Form 351 after considering the recommendations of the PRB or the PRB Panel.

### Decisions by the Awarding Authority (M)

After considering the recommendations of the PRB or the PRB Panel, the awarding authority makes the final decisions about award recipients and amounts of awards, and pay adjustments.

### Disposition of Completed Appraisal (N)

The original of the completed appraisal and any applicable supplemental information will be retained in the employee performance file. (1)

A copy of the completed appraisal will be forwarded to the senior executive. (2)

### Effect of the Rating (O)

#### **General (1)**

A summary rating of Meets Expectations provides the basis for the executive's retention in the Senior Executive Service and establishes the executive's eligibility for consideration for performance awards.

#### **Pay Adjustments (2)**

Performance appraisals and ratings also provide a basis for adjusting the senior executive's pay. (a)

Effect of the Rating (O) (continued)

**Pay Adjustments (2) (continued)**

The rate of pay of a senior executive may not be adjusted more than once during any 12-month period. However, there are exceptions to the 12-month rule that allow an additional pay adjustment during a 12-month period. These exceptions are identified in 5 CFR 534.404(c). (b)

If the executive's pay is decreased on the basis of a performance appraisal of less than Meets Expectations, the reason must be documented. (c)

**Assistance To Improve Performance (3)**

Any executive with a rating of less than Meets Expectations will be provided assistance to improve performance. (a)

This assistance may include, but is not limited to, formal training, counseling, and closer supervision. (b)

**Reassignment, Transfer, or Removal (4)**

Summary ratings may provide the basis for decisions to reassign or transfer executives within the SES and will provide a basis for decisions to remove executives from the SES. (a)

Part VII of this handbook describes the procedures for instituting adverse actions on the basis of performance. (b)

Management Directive 10.138, "Reduction in Force in the Senior Executive Service," provides information on the use of summary ratings to determine an executive's performance group on retention registers. (c)

Effect of the Rating (O) (continued)

**Rights of the Senior Executive (5)**

By law, a senior executive may not appeal any appraisal or rating under the SES Performance Management System. (a)

A senior executive who alleges that his or her rating was based on a prohibited personnel practice may file a complaint with the Office of Special Counsel in accordance with the regulations of that office. (b)

## Part IV

### Performance Review Boards (PRBs)

#### General (A)

Section 4314 of Chapter 43 of Title 5 of the *United States Code* (5 U.S.C. 4314) requires each agency to establish one or more PRBs to make recommendations to the appointing authority on the annual summary ratings of senior executives and on performance awards. (1)

The continuing monitoring function of the PRB is designed to improve and strengthen the entire performance appraisal system. (2)

Within the NRC there are three such boards: the NRC PRB and the PRB Panel that jointly review performance for all SES members except those in the Office of the Inspector General, and the PRB established by the Inspector General for SES members in that office. (3)

#### Membership of the NRC

#### PRB and the PRB Panel (B)

The Chair of the Executive Resources Board (ERB) will appoint, after consulting with the NRC Chairman and the Executive Director for Operations (EDO), as appropriate, the Chair and members of the NRC PRB and the PRB Panel. (1)

A majority of members must be career appointees, and the names of all members will be published in the *Federal Register*. (2)

## Membership of the NRC PRB and the PRB Panel (B) (continued)

Generally, members will be NRC SES employees. The Director of the Office of Small Business and Civil Rights (SBCR) serves as an ex officio, nonvoting member of the NRC PRB. (3)

The NRC PRB may include a Federal executive from another agency or a representative of a private association, industrial firm, or the academic community who holds a position equivalent to an SES position. (4)

The Chair of the NRC PRB and the Chair of the PRB Panel will be appointed by the Chair of the ERB for 1-year terms. At the discretion of the Chair of the ERB in consultation with the Chairman, the term may be extended. (5)

All Federal executive members of the NRC PRB and the PRB Panel should— (6)

- Have no less than a Meets Expectations rating. (a)
- Consistently have demonstrated effective use of executive performance management systems in their organizations. (b)
- Possess a thorough knowledge of the NRC executive performance appraisal system. (c)
- Possess a thorough knowledge of the NRC mission, programs, and objectives and the interaction between executives working to fulfill these objectives. (d)

Members will be appointed in such a manner as to ensure consistency, stability, and objectivity in appraisal of performance. (7)

### Limitations (C)

Members will not participate in any PRB review of senior executives who are in their office or region. An NRC PRB or PRB Panel member who is the rating official of a senior executive being rated will not participate in any review of that senior executive unless called on to provide additional information during the board/panel review. (1)

Members of the NRC PRB or the PRB Panel should not participate as members in any review of executives higher in their direct chain of command, except with respect to the performance appraisal of the EDO and the Deputy EDOs. (2)

Members of the NRC PRB will not consider, discuss, or make any recommendations concerning appraisals of NRC PRB members. (3)

### Membership of the Office of the Inspector General (OIG) PRB (D)

The Inspector General will appoint the Chair and members of the PRB for the Office of the Inspector General. (1)

A majority of members will be career appointees, and the names of members will be published in the *Federal Register*. (2)

Federal executive members will meet the same membership criteria and will follow procedures similar to those listed for the NRC PRB. (3)

Recommendations will be made, as appropriate, to the Inspector General as the appointing and awarding authority for the office. (4)

## Performance Requirements and Ratings Review (E)

The PRB will review ratings for difficulty and strictness of application and to ensure that only those executives whose performance actually exceeds expectations are rated "Excellent" or higher. Other characteristics of the rating process, such as distribution of ratings and awards, may be reviewed, as appropriate. (1)

The PRB will review performance requirements for consistency, quality, and appropriateness of measurement techniques and will review performance evaluations to verify that the findings of the senior performance official are appropriately reflected. (2)

Narrative comments attached to NRC Form 351 will be monitored to ensure that any required justifications address performance achievements or deficiencies in terms of achieving the stated performance requirements. (3)

A PRB review of the performance appraisal system will be conducted annually. The results of the review may be prepared for the Chair of the ERB to assist in correcting identified problems and in preparing for future appraisal reviews. (4)

The review may involve a representative sample of appraisals or all the appraisals and will include the following factors: (5)

- Adequacy, accuracy, and difficulty of performance requirements in relation to a particular position or other similar positions (a)
- Whether narrative appraisal comments are complete and consistent with ratings (b)

Performance Requirements and  
Ratings Review (E) (continued)

- Consistency in application of ratings within and between organizational components for similar performance and for comparable positions (c)
- Any anomalies in rating patterns overall or of particular rating officials (d)



## Part V

### SES Pay Adjustments

#### General (A)

Federal regulations creating a Senior Executive Service (SES) performance-based pay system established a single, open-range pay band with minimum and maximum rates of basic pay fixed by statute. All pay is set and adjusted on the basis of individual performance and contribution to the agency's mission as determined under this performance management system. (1)

All SES pay must be set within the following open-range payband: (2)

- The minimum rate of SES basic pay is equal to 120 percent of the rate for GS/GG-15 step 1; the maximum rate of basic pay is equal to the rate for Level III of the Executive Schedule. (a)
- Automatic across-the-board cost-of-living adjustments and locality-based comparability payments do not apply. (b)

The maximum rate may be raised to the rate for Executive Level II when the NRC's SES performance appraisal system has been certified by the Office of Personnel Management (OPM), with Office of Management and Budget (OMB) concurrence. (3)

Rates of pay higher than the rate for Executive Level III are generally reserved for those executives who have demonstrated the highest levels of individual performance and/or made the greatest contributions to the NRC's performance. (4)

## Pay Adjustments (B)

The basic pay of a senior executive may be adjusted (increased or reduced) within the pay band described above upon a determination that the executive's performance and contributions so warrant and if the executive is otherwise eligible (i.e., has not received a pay adjustment during the previous 12-month period, with certain exceptions). (1)

The following actions are considered pay adjustments: (2)

- Setting of an individual's rate of basic pay upon initial appointment to the SES; (a)
- A change from one SES rate of basic pay to another while employed in the SES; (b)
- The assignment of an SES rate of basic pay upon reappointment to the SES following a break in SES service, when the new rate of basic pay is different from the senior executive's former rate or if the break in service exceeds 12 months. (c)

An SES member who receives an annual summary rating of Outstanding must be considered for an annual pay increase. (3)

An SES member who receives an annual summary rating below Meets Expectations may not receive a pay increase for the current performance appraisal period. (4)

## Part VI

### SES Performance-Based Awards and Recognition

#### Statutory Basis (A)

To attract, retain, reward, and motivate highly competent executives, special recognition and awards may be granted to members of the SES who hold career appointments, whether serving in a career reserved or a general position. (1)

Career SES members who receive Presidential appointments with Senate confirmation at Level V of the Executive Schedule or higher without a break in service are entitled to elect to retain certain SES benefits, including eligibility for performance awards and Presidential rank awards. (2)

Specifically, these payments and recognition include awards for excellence of performance under 5 U.S.C. 5384 and the awarding of ranks and accompanying stipends for sustained accomplishment and sustained extraordinary accomplishment (Meritorious and Distinguished Executives) under 5 U.S.C. 4507. (3)

Presidential rank awards and SES performance awards must not be confused with special act or service awards described in Management Directive 10.72, "Incentive Awards." A special act or service award is a separate form of recognition available to mark a single significant act or service that may have occurred in a day, a month, or any other specified time frame. SES members are eligible for special act or service awards, but such awards should be rare and must not be tied to the executive's overall performance. (4)

## Budgeting (B)

NRC budgets the necessary funds for performance awards and rank awards consistent with guidance provided by the Office of Personnel Management (OPM). (1)

The Chair of the Executive Resources Board (ERB), after consultation with the Chief Financial Officer, will annually recommend to the Commission the total dollar amount to be budgeted for SES awards and rank awards. (2)

## Similarities Between Presidential Rank Awards and Performance Awards (C)

Although awards authorized under 5 U.S.C. 4507 and 5384 differ in certain respects as to eligibility, frequency, and amounts payable, there also are similarities and interrelationships between the two types of awards. (1)

Only SES members holding career appointments or career members appointed without a break in service to Executive Schedule positions in the executive branch are eligible for these awards. (2)

Awards must be given as lump-sum cash payments. (3)

Both kinds of awards are granted in recognition of work performance of high caliber. (4)

The total of an employee's salary, performance award, rank stipend, and other payments received in any calendar year may not exceed the annual rate appropriate to the current certification status of the NRC's SES performance management system, that is, the rate for Executive Level I if not certified, or the rate of the Vice President's salary if certified. (5)

Similarities Between Presidential Rank  
Awards and Performance Awards (C)  
(continued)

Any aggregate compensation in excess of the ceiling in one calendar year will be rolled over and paid as a lump sum at the beginning of the following calendar year in accordance with applicable law and OPM guidance. (6)

Award payments are taxable income but are not subject to health benefits, Government life insurance deductions, or retirement, and are not creditable for inclusion in the "high-three" average pay computation for retirement benefits. (7)

Differences Between Presidential Rank  
Awards and Performance Awards (D)

Rank awards are granted to fewer individuals, are made only upon OPM recommendation and Presidential approval, and confer both rank and a sum of money expressed as a percentage of the recipient's basic pay. (1)

Performance awards such as bonuses are granted entirely within NRC to more executives and involve varying sums of money. (2)

Although both awards are related to performance, there is a philosophic difference that should be noted: Rank awards are based on service over a long period, while performance awards may reflect performance over a shorter period. (3)

These awards are not interchangeable. If the service being recognized fits one mold, a different award cannot properly be substituted. For example, a single performance rating reflecting performance entirely at the Excellent level is not

Differences Between Presidential Rank  
Awards and Performance Awards (D)  
(continued)

appropriately awarded with a nomination for a Meritorious or a Distinguished Presidential rank award. A performance award might be appropriate. Conversely, an unbroken record of high-level performance in the annual appraisals over a period of years suggests that a person may be a candidate for a Presidential rank award. (4)

Performance Awards (Bonuses) (E)

**Eligibility (1)**

An NRC career SES executive who has received a performance rating of Meets Expectations, Excellent, or Outstanding, on the basis of a minimum appraisal period of 120 calendar days, is eligible to be considered for a performance award. (a)

Reemployed annuitants and individuals who are no longer in the SES at the time the bonus decision is made but who were SES career appointees at the end of the appraisal period are eligible. (b)

A career SES member on detail to another agency is eligible in his or her agency of record. (c)

Employees who transfer with reemployment rights to an international organization after the end of the rating period are eligible. (d)

**Limitations (2)**

Noncareer SES appointees are ineligible for performance awards. However, former SES career appointees who were appointed without a break in service to Executive Schedule positions in the

Performance Awards (Bonuses) (E)  
(continued)

**Limitations (2) (continued)**

executive branch and who met the eligibility criteria for entitlement to elect to retain SES benefits are eligible for a performance award if they elected to retain these benefits. (a)

Only one performance award may be granted to a career SES executive in any year. (b)

A performance award may not be less than 5 percent nor more than 20 percent of an SES executive's base pay as of the end of the performance appraisal period. (c)

In computing performance awards, the rate of pay does not include special law enforcement adjustments. (d)

NRC will comply with OPM regulations and guidance regarding the percentage of pay and payroll that may be paid as performance awards and the submission of required data to OPM. (e)

When OPM guidelines allow agency discretion as to payment of awards, NRC may vary from OPM guidelines and provide any required explanation. (f)

**Relationship of Special Act or Service Awards to Performance Awards (3)**

A special act or service award under NRC's Incentive Awards Program should be considered only in those rare circumstances when a bonus would not be appropriate. (a)

A special act or service award may be used to recognize a nonrecurring contribution, such as an extraordinary effort on a project not anticipated in the annual performance plan

Performance Awards (Bonuses) (E)  
(continued)

**Relationship of Special Act or Service Awards to Performance Awards (3) (continued)**

or a scientific achievement that may have culminated after a significant period. (b)

Receipt of a special act or service award does not bar an SES member from receiving a bonus or vice versa. However, careful consideration must be given before granting both a bonus and a special act or service award in the same year to an individual. (c)

Presidential Rank Awards (F)

**Types of Presidential Rank Awards (1)**

Two types of Presidential Rank Awards are available:

- The Distinguished Executive award is presented for sustained extraordinary accomplishment, with a lump-sum payment equal to 35 percent of the recipient's pay from the recipient's employing agency. (a)
- The Meritorious Executive award is presented for sustained accomplishment, with a lump-sum payment equal to 20 percent of the recipient's pay from the recipient's employing agency. (b)

**Eligibility (2)**

An NRC SES career appointee is eligible for consideration for a Presidential rank award of Meritorious or Distinguished Executive if he or she is on the NRC rolls as a career SES employee by the deadline for submission of nominations. (a)



## Presidential Rank Awards (F) (continued)

### **Eligibility (2) (continued)**

The performance for which a nomination is submitted must have been sustained over a minimum period of at least 3 years; preferably the nominee's performance over an even longer period should be taken into account. (b)

The minimum 3-year period on which recognition is based must have been as a career appointee in the SES or must be "equivalent" Federal civilian service, such as Senior Foreign Service or "administratively determined" executive classifications. (c)

A former SES career appointee who received appointment to an Executive Schedule position in the executive branch and met the criteria for eligibility to retain certain SES benefits also may be eligible for a rank award, so long as the executive elected to retain that benefit and also meets the other criteria for nomination. (d)

A reemployed annuitant who holds a career SES appointment is eligible as long as the individual meets the other criteria for nomination. However, careful consideration should be given as to whether the nomination is in the best interests of the NRC's SES program in light of the very limited number of awards that can be made. (e)

An individual who leaves the SES or who dies after being nominated but before receiving the award remains eligible unless NRC withdraws the nomination. (f)

### **Limitations (3)**

Limitations on the awarding of executive rank awards are as follows:

## Presidential Rank Awards (F) (continued)

### **Limitations (3) (continued)**

- To provide for progression in the awarding of ranks, a nominee for Distinguished Executive usually would have received the rank of Meritorious Executive in a prior year. At any time, it may be appropriate to confer the rank of Distinguished Executive without regard to progression when only the highest rank would serve as fitting recognition. (a)
- Any individual who receives a rank of either Meritorious Executive or Distinguished Executive is not eligible to receive that same award during the following 4 fiscal years. There is no prohibition, however, against receiving one rank award, then the other, at a closer interval. (b)

### **Criteria (4)**

A nominee must have demonstrated sustained accomplishment for the Meritorious Executive award and sustained extraordinary accomplishment for the Distinguished Executive award. (a)

Criteria upon which nominees will be evaluated are those established by OPM each year and made known to NRC office directors and regional administrators when nominations are requested. (b)

In meeting the above criteria and in all other areas cited in support of the nomination, it must be clear that the nominee has demonstrated qualities of achievement, leadership, integrity, industry, and personal conduct that have established and maintained a high degree of public confidence and trust. These are not awards to recognize long and faithful service. (c)

## Presidential Rank Awards (F) (continued)

### **Procedures for Nomination and Selection (5)**

The specific documentation and procedural requirements for submitting nominations to OPM are described in the call for nominations that is issued annually by the Chair of the ERB or the Executive Director for Operations. (a)

OPM reviews agencies' nominations and recommends candidates for Meritorious or Distinguished Executive awards for the President's approval. (b)

### **Award Payment (6)**

Recipients of a Meritorious Executive rank award receive an amount equal to 20 percent of their pay and recipients of a Distinguished Executive rank award receive an amount equal to 35 percent of their pay, subject to aggregate pay limitations that are in effect for the calendar year. (a)

Any portion of the award that would cause total compensation to exceed the aggregate pay limitation (the rate for Executive Level I if the NRC's performance management system is not certified, or the rate of the Vice President's salary if it is certified) is deferred for payment during the following calendar year. (b)

Payment by the agency of ceremonial expenses in connection with the actual presentation of these awards is authorized under 5 U.S.C. 4503. (c)

Information about the contributions recipients have made may be disseminated to the general public and the Federal workforce. (d)

## Part VII

### Adverse Actions Based on Performance

#### Reassignment or Removal (A)

By law, a senior executive receiving— (1)

- less than a fully successful (Meets Expectations) rating twice within 3 consecutive years shall be removed from the SES (a)
- two unsatisfactory ratings within any 5 consecutive years shall be removed from the SES (b)
- one unsatisfactory rating shall be either reassigned or transferred within the SES or removed from the SES (c)

If appropriate, the rating official will recommend to the Performance Review Board (PRB) either removal of the executive from the SES or reassignment of the executive within the SES. (2)

A recommendation for reassignment or transfer in lieu of separation must contain a justification and be accompanied by a remedial program fully detailing actions to be taken by the senior executive and his or her rating official to assist the senior executive to achieve the Meets Expectations performance level. (3)

This recommendation will be forwarded through the appropriate review levels to the PRB for its recommendation and to the appointing authority for its decision on the reassignment, transfer, or removal of the executive. (4)

Any recommendation by the ranking official or, where appropriate, the independent executive reviewer that differs from that of the rating official must be fully documented. (5)

## Appeals (B)

A senior executive may not appeal a performance rating. However—

If the senior executive being rated believes the performance rating and the resultant recommendations have been based on prohibited personnel practices, he or she may file a complaint with the Office of Special Counsel (OSC). Filing a complaint does not serve to delay the removal action unless OSC seeks a stay from the Merit Systems Protection Board (MSPB) and the MSPB grants the stay. (1)

If a recommendation involves removal of the executive from the SES for performance reasons, the career executive is entitled, upon request, to an informal hearing before an MSPB-designated official at least 15 days before the effective date of the proposed removal. (2)

At the informal hearing, the career executive may appear and present arguments, but the hearing does not give the senior executive the right to initiate action with the MSPB, nor is the removal action delayed as a result of the MSPB granting a hearing. The MSPB has indicated that it lacks authority to change a performance rating or to order a specific remedy for the SES member as a result of a hearing. (3)

The MSPB can comment on the SES member's arguments and recommend appropriate action if a serious defect in the personnel action is evident. (4)

## Procedures (C)

The removal of a career appointee from the SES must be based on the appointee's annual summary rating(s) assigned by the appointing authority following a recommendation from the PRB. (1)

Procedures (C) (continued)

NRC management may terminate a performance appraisal period before it is completed when there is an adequate basis on which to appraise and rate the executive. Thus, although NRC does not have to retain an unsatisfactory performer in a position until the end of the SES rating cycle, the executive must be given a reasonable opportunity to demonstrate competence in a position for a minimum of 120 days before being appraised, and a rating process must be completed that includes all review levels, including a PRB review. (2)

The career appointee must be given a written notice at least 30 calendar days before the effective date of removal from the SES. The notice must include the following: (3)

- The reason for the removal. (a)
- The executive's right to be placed in a position outside the SES. (b)
- Identification of the placement position either in the 30-day notification letter or in a supplemental notice issued at least 10 calendar days before the effective date of removal. (c)
- The executive's right to request an informal hearing before an MSPB-designated official and notification that this request must be submitted to the MSPB's headquarters office at least 15 days before the effective date of removal. (d)
- The effective date of the removal. (e)
- The executive's eligibility to apply for discontinued service retirement, when applicable. (f)

The removal of a career appointee for performance reasons is subject to a 120-day moratorium after appointment of the

#### Procedures (C) (continued)

Chairman, the Inspector General (IG), or the appointment of a noncareer Executive Director for Operations (EDO). (4)

An exception to this moratorium is a removal based on an unsatisfactory rating given before the appointment of the Chairman, the IG, or a noncareer EDO, such as— (5)

- An optional removal based on one unsatisfactory rating. (a)
- A mandatory removal based on two unsatisfactory ratings in 5 years. (b)
- A mandatory removal based on two less than fully successful ratings in 3 years. (c)

#### Guaranteed Placement (D)

A career SES appointee who is removed from the SES for less than fully successful performance is entitled to be placed in a continuing position at a level no lower than the GS/GG-15 level or in an equivalent position with the pay described in 5 U.S.C. 3594. (1)

The placement of a career executive under this provision may not cause the separation or reduction in grade of any other employee. (2)

#### Reductions in Pay (E)

Reductions in pay under the provisions of 5 U.S.C. 5383 may not reduce an individual's pay more than once during a 12-month period. (1)

Reductions in Pay (E) (continued)

The pay of a career senior executive may be reduced involuntarily for performance (or conduct) reasons; that is, the executive has received a performance rating of less than Meets Expectations. The agency shall provide the executive at least 15 days' advance written notice. (2)



## Part VIII Records

### Employee Performance File (EPF) (A)

The records of the NRC SES Performance Appraisal System are maintained in the EPF. (1)

The EPF will contain the original of the completed NRC Form 351, "Senior Executive Service (SES) Performance Plan and Appraisal," in its entirety and any other official appraisal documents. (2)

### Maintenance (B)

The Director of the Office of Human Resources (HR) will maintain and purge, as appropriate, the EPF for each SES member given an appraisal under this system. (1)

The Performance Review Board (PRB) and the PRB Panel will forward any records generated to the Director of HR for appropriate retention with the EPF as part of the official agency files. (2)

The EPF will be maintained under Privacy Act requirements in the NRC System of Records and will not contain any duplicate material from the Official Personnel Folder (OPF). (3)

### Retention (C)

The EPF will be retained for 5 consecutive years under 5 U.S.C. 4314(b)(3), except when removal is required by this directive or by administrative or judicial proceedings. (1)

### Retention (C) (continued)

The 5 consecutive years begin with the date the first SES appraisal is issued after the employee is appointed into the SES, including employees reinstated under 5 U.S.C. 3593(b). (2)

When the SES employee moves to another position in the SES with a different agency, all performance-related documents in the EPF less than 5 years old will be forwarded to the new agency along with the OPF. (3)

When an SES employee accepts a Presidential appointment pursuant to 5 U.S.C. 3392, the employee's EPF will be retained as long as the employee remains employed under that Presidential appointment. When the appointment ends, the employee's EPF will be destroyed if the individual does not return to the SES. (4)

Documents in the EPF will be destroyed at the end of the 5 years, except when any performance-related document is needed in connection with an ongoing administrative, negotiated, quasi-judicial, or judicial proceeding, and it continues to be retained in this system rather than in another system. In this case, the document may be retained for as long as necessary beyond the 5-year retention period. (5)

### Access to Records (D)

Access to EPF records is governed by the provisions of the Privacy Act of 1974 and NRC regulations.

## Glossary

**Annual Summary Rating.** The written record of the appraisal of each performance requirement and the assignment of a summary rating level of Outstanding, Excellent, Meets Expectations, Needs Improvement, or Unsatisfactory, as documented on Form NRC 351.

**Appointing Authority.** The agency head, or designee, who is responsible for making decisions on final ratings, retention, reassignments, and removals. The President's Reorganization Plan No. 1 of 1980, as amended, will be used in determining NRC appointing authorities.

**Appraisal Period.** The period of time established by this appraisal system for which an employee's performance will be reviewed. The annual appraisal period is October 1 through September 30 of the following year. The minimum appraisal period is 120 calendar days.

**Awarding Authority.** The Commission and the Inspector General, who make final decisions on award recipients, amounts of performance awards, and pay changes only after considering the recommendations of the Performance Review Board (PRB) or the PRB Panel. The President's Reorganization Plan No. 1 of 1980, as amended, will be used in determining NRC appointing and awarding authorities, when applicable.

**Critical Element.** A component of a position, consisting of one or more duties and responsibilities, that contributes toward accomplishing organizational goals and objectives and that is of such importance that unsatisfactory performance on the element would result in unsatisfactory performance in the position. In the NRC appraisal system, only the two critical elements applicable to all NRC SES members are described in the performance plan.

## Glossary (continued)

**Executive Resources Board (ERB).** The group that provides broad oversight, advisory, review, and program evaluation activities for all major personnel management policies and programs relating to the SES and the SLS, including executive personnel policy and planning, utilization of executive resources, executive development, and evaluation and coordination of executive personnel programs. Provides policy guidance, oversight, and evaluation to various boards or panels established to manage day-to-day or specialized operations and functions, including the SES Performance Review Board. Membership is determined by the Executive Director for Operations in consultation with the Chairman.

**Executive (or Independent) Reviewer.** An executive selected and appointed by the Performance Review Board (PRB), in response to a request of a senior executive. The executive selected, who is outside the direct chain of command of the senior executive and preferably at a higher level than the rating official, reviews the performance appraisal prepared by the rating official and any response by the senior executive before these documents are submitted to the PRB or the PRB Panel.

**Initial Summary Rating.** The summary rating assigned by the senior executive's rating official that is provided to the Performance Review Board (PRB) or the PRB Panel.

**Midyear Progress Review.** A midyear review of the senior executive's progress toward achieving the performance standards. This review is not in itself a rating, but its completion is recorded on NRC Form 351.

**NRC Performance Review Board (NRC PRB).** The group charged with making recommendations to the appointing authority on the performance rating, awards, and related

## Glossary (continued)

personnel actions for all NRC senior executives, except for PRB members.

**Performance Appraisal.** The act or process of reviewing and evaluating the performance of the executive against the described performance requirements.

**Performance Management System.** The NRC performance management system established under 5 U.S.C. Chapter 43, Subchapter II, and Part 430 of Office of Personnel Management regulations, which provide for identification of critical elements, establishment of performance requirements, communication of elements and standards to employees, establishment of methods and procedures to appraise performance against established requirements, and appropriate use of appraisal information in making personnel decisions.

**Performance Plan.** The aggregation of the senior executive's written critical elements and performance standards.

**Performance Requirement.** A statement of the expectations or requirements established by management for a critical element at the Meets Expectations level.

**Performance Review Board (PRB) Panel.** The panel charged with making recommendations to the appointing authority on the performance rating, awards, and related personnel actions for PRB members.

**Ranking Official.** The NRC supervisory official who recommends awards and submits a rank-order listing of senior executives under his or her jurisdiction for awards purposes, if appropriate, directly to the Performance Review Board (PRB) or the PRB Panel.

## Glossary (continued)

**Rating Official.** The immediate supervisor who appraises the performance of the senior executive, assigns the initial rating, and recommends an award, if appropriate.

**Rating Period.** The span of time covered by a performance appraisal. The rating period is normally 1 year but can be less than 1 year under special circumstances.

**Self-Assessment.** Information provided to a rating official by the executive being appraised. Used at both the midyear review and the annual rating, the self-assessment consists of an annotated NRC Form 351 indicating how the executive believes his or her performance should be rated.

**Senior Performance Official.** The senior executive responsible for assessing agency and program performance and for certifying that the appraisal process makes meaningful distinctions among executives' pay and awards on the basis of performance.

**Supervising Executive.** The immediate supervisor who appraises the performance of the senior executive, assigns the initial rating, and recommends an award, if appropriate.

## Exhibit Supervisory Performance Appraisal Chain

Level of Senior Executive	Supervising Executive	Second-Level Reviewer Designated by Office Director or Regional Administrator	Independent Reviewer, If Requested	PRB Review	Ranking Official	Appointing Authority	Awarding Authority
1.	Executives on the Chairman's staff	Chairman			Chairman	Chairman	Commission
2.	CFO	Chairman			Chairman	Commission	Commission
3.	Director and SES staff of OPA, and Director and SES staff of OCA	Chairman			Chairman	Chairman	Commission
4.	Directors of OGC, OCAA, SECY, and OIP	Chairman			Chairman	Commission	Commission
5.	EDO	Chairman			Chairman	Commission	Commission
6.	Director of NRR	DEDR			EDO	Commission	Commission
7.	Directors of NMSS and RES	DEDMRS			EDO	Commission	Commission
8.	Director of NSIR	DEDR			EDO	EDO	Commission
9.	Executive Director, ACRS/ACNW	ACRS Chairman			ACRS Chairman	ACRS Chairman	Commission
	Other ACRS/ACNW positions	Executive Director, ACRS			ACRS Chairman	ACRS Chairman	Commission
10.	All SES staff in OCFO	CFO			CFO	CFO	Commission
11.	Deputy Office Directors, Associate Directors, and other positions reporting directly to Directors of OGC, SECY, and OIP	Office Director			Office Director	Office Director	Commission

(See abbreviations at the end of this exhibit.)

Volume 10, Part 6 - Senior Executive Service, Senior Level Positions, and Judges  
 Senior Executive Service Performance Management System  
 Handbook 10.137 Exhibit

Exhibit (continued)

Level of Senior Executive	Supervising Executive	Second-Level Reviewer Designated by Office Director or Regional Administrator	Independent Reviewer, If Requested	Ranking Official	Appointing Authority	Awarding Authority
12. All other SES staff in OGC not shown above	Immediate Supervisor			Office Director	Office Director	Commission
13. Positions reporting to the IG	IG			IG	IG	IG
14. Deputy Executive Directors, Assistant for Operations, CIO	EDO			EDO	EDO	Commission
15. Directors of HR and SBCR	EDO			EDO	EDO	Commission
16. Directors of ADM and OIS	DEDIA			EDO	EDO	Commission
17. Directors of OI and OE	DEDMRS			EDO	EDO	Commission
18. Director, STP	DEDMRS			EDO	EDO	Commission
19. Regional Administrators	DEDR			EDO	EDO	Commission
20. Deputy Office Director, Deputy Regional Administrator, Associate Director, Division Director, and other SES positions that report directly to Office Director or Regional Administrator (except as shown in 12 above)	Office Director or Regional Administrator			Office Director or Regional Administrator	EDO	Commission

(See abbreviations at the end of this exhibit.)



Exhibit (continued)

Level of Senior Executive	Supervising Executive	Ranking Official	Appointing Authority	Awarding Authority
21.	Other Division Directors, NRR	Office Director	EDO	Commission
22.	Deputy Division Director, Associate Director, Branch Chiefs or equivalent (except as shown in 12 above)	Office Director or Regional Administrator	EDO	Commission
<p>----- <b>PRB Review</b> -----</p> <p>----- <b>Independent Reviewer, If Requested</b> -----</p> <p>----- <b>Second-Level Reviewer Designated by Office Director or Regional Administrator</b> -----</p>				
23.	For any other position not listed, contact Director, HR, for guidance  (See abbreviations at the end of this exhibit.)  (See abbreviations at the end of this exhibit.)			

Exhibit (continued)

ACRS/ACNW	Advisory Committee on Reactor Safeguards/Advisory Committee on Nuclear Waste
ADM	Office of Administration
CFO	Chief Financial Officer
CIO	Chief Information Officer
DEDIA	Deputy Executive Director for Information Services and Administration, and Chief Information Officer
DEDMRS	Deputy Executive Director for Materials, Research, State and Compliance Programs
DEDR	Deputy Executive Director for Reactor and Preparedness Programs
EDO	Executive Director for Operations
HR	Office of Human Resources
IG	Inspector General
NMSS	Office of Nuclear Material Safety and Safeguards
NRR	Office of Nuclear Reactor Regulation
NSIR	Office of Nuclear Security and Incident Response
OCA	Office of Congressional Affairs
OCAA	Office of Commission Appellate Adjudication
OCFO	Office of the Chief Financial Officer
OE	Office of Enforcement
OGC	Office of the General Counsel
OI	Office of Investigations
OIP	Office of International Programs
OIS	Office of Information Services
OPA	Office of Public Affairs
PRB	Performance Review Board
RES	Office of Nuclear Regulatory Research
SBCR	Office of Small Business and Civil Rights
SECY	Office of the Secretary of the Commission
STP	Office of State and Tribal Programs