



**UNDER SECRETARY OF DEFENSE**  
4000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-4000

8 DEC 2010

PERSONNEL AND  
READINESS

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DEPUTY CHIEF MANAGEMENT OFFICER  
COMMANDERS OF THE COMBATANT COMMANDS  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTOR, NET ASSESSMENT  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Revised Guidance for Executive and Senior Professional  
Pay Pool Funding for the 2009-2010 Performance Appraisal Period

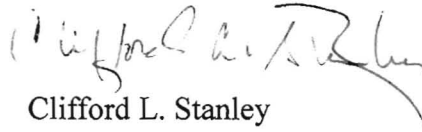
In accordance with the intentions of the Administration, and in support of the precepts of Efficiency Initiatives of the Secretary of Defense, I am providing the following revised guidance regarding the Department's Pay Pool Funding for the 2009-2010 performance appraisal period for the members of the Senior Executive Service (SES) and Senior Professionals (SP) workforce. This revised guidance supersedes the guidance previously provided in the memorandum I issued on September 30, 2010, for the Department's pay pool funding (copy attached).

The overall Pay Pool Funding Factor (PPFF) for members of the SES and SP workforce is now 7.5% of total salaries. The Department's Tier Policy will continue to be used as a means of ensuring comparability in executive position and compensation management across the Department. The entire PPFF of 7.5% is to be allocated to the Performance Bonus Budget. Consistent with the 2.25% reduction in the overall PPFF, the Tier Caps are as follows: Tier 1: 5.75%; Tier 2: 6.75%; and Tier 3: 9.75%. Performance payouts are to be made solely on the basis of the results of share value calculations and total performance payouts may not be supplemented. Finally, while the Performance Bonus Budget may be funded up to a maximum of 7.5% of total salaries, the total amount of performance awards paid may not exceed 10% of the total aggregate basic pay of the career executives in the Pay Pool.



This revised PPF guidance requires that you review your Performance Review decisions in light of this revised guidance, amend final decisions as necessary, and submit your amended results through your Component's Authorizing Official no later than 10 December 2010.

This will support payout in the last pay period of CY 2010. My Point of Contact is Mr. Pat Tamburrino, Deputy Under Secretary of Defense (Civilian Personnel Policy).



Clifford L. Stanley

Attachments:  
As stated