



UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

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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
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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

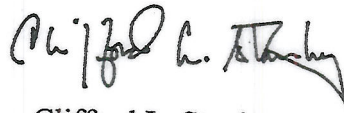
SUBJECT: Full Certification of the Department of Defense (DoD) Executive Pay and Performance System for Calendar Years (CY) 2011 and 2012

I am pleased to announce the U.S. Office of Personnel Management (OPM), with Office of Management and Budget (OMB) concurrence, granted full certification of the Department's Executive Pay and Performance System for CY 2011 and 2012. Certification confirms DoD is implementing an effective, fair, transparent and credible pay-for-performance system. Certification also permits the Secretary of Defense to authorize and set pay for members of the Senior Executive Service (SES) workforce up to Level II of the Executive Schedule and apply the higher aggregate pay limit (the Vice President's Salary).

The active engagement of the entire SES community, with the support of their Senior Executive Management Offices, on performance management is to be commended. It is your commitment to the rigorous requirements of the results-oriented performance management system that makes our Executive Pay and Performance System a success. Your continued focus on ensuring performance plans are results-oriented and reflect organizational goals has been dramatic. This is evidenced by the outstanding improvement in the audit of SES performance plans conducted by OPM this year. The number of audited SES plans that contained measurable, results-focused performance requirements doubled from 48% in 2008 to 96% in 2010. In addition, the overall results of the audit showed significant improvement from 2008 with an increase from 7% to 96% of plans passing on all certification criteria. These exemplary performance plan results continued throughout the recertification request process; every plan submitted to OPM passed on all certification criteria.

Your dedication, leadership, and support of the Department's Executive Pay and Performance System were critical to receiving full certification. As part of our efforts to maintain a high-quality performance management environment, we continue to improve and refine the tools we provide to you. This year, we launched the Executive Performance & Appraisal Tool enterprise-wide to provide a consistent, standardized approach to the critical performance management stages and facilitate performance-based compensation decisions for our executives. In addition, we refreshed and updated our annual performance management training for executives. The training is now in an interactive web-based tool with new content that moves beyond the general framework to focus on the process of writing performance plans that reflect our performance-based environment.

The Department is committed to a high-quality performance management system and it is through the combined efforts of all executives and senior leadership that the Department's Executive Pay and Performance System are fully certified through 2012. Again, I congratulate you on this extraordinary achievement.

A handwritten signature in black ink, appearing to read "Clifford L. Stanley". The signature is written in a cursive style with a large initial "C".

Clifford L. Stanley