



PERSONNEL AND  
READINESS

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

AUG 16 2024

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

SUBJECT: Fiscal Year 2024 Closeout Guidance for Senior Executive Service and Senior Professional Performance Appraisal Cycle and Pay

This memorandum provides DoD Fiscal Year (FY) 2024 closeout guidance for the Senior Executive Service (SES) and Senior Professional (SP) workforces.

Components with Defense Intelligence SES and Defense Intelligence Senior Level employees follow these requirements unless the Under Secretary of Defense for Intelligence and Security, who serves as the validating official for their closeout results, deems changes necessary. Nonappropriated fund (NAF) executives also follow these requirements, where applicable.

**Evaluating for Performance-Based Payouts**

The FY 2024 performance appraisal period closes September 30, 2024. Rating officials and members of pay pools (PPs) and performance review boards (PRBs) will ensure performance evaluations and ratings, regardless of level, are linked to the successful achievement of both individual and organizational performance goals.

The Department's Performance Improvement Officer and Director of Administration and Management will distribute the Department's Annual Performance Report (APR) for FY 2024 with the President's FY 2025 budget. The FY 2024 APR will highlight the Department's FY 2024 achievements that directly contributed to the realization of core Department priorities. A summary assessment of the Department's FY 2024 Performance will be published in the FY 2024 Agency Financial Report (AFR), issued by the Under Secretary of Defense (Comptroller). Rating officials, PP, and PRB members may utilize, as appropriate, Pulse, DoD Performance Improvement Officer Strategic Management Plan Implementation Progress Reports, and the summary included in the FY 2024 AFR, along with other relevant performance reports, to assess the performance of the Department's executive workforce. Additionally, rating officials and PRBs must assess SES members' achievements of the Secretary of Defense's audit priority goals included in the Results Driven critical element of their performance plans, as applicable.

Performance-based payouts will be based on results that demonstrate success in meeting specific goals and outcomes, aligned to both DoD-wide and Component-specific performance, as applicable. Additionally, rating officials, pay pools, and PRB members will rigorously, objectively, and consistently apply rating level definitions and make meaningful distinctions, as appropriate. Forced distributions and quotas are not permissible.

When making rating determinations and performance-based payout recommendations and decisions, the achievement of the high expectations that we have established for our SES, SP, and equivalent members in the Department, which is a significant accomplishment, ultimately leads to a Level 3 (Fully Successful/Achieved Expected Results) rating. Documented accomplishments that reflect a significant distinction between the challenging standard that was set, and the results achieved lead to a Level 4 (Exceeds Fully Successful/Exceeds Expected Results) rating. The Level 5 (Outstanding/Exceptional Results) rating and corresponding performance pay adjustments and bonuses occur for only those who truly demonstrate exceptional performance, foster a climate that sustains excellence, and optimize results in their organization, agency, department, or Government-wide. All recommendations must adhere to Federal merit system principles and remain free from any prohibited personnel practices.

### **Making Performance-Based Payouts**

#### ***Pay Pool Funding***

Pay pool funding for SES and SP performance-based bonuses is a maximum of 10 percent of the aggregate career SES and SP salaries, respectively, as of September 30, 2024. There is no limit on funding for SES and SP performance-based pay adjustments; however, Components must adhere to the ranges in Table 1 when applying pay adjustments.

#### ***Annual Performance-Based Compensation***

Components will use annual performance-based compensation (the sum total of the performance-based pay adjustment and performance-based bonus) as the basis for demonstrating pay differentiation and will ensure meaningful distinctions are reflected between rating levels. As appropriate, Components will also ensure meaningful distinctions are made within a single performance level. Total performance payout adjustments should not cause the total performance payout of a lower-level rating to exceed that of a higher-level rating. To meet the requirements of meaningful distinction, Components must at minimum make a 0.1 percent difference between rating levels.

Appointing authorities must comprehensively review performance distributions for consistency across multiple PPs while keeping in mind that quotas and forced distributions in ratings are not allowed.

#### ***Pay Increases and Bonus Ranges***

Performance-based payouts will be made within the ranges established in Table 1. If a Presidential adjustment to executive pay is granted for Calendar Year (CY) 2025, SES and SP pay may be adjusted individually based on assigned performance ratings and in accordance with 5 CFR §§ 534.404 and 534.507.

### ***Meaningful Distinctions***

When making determinations for performance-based adjustments, appointing authorities will award the highest amounts to those executives with the highest achievement and contributions to individual and organizational results. Appointing authorities may award performance-based pay adjustments that would bring an executive’s pay above his/her position’s designated tier ceiling and award performance-based bonuses in the amount of 15-20 percent to only executives who truly demonstrate exceptional performance and exceed established targets for individual and organizational goals.

Appointing authorities may award the maximum performance-based bonus (20 percent) to only SES and SP who receive a perfect score in recognition of their extraordinary impact on the achievement of the organization’s mission and sustained, exceptional achievements in meeting individual and organizational results.

**Table 1. FY 2024 DoD Performance-Based Pay Increase and Bonus Ranges**

Rating Level	Performance-Based Bonus Ranges (10%)		Performance-Based Pay Adjustments	Annual Performance-Based Compensation May Not Exceed:
	SES	SP		
5	0 or 5.0 – 20.0%	0 – 20.0% <sup>1</sup>	1.0 – 11.2%	26.7%
4	0 or 5.0 – 14.0%	0 – 14.0%	1.0 – 8.0%	19.7%
3	0 or 5.0 – 8.0%	0 – 8.0%	0.0 – 4.7%	12.7%

### ***Rating Distribution Justification Form***

Components must complete the appropriate “Ratings Distribution Justification Form” when the modal rating for their SES, SP, or equivalent workforce is Level 5, or a bimodal rating of Levels 4 and 5. Forms must be signed by the appointing authority and returned with the validation package. This form is not applicable to NAF executives.

### ***Individual Contribution Awards***

Components may spend up to one percent of the aggregate salaries of career SES and SP onboard at the end of FY 2024 on individual contribution awards (e.g., special act or incentive awards) that will be paid throughout FY 2025.

### ***SP Pay Policy***

Part 534, subpart E, of title 5, CFR, provides the rules for setting and adjusting the rates of basic pay for the SP and equivalent workforce. If the rate of basic pay for an SP or equivalent

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<sup>1</sup> 5 U.S.C. § 4502 limits SP performance-based awards to \$25,000.

is increased to the top 10 percent of the pay range, it must be approved by the appointing authority. SP performance-based bonuses cannot exceed \$25,000 pursuant to 5 U.S.C. § 4502(f).

**Political Appointees**

The Further Consolidations Appropriations Act, 2024 (Public Law 118–47, March 23, 2024), continues the pay freeze during CY 2024 for certain political appointees. Appraisals should be completed for applicable political appointees to ensure eligibility for pay increases should they be authorized for CY 2025.

**Validation and Technical Review**

In accordance with the Table 2 timeline, Components must submit their initial determinations on performance appraisals, signed by appointing authorities, to the Office of the Deputy Assistant Secretary of Defense for Civilian Personnel Policy for technical review and validation.

**Table 2. DoD Timeline for FY 2024 Performance Appraisal Closeout Activities**

Activity	Dates
<b>Performance cycle ends.</b>	September 30, 2024
<b>Components close out their performance cycle and raters determine recommended performance appraisals.</b>	October 1 - December 6, 2024
<b>Components allow opportunity for a higher-level review.</b>	
<b>Pay pool panels and/or PRBs convene. Upon completion, Components will aggregate the ratings and performance-based payout decisions.</b>	
<b>Components submit combined recommended ratings and performance-based payout recommendations to the Defense Executive Resources Management Office for technical review.</b>	No later than (NLT) December 13, 2024
<b>Component appointing authorities make final determinations on performance appraisals.</b>	NLT January 7, 2025
<b>Components process approved performance-based payouts.</b>  <b>*Payout Processing Note: The Defense Finance Accounting Service requires awards listings NLT January 16, 2025, for them to be reviewed and paid by the pay period ending January 25, 2025. Lists provided after this date, or actions that may require corrections, may result in a delayed effective date and payments made the following pay period.</b>	NLT January 16, 2025*

I am confident that the Department will continue to meet the high standards we have set for ourselves. I am proud of our continued commitment to successfully execute our performance management system, ensuring that performance is aligned with individual and organizational results, as well as in making meaningful distinctions in performance, while avoiding forced distributions or quotas. I appreciate your continued support and rigor.

Questions regarding this correspondence may be directed to Ms. Kimberly C. Markee, Defense Executive Resources Management Office, at [kimberly.c.markee.civ@mail.mil](mailto:kimberly.c.markee.civ@mail.mil).

A handwritten signature in black ink, appearing to read 'Ashish Vazirani', with a stylized flourish at the end.

Ashish S. Vazirani  
Performing the Duties of the Under Secretary of  
Defense for Personnel and Readiness