

GAO Highlights

Highlights of [GAO-15-189](#), a report to congressional requesters

Why GAO Did This Study

The career SES, a cadre of senior leaders, has a pay-for-performance compensation system, which includes annual cash performance awards. OPM has a key leadership and oversight role in the implementation of the SES pay-for-performance system, including the certification of SES performance appraisal systems.

GAO was asked to examine SES performance awards. Specifically, this report (1) describes key characteristics of executive branch agency ratings and performance awards for fiscal years 2010 through 2013, and (2) provides a more in-depth look at five departments' fiscal year 2013 ratings and awards.

GAO analyzed data from OPM on the 24 CFO Act agencies for fiscal years 2010 through 2013. GAO also selected five case study departments: Defense, Energy, Health and Human Services, Justice, and Treasury and examined how they factored organizational and individual performance into their fiscal year 2013 SES performance awards.

What GAO Recommends

GAO recommends that the Director of OPM consider various refinements to better ensure the SES performance appraisal system certification guidelines promote making meaningful distinctions in performance. Options could include not certifying appraisal systems where the modal rating is "outstanding." OPM disagreed with the recommendation stating that, among other things, it could result in forced distributions in ratings. GAO maintains that additional action should be considered to ensure equity in ratings and performance awards across departments.

View [GAO-15-189](#). For more information, contact Robert Goldenkoff at (202) 512-6806 or goldenkoffr@gao.gov.

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RESULTS-ORIENTED MANAGEMENT

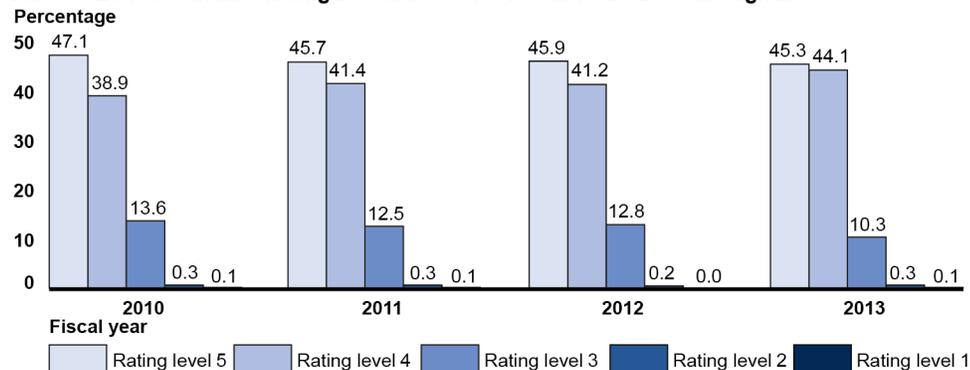
OPM Needs to Do More to Ensure Meaningful Distinctions Are Made in SES Ratings and Performance Awards

What GAO Found

In 2012, the Office of Personnel Management (OPM) facilitated development of a new Senior Executive Service (SES) performance appraisal system with a more uniform framework to communicate expectations and evaluate the performance of executive branch agency SES members. The new system is expected to promote consistency, clarity, and transferability of performance standards and ratings across agencies. To obtain SES appraisal system certification for agencies seeking access to higher levels of pay, agencies are required to make meaningful distinctions based on the relative performance of their executives as measured through the performance and pay criteria. Further, if the modal rating is at the highest level of "outstanding," agencies must provide an acceptable justification to OPM for the high level. (The modal rating is the rating level assigned most frequently among the actual ratings.)

More than 85 percent of career Chief Financial Officers (CFO) Act agency SES were rated in the top two of five categories for fiscal years 2010 through 2013, and career SES received approximately \$42 million in awards for fiscal year 2013. The average award amount was higher for executives with higher ratings.

Career SES Performance Rating Distributions for Fiscal Years 2010 through 2013



Source: GAO analysis of OPM data. | GAO-15-189

In a closer examination of five departments for fiscal year 2013, GAO found that they used or planned to use OPM's new SES performance system. The departments also had performance plans with links between individual SES responsibilities and organizational goals. Similar to the government-wide results, departments rated SES primarily in the top two categories. Four out of five departments awarded the same or higher performance awards to some SES with lower ratings. Department officials gave several reasons for giving lower-rated SES higher performance awards, including that they considered relative contributions, and that the awards were consistent within subcomponents of the department.

OPM plans to convene a cross-agency working group in 2015 to revisit the SES certification process. It will be important for OPM and the working group to consider whether, given the continued high SES performance ratings, the new SES appraisal system is contributing to making meaningful distinctions in performance ratings and awards without creating forced distributions, and if not, what refinements are needed.