

U.S. NUCLEAR REGULATORY COMMISSION

DIRECTIVE TRANSMITTAL

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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 reflect new SES performance regulations issued by the Office of Personnel Management that reinforce the link between performance management and strategic planning; apply balanced measures in evaluating executive performance; and link the performance management system with the agency's mission and organizational climate. The revised Directive and Handbook also designate the Commission as the Awarding Authority for all SES bonuses (except those in the Office of the Inspector General) and as the Appointing Authority for the Chief Financial Officer (CFO), as authorized in the Internal Commission Procedures; describe the responsibilities of the Deputy Executive Director for Management Services and the CFO; revise certain procedures regarding Presidential Rank Awards to conform to Governmentwide policy; and update organizational names.

Office and

Division of Origin: Office of Human Resources
Division of Human Resources Policy and Programs

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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
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Senior Executive Service Performance Management System

**Directive
10.137**

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U. S. Nuclear Regulatory Commission

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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 provides a documented record of management expectations and individual job accomplishments, combines both NRC and organizational goals into meaningful operational objectives, uses measures that balance organizational effectiveness with stakeholder and employee perspectives, provides the broad NRC generic framework into which the executive's annual work plan can be placed and measured, 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 evaluate and improve individual and organizational accomplishments. (023)

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Objectives

(10.137-02) (continued)

- To use the results of performance appraisals as a basis for adjusting base pay and for training, rewarding, reassigning, retaining, removing, and recertifying executives. (024)

**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.

Commission

(032)

- Serves as appointing authority for the Chief Financial Officer, the Directors of the Offices of the General Counsel, International Programs, 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 awarding authority for all SES members, except the Office of the Inspector General (OIG), as shown on the authorities chart in the exhibit of Handbook 10.137. (b)

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**Organizational Responsibilities and
Delegations of Authority**

(10.137-03) (continued)

Inspector General (IG)

(033)

- Appoints the Chairman and members of the IG Performance Review Board (PRB), which convenes to recommend performance ratings and bonus awards for OIG. (a)
- Serves as the appointing and awarding authority for OIG. (b)

Executive Director for Operations (EDO)

(034)

Serves as the appointing authority for all EDO staff offices shown on the authorities chart in the exhibit of Handbook 10.137.

Chief Financial Officer (CFO)

(035)

Ensures that NRC budgets for costs for SES performance awards.

**Deputy Executive Director for
Management Services (DEDM)**

(036)

Provides oversight and direction on matters involving the NRC Senior Executive Service Performance Management System.

Chair, Executive Resources Board (ERB)

(037)

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

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**Organizational Responsibilities and
Delegations of Authority**

(10.137-03) (continued)

Chair, Performance Review Board (PRB)

(038)

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

Director, Office of Human Resources (HR)

(039)

- Submits the SES Performance Management System and any additional reports or information to the Office of Personnel Management as required. (a)
- Administers the appraisal system. (b)
- Maintains the SES Employee Performance File. (c)

**Office Directors and
Regional Administrators**

(0310)

- Serve as supervising, reviewing, ranking, and appointing authorities as shown on the authorities chart in the exhibit of Handbook 10.137. (a)
- Ensure that senior executives under their jurisdiction serve in their appropriate supervisory and reviewing roles. (b)
- Decide whether a second-level supervisor will be called on to review appraisals and ratings in their offices and notify the Chair, PRB, of their decision. (c)

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Applicability

(10.137-04)

This directive and handbook apply to all NRC SES members and supervisors of SES members, including executive-level appointees.

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 generic performance requirements, and provides assistance to SES members and supervising executives in carrying out their responsibilities regarding performance planning and appraisal.

References

(10.137-06)

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

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

Code of Federal Regulations

“Employment in the Senior Executive Service,” 5 CFR 317.

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

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

Executive Order 12958, “Classified National Security Information.”

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References

(10.137-06) (continued)

NRC Management Directives

10.72, "Incentive Awards."

10.136, "Senior Executive Service (SES) Recertification Program."

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

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

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

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

Senior Executive Service Performance Management System

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10.137

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**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 expectations and individual job accomplishments that, in addition to establishing performance requirements and communicating supervisory appraisals of performance, will ultimately serve as the basis for a variety of performance-based actions, including bonus awards, pay level changes, removal or reassignment, and training. (1)

This system provides a comprehensive methodology— (2)

- To communicate and clarify NRC and office, region, or division organizational goals and objectives (a)
- To identify individual accountability for the accomplishment of these goals and objectives through the establishment of written performance elements and requirements (b)
- To evaluate and improve individual and organizational effectiveness and accomplishments through performance monitoring and feedback during the appraisal period (c)
- To use the results of performance appraisals as a basis for making decisions that are related to performance, such as those involving performance awards and retention in the SES (d)

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Applicability (B)

All incumbent NRC SES members are subject to the SES Performance Appraisal System without regard to type of appointment or the type of position occupied. (1)

Only SES members holding career appointments are eligible for performance awards, except for those individuals who elected under 5 U.S.C. 3392(c) to retain SES performance award eligibility and who were— (2)

- Incumbents of positions filled by Presidential appointment with the advice and consent of the Senate (a)
- Individuals appointed on or after November 1, 1986, to civilian positions in the executive branch that are covered by the Executive Schedule or with a rate of basic pay fixed by statute equal to one of the levels of the Executive Schedule as stated in 5 CFR Part 317 (b)

Key Components (C)

The SES performance appraisal process includes two distinct phases: performance planning/communication 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 supervising executive and the senior executive consult to prepare a performance plan for the upcoming rating period (During these planning sessions, any necessary subelements and performance requirements applicable to a particular position or organization will be established in addition to the generic subelements and standards for the three critical elements described on NRC Form 351, "Senior Executive Service (SES) Performance Plan and Appraisal," which may

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Key Components (C) (continued)

be accessed through the online forms icon, and in Part II of this handbook. These sessions may include a discussion of training or other development activities. The plan is generally approved by the office director or the 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 or resources. The progress review is documented on NRC Form 351.) (2)
- An initial discussion and appraisal of each subelement and critical element, and an initial summary rating and award recommendation, if appropriate, by the supervising executive, as described in the exhibit of this handbook (3)
- A review and recommendation by the second-level supervisor if this review is directed by the office director or the regional administrator, with an opportunity for the senior executive to respond in writing to the supervising executive's initial appraisal and the second-level reviewer's recommendations to the Performance Review Board (PRB) (4)
- 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 on a higher executive level, if possible, than that of the supervising executive, except for those positions for which the Chairman serves as the supervising executive (5)
- An award recommendation and ranking of the senior executive, if appropriate, by the ranking official, based on the performance appraisal, the initial summary rating, and the executive's overall contribution to the organization (6)

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Key Components (C) (continued)

- A review of all performance appraisal information, including any response from the senior executive, input from the supervising executive and second-level supervisor, and, if any, input from an executive reviewer by the NRC PRB or the PRB Panel (The PRB or the PRB Panel may conduct any necessary additional review.) (7)
- A recommendation from the NRC PRB or the PRB Panel to the appointing authority on ratings, retention, reassignments, and removals and to the awarding authority on performance awards and pay level changes (8)
- 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 (9)
- Award and pay level determinations by the awarding authority, after consideration of all available information and the PRB or the PRB Panel recommendations (10)

Relationship of the SES Performance

Appraisal System to the SES

Recertification Process (D)

SES performance appraisal elements and requirements deal with the level of performance expected of the SES member in accomplishing the primary elements of his or her specific position as evaluated on an annual basis. (1)

The SES recertification process describes broad generic performance criteria applicable as a whole to the SES member over a 3-year period. (2)

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Training and Evaluation (E)

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

To improve the SES Appraisal 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 supervising executive and the senior executive discuss what is expected of the senior 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 assignments, responsibilities, and performance and organizational objectives. The senior executive to be rated should actively participate in setting goals, critical elements, subelements, and performance requirements for the rating period. However, the supervising executive's opinion prevails in any disagreement with the senior executive on critical elements, subelements, and 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)

There are three mandatory generic critical elements applicable to all members of the Senior Executive Service (SES) in the NRC. These three elements will be used to measure the senior

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Critical Elements (C) (continued)

executive's performance during the rating period. Each critical element is described in terms of the relevant Executive Core Qualifications required by the U. S. Office of Personnel Management for certification as a member of the SES. These elements are preprinted on NRC Form 351, "Senior Executive Service (SES) Performance Plan and Appraisal," which may be accessed through the online forms icon. No other elements are required or permitted.

- **Critical Element I—"Achievement of Program Goals."** The SES member achieves the program goals specified in the subelements. The program goals tie the requirements of the position to organizational and agencywide objectives. (1)
- **Critical Element II—"Management Effectiveness."** The SES member manages the organization in accordance with sound management principles as outlined in the subelements. (2)
- **Critical Element III—"Individual Performance."** The SES member accomplishes tasks through application of the individual skills and abilities listed in the subelements. (3)

Subelements (D)

Each critical element contains at least one subelement. Some subelements are generic and predetermined and others are optional, as described below. (1)

- **Critical Element I—Subelement A.** This subelement briefly describes the executive's specific responsibilities in carrying out the NRC Strategic Plan, Performance Plan, and/or Office Operating Plan. Because this subelement differs for each executive, a specific description of responsibilities is not provided. (a)

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Subelements (D) (continued)

- **Critical Element I—Optional Subelements.** If directed by the Commission or the EDO, subelements covering, for example, plant-specific backfitting or allegations management, should be included in the performance plan. (b)
- **Critical Element II—Subelement A, “Program Management.”** This subelement requires the executive to plan, organize, direct, evaluate, and report on the organizational unit's work program. (c)
- **Critical Element II—Subelement B, “Human Resources Management.”** This subelement is applicable only to NRC SES members, including deputies, who perform supervisory functions. This subelement requires the executive to acquire staff and plan for their development, appraisal, recognition and discipline, consistent with merit principles, and to provide work methods, tools, means of communication, and a cooperative work place environment. (d)
- **Critical Element II—Subelement C, “Equal Employment Opportunity.”** This subelement requires the executive to support and promote the goals of NRC's equal employment opportunity program. (e)
- **Critical Element II—Subelement D, “Financial and Staff Year Resources Management.”** This subelement requires the executive to plan and manage the organizational unit's fiscal and staff-year resources. (f)
- **Critical Element II—Subelement E, “Classified Information.”** This subelement requires the executive, if applicable, to manage classified information in accordance with Executive Order 12958, “Classified National Security Information.” (g)

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Subelements (D) (continued) (continued)

- **Critical Element III—Subelement A, “Problem-Solving and Initiative.”** This subelement takes into consideration assignments on task forces or other special projects, as relevant, as well as timeliness and quality of audit resolution, self-improvement, and individual productivity. (h)
- **Critical Element III—Subelement B, “Interpersonal Skills/Agency Representative.”** This subelement requires the executive to represent the organizational unit and the agency and communicate its goals and objectives. (i)
- **Critical Element III—Subelement C.** This subelement is optional. (j)

The management effectiveness and individual performance subelements must be established and discussed in relation to the program goals described for Critical Element I whenever possible. (2)

The supervising executive, in consultation with the second-level supervisor or, where appropriate, the office director or the regional administrator, should determine whether there are any organizational specific generic subelements that should be described for the optional subelements of Critical Element I or for Critical Element III, Subelement C. Optional subelements that are added must be concisely described within the space provided on NRC Form 351. (3)

For rating purposes, subelements are generally weighted equally. Any variation of this practice must be clearly recorded on NRC Form 351. Variations should apply equally to similar positions. (4)

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Performance Requirements (E)

Performance requirements for each of the subelements describe only the fully successful level of performance. (1)

Each supervising executive, in consultation with the senior executive, will review the subelements and will identify the performance requirements of the position and the results needed to accomplish the job in a fully successful manner for each subelement. Organization-specific generic performance requirements for optional subelements are permitted. (2)

The development of performance requirements for optional subelements must, like the prescribed generic performance requirements, be based to a large extent on the NRC's fiscal year program and reflect priorities of the NRC Commission and NRC offices. (3)

To the extent possible, performance requirements should 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. (4)

The performance requirements for optional subelements must be entered on NRC Form 351 in the space provided on the form. (5)

The generic performance requirements for the fully successful level of performance are described on NRC Form 351. (6)

Review of Performance Planning (F)

The supervising executive will transmit the performance plan to the second-level supervisor for review and approval. When the second-level supervisor is at an organizational level higher than that of an office director or a regional administrator, the

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Review of Performance Planning (F) (continued)

second-level review and approval is optional with the second-level supervisor. (1)

Review of the performance plans will ensure that all critical elements and performance requirements, including any additional optional subelements and performance requirements, are clearly understood and concisely stated and are consistent with mission requirements as stated in the NRC Strategic Plan, the Office Operating Plan, and planned resource allocations. (2)

When feasible, common plans for senior executives in similar positions may be used. (3)

If the second-level supervisor does not agree with the performance plan, it will be referred back to the supervising executive for revision. The reasons for the disagreement and the changes suggested may be conveyed to the supervising executive either orally or in writing. (4)

The supervising executive and, when appropriate, the second-level supervisor 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 the approved performance plan for retention, and each supervising executive retains the original performance plan. (5)

Midyear Progress Review (G)

During the rating period, the supervising executive will conduct 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)

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Midyear Progress Review (G) (continued)

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. This midyear review is used to improve communications, provide guidance, improve performance, and avoid misunderstandings at the end of the rating period. The progress review also may be used as an opportunity to modify optional subelements and 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 supervising executive or as requested by the senior executive. These additional reviews are not documented on NRC Form 351. (3)

Documenting Changes (H)

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, reviewed by the second-level supervisor, when appropriate, 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 July 1 and ends the following June 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, 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, PRB, will make decisions on a case-by-case basis, as requested, on the need for these ratings. (2)

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Other Ratings (C)

Other ratings are required under the following conditions. Appraisals should be sent immediately through appraisal channels directly to the Chair, 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" (accessible through the online forms icon), 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 critical elements 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 executives are 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 final rating.

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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 supervising executive 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, PRB.

Absences (5)

An annual summary rating will be prepared by the supervising executive 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, 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 each critical element in the performance plan unless the executive has had insufficient opportunity to demonstrate performance on the element. (2)

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Distribution of Ratings (E)

NRC may not prescribe a distribution of levels of ratings for executives covered by this performance appraisal system. Procedures for monitoring standards and performance requirements are discussed in Part IV of this handbook.

**Evaluation by the Supervising
Executive (F)**

The supervising executive of each senior executive shall appraise the performance of a senior executive on NRC Form 351. Completion of Part II-A and Part III of this form constitutes the written initial summary rating. (1)

The supervising executive will consider the performance appraisals issued by subordinate executives to their staff during the period to evaluate the executives' appraisal of the performance of others. (2)

In preparing the evaluation, the supervising executive will use the currently approved performance plan and performance elements and requirements agreed to previously by the senior executive and the supervising executive and, where appropriate, approved by the second-level supervisor. (3)

Rating Subelements (a)

Part III of NRC Form 351 is used for recording the ratings for the subelements of critical elements. (i)

A fully successful standard of performance for each subelement is described on the form. (ii)

Subelements are rated at one of the three levels of performance described below: (iii)

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Evaluation by the Supervising

Executive (F) (continued)

Rating Subelements (a) (continued)

- **Meets.** This rating describes performance in the subelement that meets the fully successful performance level. Because a high level of performance is expected of all NRC senior executives, this is the appropriate rating for most NRC executives. (a)
- **Exceeds.** This rating indicates an exceptional performance in the subelement that substantially exceeds the midpoint of the fully successful performance range. (b)
- **Does Not Meet.** This rating describes performance in the subelement that does not meet the fully successful performance level described in the performance requirement. This rating is generally assigned to those in the minimally satisfactory through unsatisfactory performance range. (c)

The supervising executive rates the performance of the senior executive in each subelement against the performance requirements described and completes the appropriate subelement rating level box on NRC Form 351. (iv)

The supervising executive must fully justify subelements rated “exceeds” or “does not meet” in the critical element narrative on NRC Form 351. Ratings at either of these levels should be rare and used only for the unusual executive whose performance clearly and substantially exceeds or does not meet expectations. The justification must specifically address performance in relation to exceeding or not meeting the described performance requirements criteria. (v)

There is no agencywide predetermined weighting of subelements. Subelements will be presumed to be weighted equally, unless a

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Evaluation by the Supervising

Executive (F) (continued)

Rating Subelements (a) (continued)

different weight was assigned when the performance plan was prepared. Any variation in weighting must be clearly identified in the performance plan. (vi)

If expected work was not assigned or if there was no opportunity to perform assignments required to meet the fully successful level of performance for a particular subelement, the supervising executive may mark "NA" (not applicable) and explain the circumstances briefly in the narrative justification. Usually, these situations should be identified and the performance plan adjusted during the midyear progress review. The lack of a subelement rating in these cases is not considered either for or against the executive in determining the critical element rating. (vii)

Rating Critical Elements (b)

As indicated in Part II of this handbook, there are three critical elements for each senior executive. (i)

The critical element ratings will be derived from the subelement ratings. (ii)

- Any combination of "meets" and "exceeds" subelement ratings results in a critical element rating of fully successful. (a)
- A majority of subelement ratings of "does not meet" (one of one, or two of three) generally results in a rating below the fully successful level. When only two subelements are used and ratings are divided between "does not meet" and either "meets" or "exceeds," the supervising executive uses judgment in determining the rating for the critical element. The supervising executive also uses judgment, documented in the

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Evaluation by the Supervising

Executive (F) (continued)

Rating Critical Elements (b) (continued)

narrative justification, in determining whether the “does not meet” subelement rating translates into a critical element rating of minimally satisfactory or unsatisfactory. (b)

- Any variation in subelement weighting that was agreed to and documented in the approved performance plan must be taken into consideration in reaching a final decision on the critical element rating. (c)
- The rating for each critical element is marked in the appropriate box at the end of each critical element section in Part III-1, “Critical Elements Evaluation,” on NRC Form 351. (d)

The three levels of performance, as defined below, are the basis of the critical element ratings and summary performance rating. (iii)

- **Fully Successful (FS).** Job performance ranges from “consistently meets” to “exceeds that expected” as described in the performance standards at the fully successful level. Exceptional performance within this range is documented through subelement ratings at the “exceeds” level. For the summary rating, the senior executive performed at an overall fully successful level. (a)
- **Minimally Satisfactory (M).** Job performance occasionally was less than that expected by the performance requirements. For the annual summary rating, the senior executive performed at a minimally satisfactory level if he or she was rated minimally satisfactory in at least one critical element and received no lower rating in any other critical element. (b)

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Evaluation by the Supervising

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Rating Critical Elements (b) (continued)

- **Unsatisfactory (U).** Job performance was normally below that expected in the performance requirements. For the annual summary rating, the senior executive performed at an unsatisfactory level if he or she was rated unsatisfactory in one or more critical elements. (c)

Summary Performance Appraisal Rating (c)

The summary performance appraisal rating and supporting narrative justifications are documented in Part III, Sections 2 and 3, of NRC Form 351. (i)

Section 2 summarizes the ratings for each of the critical elements. The summary rating for each of the critical elements noted in Part III-1 should be transferred to the appropriate block in Section 2. (ii)

In Section 2, a narrative justification for the critical element ratings must be provided. This justification should address achievements in meeting or exceeding the stated performance expectations for the appraisal period and should identify areas for improvement. The justification also must specifically explain any ratings of either “exceeds” or “does not meet” involving these achievements or areas for improvement and indicate the effect any individual subelement rating of “exceeds” or “does not meet” had on the summary critical element rating. (iii)

As the “exceeds” or “does not meet” subelement ratings should seldom be used, and only when the executive has shown truly exceptional performance or has clearly demonstrated poor performance, the written justification must provide ample support for the assigned subelement rating to succeeding levels of review. In these cases, additional documentation may be attached to NRC Form 351. (iv)

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Evaluation by the Supervising

Executive (F) (continued)

Summary Performance Appraisal Rating (c) (continued)

Summary critical element ratings of minimally successful or unsatisfactory must be fully documented. The narrative must specifically explain performance that “does not meet” the described fully successful performance requirements in terms of the extent of the deficiencies and the level of performance that resulted in assignment of either the minimally successful or unsatisfactory rating. Attach any additional documentation to NRC Form 351 that clearly supports the critical element rating. (v)

Ratings of “meets” in all or most subelements and of fully successful in the critical elements normally should not have narrative justifications that exceed the space provided on the form. (vi)

Both achievements and areas for improvement must be described for each critical element, regardless of the summary element or subelement ratings assigned. (vii)

When the subelement ratings and narrative justifications are recorded in Part III-2, the supervising executive shall then assign the final summary rating for the critical elements in Part III-3. This rating constitutes the initial summary performance appraisal rating. (viii)

To receive an initial summary rating of fully successful, all critical elements must have been rated as fully successful, although individual subelements may have been rated as “does not meet.” (ix)

To receive an initial summary rating of minimally satisfactory, at least one critical element must have been rated minimally satisfactory and no other critical element rated any lower. (x)

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Evaluation by the Supervising

Executive (F) (continued)

Summary Performance Appraisal Rating (c) (continued)

To receive an initial summary rating of unsatisfactory, one or more critical elements must have been rated unsatisfactory. (xi)

Once Part III-3 is completed, the initial summary rating should be transferred to Part II-A. The supervising executive should then record any pay level increase or decrease he or she is recommending. If neither an increase nor a decrease is recommended, the "Pay Level" section should be left blank. The award recommendation, but not the amount of the award, should be recorded. A placement action recommendation is not required for a fully successful rating and should be left blank in that instance. (xii)

The supervising executive should then sign and date the form in the space provided in Part II-A and forward the form and any additional documentation to support the ratings to the second-level supervisor. (xiii)

When the supervising executive 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. (xiv)

Once the second-level supervisor has completed his or her recommendation and a copy of the appraisal has been provided to the supervising executive, the supervising executive will 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, using a new copy of NRC Form 351. (xv)

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Evaluation by the Supervising

Executive (F) (continued)

Summary Performance Appraisal Rating (c) (continued)

When the second-level supervisor and the supervising executive are the same, the supervising executive should indicate "N/A" in the signature block of Part II-B, fill in the date in Part II-B that indicates that a copy of the appraisal and all documentation was provided to the senior executive, and have the senior executive complete Part II-C. Instructions for the second-level supervisor should then be followed. (xvi)

Review by the Second-Level

Supervisor (G)

The second-level supervisor cannot change the initial summary rating assigned by the supervising executive. (1)

The second-level supervisor's recommendations and comments may be recorded in Part II-J of NRC Form 351. Any comments recorded that disagree with a subelement, an individual critical element, or the annual summary rating must specify the reasons for the disagreement. The second-level supervisor should discuss any differences with the supervising executive and, when appropriate, with the office director or the regional administrator. (2)

The second-level supervisor should then give a copy of the appraisal, along with any attachments, to the supervising executive who will then give a copy to the senior executive for completion of Part II-C and advise the senior executive that he or she may meet with the second-level supervisor if a meeting is requested. The supervising executive 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. (3)

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Review by the Second-Level

Supervisor (G) (continued)

If the senior executive accepts the rating and does not request an independent review, the supervising executive will send the appraisal package directly to the ranking official within 5 working days. (4)

If the senior executive submits written comments, the second-level supervisor will forward the appraisal, the rating, and the supervisor's comments, along with the senior executive's written comments, directly to the ranking official. (5)

If the senior executive requests an independent executive review, the second-level supervisor should forward the appraisal package to the ranking official within 5 working days, after flagging it to indicate an independent review is being requested. The ranking official should then immediately inform the Chair, PRB, through the Director, Office of Human Resources (HR), that an independent executive review has been requested. The Director, HR, coordinates the independent review process for the Chair, PRB, and provides the Chair, PRB, with a copy of the appraisal package. (6)

The date the copy of the appraisal was provided to the senior executive should be recorded in Part II-B of NRC Form 351. The second-level supervisor should sign and date the form in the space provided in Part II-B. (7)

Comments by the Senior Executive (H)

The senior executive will be given a copy of his or her performance appraisal, the initial rating, and comments from the second-level supervisor. The senior executive should sign Part II-C of the original NRC Form 351. (1)

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Comments by the Senior Executive (H) (continued)

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 blocks in Part II-C of NRC Form 351. (2)

If the senior executive wishes to respond to the performance appraisal, the initial summary rating, or the comments by the second-level supervisor, he or she will have 5 working days from the date a copy of the appraisal and rating was provided (as indicated in Part II-C) to prepare a written response as an attachment to NRC Form 351. The appraisal package then goes to the supervising executive and the second-level supervisor. (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, PRB. (4)

Independent Executive Review (I)

If the senior executive wishes an independent executive review of his or her appraisal, the initial rating, or the comments by the second-level supervisor, the senior executive has 5 working days from the date he or she was provided a copy of the rating (as indicated in Part II-C) to request on NRC Form 351 that the Chair, PRB, appoint an independent executive reviewer. (1)

At the request of a senior executive, the Chair, PRB, shall appoint an executive reviewer within 2 working days to review the senior executive's appraisal, the initial rating, and the comments by the second-level supervisor. (2)

Unless the NRC Chairman is the supervising executive, the executive reviewer, if possible, will be higher in the organizational hierarchy than the supervising executive performing the appraisal

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Independent Executive Review (I) (continued)

and outside the executive's chain of command. However, the executive reviewer may be on the same level in the organizational hierarchy as the second-level supervisor. (3)

The executive reviewer shall conduct the review within 5 working days and forward any comments, recommendations, and the complete appraisal package to the Chair, PRB, through the ranking official. Copies of the executive reviewer's comments and recommendations must be sent to the senior executive, the supervising executive, and the second-level supervisor. (4)

Review by the Ranking Official (J)

The ranking official shall indicate agreement or disagreement with the initial summary rating in Part II-E of NRC Form 351. If the ranking official disagrees, he or she will provide the reasons for any disagreement in the comments section of Part II-J. Any disagreement must be discussed in terms that evaluate the performance elements against the performance requirements specified. (1)

The ranking official recommends performance awards, pay level changes, and reassignment or removal of the executive by checking the appropriate blocks in Part II-E of NRC Form 351. The ranking official should consider the following information before making any recommendations: (2)

- The appraisal and initial rating by the supervising executive, which shall be given primary weight, plus any additional information provided by the second-level supervisor (The executive reviewer's comments also should be considered, if relevant.) (a)
- Any known budget limitations (b)

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Review by the Ranking Official (J) (continued)

- That the number of performance awards may be limited by Congress or the Office of Personnel Management (OPM) during any fiscal year (c)
- The duration of the executive's assignment in the office (d)
- Any special instructions issued by the PRB (e)
- In ranking executives, 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: (f)
 - Difficulty of the position (i)
 - Scope and magnitude of the executive's responsibility (ii)
 - Program stability (iii)
 - Program sensitivity (iv)
 - Special obstacles encountered during the rating period (v)
 - Factors beyond the executive's control (vi)

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

When the second-level supervisor and the ranking official are the same, Part II-B of NRC Form 351 should be completed and should be added under "signature" in Part II-E. (See Section B above.) (4)

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Performance Review Board (PRB)

Procedures (K)

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, call witnesses, and make any other necessary contacts with the supervising executive, the second-level supervisor, the ranking official, the independent executive reviewer, or others to clarify existing information or to obtain additional data. (2)

The PRB must specifically indicate in Part II-F of NRC Form 351 whether or not it agrees with the annual summary rating. Any disagreement must be noted in the comments block of Part II-J. Any disagreement that is based on additional information obtained by the PRB must be clearly documented. (3)

After the PRB indicates its recommendations in Part II-F of NRC Form 351, the form is signed by the Chair, PRB. (4)

- The PRB may make recommendations to the appointing authority regarding the annual summary rating and on retention, removal, or reassignment of executives on the basis of less than fully successful performance, as follows: (a)
 - Changes in the initial summary rating may be recommended after consideration of the adequacy of the performance plan, the adequacy of the documentation supporting the initial summary rating, 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. (i)

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Performance Review Board (PRB)

Procedures (K) (continued)

- Reassignments may be recommended on the basis of performance or NRC needs, or both. (ii)
- Recommendations to remove executives must be decided on the basis of OPM regulations and statutory requirements. (iii)
- The PRB may recommend performance awards and pay level increases to the awarding authority on the basis of performance, as follows: (b)
 - The complete performance appraisal package, the PRB's views, the available budget, and any OPM guidance should be considered in determining the executives to be recommended. (i)
 - 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. (ii)
 - Recommendations for pay level increases will be made in conformance with current NRC SES policy guidance on pay. (iii)
- The PRB recommends pay level decreases to the awarding authority only for summary ratings of less than fully successful. (c)

Performance Review Board (PRB)

Panel (L)

The PRB Panel reviews and evaluates the entire performance appraisal package for each executive on the PRB and makes

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Performance Review Board (PRB)

Panel (L) (continued)

recommendations in writing to the appointing and awarding authorities in accordance with the preceding PRB procedures.

**Assignment of the Final Rating by the
Appointing Authority (M)**

The appointing authority will make a final determination of the senior executive's summary rating in Part II-G of NRC Form 351 after considering the recommendations of the PRB or the PRB Panel. (1)

The reasons for any disagreement with the PRB's recommendations should be recorded in the comments block of Part II-J. (2)

The final decision concerning retention, reassignment, or removal of an executive also will be recorded in Part II-G. Leaving the "Placement" blocks blank indicates retention of the executive in the position. (3)

Decisions by the Awarding Authority (N)

After considering the recommendations of the PRB or the PRB Panel, the awarding authority makes the final decisions about award recipients, amounts of performance awards, and pay level changes. (1)

Part II-H of NRC Form 351 is used to record final pay level and award decisions. (2)

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Disposition of Completed Appraisal (O)

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 (P)

General (1)

A summary rating of fully successful will provide the basis for the executive's retention in the Senior Executive Service and will establish the executive's eligibility for consideration for performance awards.

Pay Level Adjustments (2)

Performance appraisals and ratings also may provide the basis for changing the senior executive's basic SES pay level. (a)

The Civil Service Reform Act of 1978 limits pay adjustments for SES members to one during a 12-month period, in addition to any adjustment of the SES salary range on the basis of the Governmentwide comparability adjustment. (b)

This individual pay adjustment during any 12-month period may be to any higher rate or to the next lower rate. (c)

If the executive's pay is adjusted to the next lower rate on the basis of a performance appraisal of less than fully successful, the reason must be documented on NRC Form 351. (d)

The reason for any adjustment upward of more than one level or an adjustment that is not in conformance with any current NRC pay guidelines also must be documented. (e)

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Effect of the Rating (P) (continued)

Assistance to Improve Performance (3)

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

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

Any performance improvement plan established as a result of a decision to conditionally recertify an executive will be taken into consideration in providing assistance for improving performance. (c)

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 VI 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)

Rights of the Senior Executive (5)

By law, a senior executive may not appeal any appraisal or rating under the SES Performance Appraisal 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 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 Regular PRB (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 PRB. (1)

Members generally are appointed to overlapping 3-year terms, with one-third of the members being appointed in any 1 year. (2)

A majority of members will constitute a quorum. (3)

The names of all PRB members will be published in the *Federal Register*. (4)

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Membership of the Regular PRB (B) (continued)

Generally, PRB members will be NRC SES employees. The Director, Office of Small Business and Civil Rights (SBCR), serves as an ex officio, nonvoting, long-term member. (5)

The board 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. (6)

More than one-half of the PRB members must be career appointees. (7)

The Chair, PRB, will be appointed by the Chair, ERB, for a 1-year term. At the discretion of the Chair, ERB, the term may be extended. (8)

The Chair of the ERB has the option of appointing a Vice-Chair of the PRB. If he or she elects to do so, he or she should first consult with the Chairman or the EDO, as appropriate. If appointed, the term of the Vice-Chair is 1 year. However, at the discretion of the Chair, ERB, the term may be extended. (9)

All Federal executive members of the PRB should— (10)

- Have no less than a fully successful 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 management system. (c)
- Possess a thorough knowledge of NRC missions and the interaction between executives working to fulfill these missions. (d)

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Membership of the Regular PRB (B) (continued)

Members will be appointed in such a manner to ensure consistency, stability, and objectivity in performance appraisal. (11)

Limitations (C)

PRB members will not participate in any PRB review of senior executives who are in their office or region. A PRB member who is the supervising executive of a senior executive being rated will not participate in any PRB review of that senior executive unless called on by the PRB to provide additional information during the board review. (1)

Members of the PRB should not participate as board members in any review of their direct superiors, except with respect to the performance appraisal of the EDO and the Deputy EDOs. (2)

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

Membership of the PRB Panel (D)

A three-member PRB Panel will be appointed by the Chair of the ERB, after consulting with the NRC Chairman, and the EDO, as appropriate, to perform the required review and recommendation functions on appraisals for senior executives who are members of the regular PRB. (1)

Names of members will be published in the *Federal Register*. (2)

A majority of members will be career appointees. (3)

Federal executive members will meet the same membership criteria and will follow procedures similar to those listed for the PRB. (4)

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Membership of the PRB Panel (D) (continued)

Recommendations will be made, as appropriate, on NRC Form 351 to the appointing and awarding authorities. (5)

**Membership of the Office of the
Inspector General (OIG) PRB (E)**

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

The names of members will be published in the *Federal Register*. (2)

A majority of members will be career appointees. (3)

Federal executive members will meet the same membership criteria and will follow procedures similar to those listed for the regular PRB. (4)

Recommendations will be made, as appropriate, on NRC Form 351 to the Inspector General as the appointing and awarding authority for the office. (5)

**Performance Requirements
and Ratings Review (F)**

The PRB will review any optional subelements and performance requirements that have been included on appraisal forms for consistency, quality, appropriateness of measurement techniques, and other factors. (1)

The PRB will review ratings for difficulty and strictness of application and to ensure that only those executives whose performance substantially exceeds the midpoint of the fully successful range of performance for a subelement receive a

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**Performance Requirements
and Ratings Review (F) (continued)**

subelement rating of “exceeds.” Other characteristics of the rating process, such as distribution of ratings and awards, may be reviewed, as appropriate. (2)

Narrative comments on NRC Form 351 will be monitored to ensure that any required justifications appropriately address performance achievements or deficiencies in terms of the stated performance requirements and that the supervising executive's summary narratives for critical elements are specific. (3)

The PRB review will be conducted annually, either at the time of the PRB meeting or at another time. 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 subelement and critical element ratings (b)
- Consistency in application of ratings within and between organizational components for similar performance and for comparable positions, with special emphasis on subelement ratings at the “exceeds” level (c)
- Any anomalies in rating patterns of particular supervising executives (d)

**Part V
SES Performance-Based Awards
and Recognition**

Statutory Basis (A)

To attract, retain, reward, and motivate highly competent executives, certain provisions of the Civil Service Reform Act authorize the granting of special recognition and awards 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 recognition awards described in Management Directive 10.72, "Incentive Awards." A special recognition 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 recognition awards, but such awards must not be tied to the executive's overall performance. Incentive awards must not be granted to executives to circumvent either the

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Statutory Basis (A) (continued)

statutory limitations or any Office of Personnel Management (OPM) guidance concerning the number and distribution of SES performance awards. (4)

**Similarities Between Presidential
Rank Awards and Performance
Awards** (B)

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 performances of high caliber. (4)

The total of an employee's basic salary, performance award, and rank stipend received in any calendar year may not exceed the annual rate payable for Executive Level I in effect at the end of the same calendar year. (5)

Any aggregate compensation in excess of the Level I 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)

Similarities Between Presidential Rank Awards and Performance

Awards (B) (continued)

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 (C)

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 the NRC and involve a larger number of executives and varying sums of money. (2)

Although both awards are related to performance, there is a philosophic difference that should be noted: The rank awards are based on service over a long period, while the performance awards may reflect performance over a shorter period, perhaps no longer than a single rating 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 “exceeds” end of the fully successful performance range is not appropriately awarded with a nomination for a Meritorious or a Distinguished Presidential rank award. A performance award might be appropriate. Conversely, an

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**Differences Between Presidential
Rank Awards and Performance**

Awards (C) (continued)

unbroken record of high-level performance in the annual appraisals over a period of years suggests that a person is a candidate for a Presidential rank award. (4)

Budgeting (D)

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

The Chair, 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)

Performance Awards (Bonuses) (E)

Eligibility (1)

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

To be eligible, the individual must be a career appointee. (b)

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. However, careful consideration should be given to making an award in these cases in view of the limited funds available and the purpose of the program. (c)

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Performance Awards (Bonuses) (E) (continued)

Eligibility (1) (continued)

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

Employees with reemployment rights who transfer to an international organization (such as the International Atomic Energy Agency) before the end of the rating period would not be eligible for a performance award. (e)

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 executive branch and who met the eligibility criteria for entitlement to elect to retain SES benefits under 5 U.S.C. 3392(c) would be eligible for a performance award if they had elected to retain these benefits. (a)

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

The number of career SES executives who are given performance awards during any year may not exceed that allowed by law or OPM regulations. (c)

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. (d)

In computing performance awards, the rate of basic pay does **not** include locality-based comparability pay or special law enforcement adjustments. (e)

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Performance Awards (Bonuses) (E) (continued)

Limitations (2) (continued)

NRC will comply with OPM regulations and guidance dealing with the following: (f)

- The percent of base pay that may be paid to awardees. (i)
- Distribution requirements for award amounts. (ii)
- The percent of SES payroll that may be used for performance awards. (iii)
- Submission of required data to OPM. (iv)

However, when OPM guidelines allow agency discretion, NRC may vary from OPM guidelines and provide any required explanation. (g)

Relationship of Superior Accomplishment Awards to Performance Awards (3)

A job-related superior accomplishment award under NRC's Incentive Awards Program should be considered only in those limited circumstances when a bonus would not be appropriate. (a)

A job-related superior accomplishment award may be used to recognize a nonrecurring contribution, such as an extraordinary effort on a project not anticipated in the annual performance plan or a scientific achievement that may have culminated after a significant period. (b)

Receipt of a superior accomplishment 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 superior accomplishment award in the same year to an individual. (c)

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Performance Awards (Bonuses) (E) (continued)

**Relationship of Superior Accomplishment Awards to
Performance Awards (3)** (continued)

The NRC is prohibited from using superior accomplishment awards to circumvent either statutory or regulatory provisions concerning limitations on eligibility for performance bonuses, the size of individual performance bonuses, or the total amount of funds available to pay performance bonuses. (d)

Presidential Rank Awards (F)

Types of Awards (1)

Two types of awards are available:

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

Certificate and Pin (2)

A certificate signed by the President and a distinctive pin also will be given with each of these awards.

Eligibility (3)

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)

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Presidential Rank Awards (F) (continued)

Eligibility (3) (continued)

The performance for which a nomination is submitted will 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 constitute "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 was 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 the NRC withdraws the nomination. (f)

Limitations (4)

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

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Presidential Rank Awards (F) (continued)

Limitations (4) (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 entitled 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 (5)

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 strength, 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)

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Presidential Rank Awards (F) (continued)

Procedures (6)

The specific documentation and procedural requirements for submitting nominations to OPM are described below:

- Each year the Chair, ERB, or the Executive Director for Operations will issue a call for nominations for Presidential rank awards from appropriate NRC senior officials. This request for nominations will specify the OPM criteria and any additional NRC criteria for these nominations. (a)
- Title 5 U.S.C. 4507(d) provides that the number of Meritorious Executive awards and Distinguished Executive awards may not exceed 5 percent and 1 percent, respectively, of the total number of SES positions authorized Governmentwide during any fiscal year. (b)
- The Chairman will annually submit any nominations to OPM, indicating which rank is being recommended. The documentation submitted with each case must include a nomination justification statement, not exceeding three pages in length, that addresses the individual's accomplishments in terms of the selection criteria in a concise, specific manner. (c)
- The following additional information must be provided on individuals who are nominated by OPM for Presidential awards: (d)
 - An information sheet for publicity purposes. (i)
 - For Distinguished Executive rank nominees, a summary of approximately 150 words of the justification statement and a photograph suitable for publication in the rank awards brochure. The summary should state specific major accomplishments and recognition. (ii)

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Presidential Rank Awards (F) (continued)

Selection Process (7)

Acting either on its own or with the assistance of advisory panels that may be established by the Director, OPM, OPM will review agencies' nominations and will recommend candidates for Meritorious or Distinguished Executive awards for the President's approval. (a)

Nominations will be considered on the basis of relative merit Governmentwide, not on the basis of agency size. (b)

OPM may establish an independent inquiry process to verify the exacting qualifications necessary to support nominations for Presidential rank awards. (c)

An individual nominated for a Distinguished Executive award will, when consideration for the higher rank award is inappropriate, be considered for a Meritorious Executive award, if eligible. (d)

Records of approved rank will be placed in the employee's official personnel folder. (e)

Award Payment (8)

Recipients of a Meritorious Executive rank award receive an amount equal to 20 percent of their basic pay and recipients of a Distinguished Executive rank award receive an amount equal to 35 percent of their basic pay, subject to aggregate pay limitations, currently set at Executive Level I, 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 can be deferred for payment during the following calendar year. (b)

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Presidential Rank Awards (F) (continued)

Award Payment (8) (continued)

Lump-sum payments, as well as the costs of pins and certificates, will be paid by the recipient's employing agency. (c)

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

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

**Part VI
Adverse Actions Based on Performance**

Reassignment or Removal (A)

By law, a senior executive receiving less than a fully successful rating twice within 3 consecutive years shall be removed from the SES. (1)

By law, a senior executive receiving two unsatisfactory ratings within any 5 consecutive years shall be removed from the SES. (2)

By law, a senior executive receiving one unsatisfactory rating shall be either reassigned or transferred within the SES or removed from the SES. (3)

- If appropriate, the supervising executive will recommend to the Performance Review Board (PRB) in Part II-A of NRC Form 351, "Senior Executive Service (SES) Performance Plan and Appraisal," either removal of the executive from the SES or reassignment of the executive within the SES. (a)
- 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 supervising executive to assist the senior executive to achieve the fully successful performance level. (b)
- 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. (c)

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Reassignment or Removal (A) (continued)

- Any recommendation in Part II of NRC Form 351 by the second-level reviewer, the ranking official, or where appropriate, the independent executive reviewer that differs from that of the supervising executive must be fully documented. (d)

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 shall not serve to delay the removal action unless OSC seeks a stay from the Merit Systems Protection Board (MSPB) and 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 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)

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Procedures (C)

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

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)

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Procedures (C) (continued)

- The executive's eligibility 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 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 when the second rating is an unsatisfactory rating. (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-15 level or in an equivalent position with the basic pay rate described in 5 U.S.C. 3594. (1)

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

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Reductions in Pay (E)

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

The ES rate of a career senior executive may be reduced involuntarily for performance (or conduct) reasons; i.e., the executive has received a less than fully successful performance rating or has been conditionally recertified or not recertified. The agency shall provide the executive at least 15 days advance written notice. (2)

Discontinued Service Retirement (F)

A senior executive who is removed from the SES for less than fully successful performance is eligible for discontinued service retirement if he or she has at least 25 years of service, without regard to age, or has at least 20 years of service and is at least 50 years of age.

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**Part VII
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, 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) will forward any records it generates to the Director, 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)

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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(c), 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 applicable NRC regulations.

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Glossary

Annual Summary Rating. The written record of the appraisal of each critical element and the assignment of a summary rating level of fully successful, minimally satisfactory, 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 July 1 through June 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 level 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.

Balanced Measures. Evaluation criteria that balance organizational effectiveness with stakeholder and employee perspectives.

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

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Glossary (continued)

element would result in unsatisfactory performance in the position. Within the NRC appraisal system, only the three critical elements applicable to all NRC SES members are described in the performance plan.

Critical Element Rating. The degree to which the senior executive has attained the performance standard or achieved the expected results for each critical element and subelement. The ratings are based on three levels of performance for each of the three critical elements: fully successful, minimally satisfactory, and unsatisfactory. The critical element ratings form the basis of the summary rating.

Executive Resources Board (ERB). The panel responsible for managing, and establishing policy for managing, NRC executive resources under delegations from the Chairman.

Executive 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 executive level, reviews the senior executive's performance appraisal prepared by the supervising executive and reviewed by the second-level reviewer, where applicable, 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 supervising 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.

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Glossary (continued)

Narrative Justification. The summary narrative statement that is provided in support of each critical element and that is expressed in terms of achievements and areas for improvement.

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 fully successful level. A performance standard may include, but is not limited to, factors such as quality, quantity, cost efficiency, and timeliness.

Performance Review Board (PRB). The group charged with making recommendations to the appointing and awarding authorities on the performance rating, awards, and related personnel actions for all NRC senior executives, except for PRB members.

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Glossary (continued)

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

Ranking Official. The NRC supervisory official who recommends awards and submits a ranking list of senior executives under his or her jurisdiction, if appropriate, directly to the Performance Review Board (PRB) or the PRB Panel.

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.

Second-Level Supervisor. The second-level supervisor above the supervising executive who reviews and approves performance plans, as appropriate. The second-level supervisor also reviews and makes recommendations on performance appraisals but cannot change the initial rating assigned by the supervising executive.

Subelement. A specific component of a position that is a significant contributor to a critical element.

Subelement Rating. The degree to which the senior executive has met the performance standard or achieved the expected results for a specific subelement. The ratings are based on three levels of expectation: “meets,” “exceeds,” or “does not meet.”

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	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. Executive Director, ACRS	ACRS Chairman	ACRS Chairman	ACRS Chairman	Commission
Other ACRS SES positions	Ex. Dir., ACRS	ACRS Chairman	ACRS Chairman	Commission
9. All SES staff in OCFO	CFO	CFO	CFO	Commission
10. Deputy Office Directors, Associate Dirs., and other positions reporting directly to Directors of OGC, SECY, and OIP	Office Director	Office Director	Office Director	Commission
11. All other SES staff in OGC not shown above	Immediate Supervisor	Office Director	Office Director	Commission
12. Positions reporting to the IG	IG	IG	IG	IG

(See abbreviations at the end of this exhibit.)

Independent Reviewer, If Requested

Second-Level Reviewer Designated by Office Director or Regional Administrator

PRB Review

Exhibit (continued)

Level of Senior Executive	Supervising Executive	Ranking Official	Appointing Authority	Awarding Authority
13. Deputy Executive Directors, Asst. for Operations, CIO	EDO	EDO	EDO	Commission
14. Directors of HR, ADM, and SBCR	DEDM	EDO	EDO	Commission
15. Directors of OI, OE, and IRO	DEDR	EDO	EDO	Commission
16. Deputy Director and other SES staff, IRO	Director, IRO	Director, IRO	EDO	Commission
17. Director, OSTP	DEDMRS	EDO	EDO	Commission
18. Regional Administrators	DEDR	EDO	EDO	Commission
19. Dep. Office Director, Dep. Regional Admin., Associate Dir., Div. Dir., and other SES positions that report directly to Office Director or Regional Admin. (except as shown in 11 above)	Office Director or Regional Admin.	Office Director or Regional Admin.	EDO	Commission
20. Div. Dir., NRR	Associate Dir.	Office Director	EDO	Commission
21. Dep. Div. Dir., Associate Dir., Branch Chiefs or equiv. (except as shown in 11 above)	Division Director or Associate Dir., whichever position is the immediate supervisor	Office Director or Regional Admin.	EDO	Commission
22. For any other position not listed, contact Director, HR, for guidance				

(See abbreviations at the end of this exhibit.)

Second-Level Reviewer Designated by Office Director or Regional Administrator
 Independent Reviewer, If Requested

PRB Review

Exhibit (continued)

ACRS	Advisory Committee on Reactor Safeguards
ADM	Office of Administration
CFO	Chief Financial Officer
CIO	Chief Information Officer
DEDM	Deputy Executive Director for Management Services
DEDMRS	Deputy Executive Director for Materials, Research and State Programs
DEDR	Deputy Executive Director for Reactor Programs
EDO	Executive Director for Operations
HR	Office of Human Resources
IG	Inspector General
IRO	Incident Response Operations
NMSS	Office of Nuclear Material Safety and Safeguards
NRR	Office of Nuclear Reactor Regulation
OCA	Office of Congressional Affairs
OCAA	Office of Commission Appellate Adjudication
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OE	Office of Enforcement
OGC	Office of the General Counsel
OI	Office of Investigations
OIP	Office of International Programs
OPA	Office of Public Affairs
OSTP	Office of State and Tribal Programs
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