

Supplement 2, Senior Executive Service Pay and Awards Handbook

PART 1– GENERAL

1. Coverage.

This handbook describes the standards and procedures relating to the pay and awards for all NARA senior executives, including those on career, non-career, limited term, and limited emergency appointments, with the exception of SES in the Office of the Inspector General.

2. Definitions.

- a. **Aggregate Pay.** The total compensation that a senior executive may earn in any one calendar year. Aggregate pay includes basic pay, awards (performance, incentive, and rank), recruitment, retention and relocation incentives, and other similar payments.
- b. **Award.** A performance or incentive award paid to a career senior executive in a lump sum cash payment, with no increase in base pay. An award recognizes and rewards performance excellence during the performance appraisal cycle or a special act or incentive.
- c. **Basic Pay.** The continuing annual salary set and paid to a senior executive. The rate of basic pay is the pay fixed by law or administrative action for the senior executive within the established SES rate range.
- d. **Pay Adjustment.** A change from one salary rate to another salary rate within the SES rate range. Pay is usually adjusted only once during a 12-month period. Adjustments may result in increases or decreases to a senior executive's rate of basic pay. (See paragraph 10 for exceptions to the 12-month rule.)
- e. **Performance-Based Pay Adjustment.** An increase in base pay based upon performance that advances the senior executive's rate of pay in the SES pay range.
- f. **Senior Executive.** A member of the Senior Executive Service.

3. Aggregate Limit on Pay and Awards.

- a. The aggregate limitation on pay in 5 CFR Part 530, subpart B, limits total pay, incentives, bonuses, awards and similar payments during a calendar year to the rate for Level I of the Executive Schedule.
- b. If NARA's SES performance management system is certified by the Office of Personnel Management (OPM), with Office of Management and Budget (OMB),

concurrence under 5 U.S.C. 5307(d) and 5 CFR part 430, subpart D, total pay, incentives, bonuses, awards and similar payments during a calendar year are limited to the rate payable to the Vice President.

c. Any amount which is not payable under the aggregate limitation is deferred until the following year. That amount then becomes payable to the extent that it does not cause the aggregate limitation then in effect to be exceeded.

PART 2 – PAY SETTING

4. General Provisions.

a. The Archivist sets and adjusts (increases, decreases, or grants exceptions to) the rate of basic pay of senior executives based on recommendations from the Executive Resources Board (ERB) or Performance Review Board (PRB), as appropriate.

b. SES performance appraisal results are used for adjusting pay, granting bonuses/awards, and making other personnel-related decisions.

c. Performance-based pay decisions must be made on the basis of individual performance and contributions to NARA's mission as described in NARA 355-S1, SES Performance Management System Handbook.

d. Individual pay rates, pay adjustments, and bonuses/awards will provide for transparency, while assuring confidentiality, and reflect meaningful distinctions within a single performance rating level (e.g., the higher the employee's relative performance within a rating level, the higher the pay adjustment) and/or between performance rating levels (e.g. the higher the rating level, the higher the pay adjustment) based on relative contributions to NARA performance.

e. Any higher rates of pay that are based on a certified appraisal system (i.e., rates between Level III and Level II of the Executive Schedule) are generally reserved for those senior executives who have demonstrated the highest levels of individual performance (i.e., annual performance rating above fully successful) and/or made the greatest contributions to NARA's performance, or in the case of newly appointed senior executives, those who possess superior leadership or other competencies.

5. Minimum and Maximum Rates of the SES Rate Range.

a. The SES performance-based pay system consists of a single, open-range "pay band" with minimum and maximum rates of basic pay fixed by statute. The SES pay band has a minimum rate of basic pay equal to 120 percent of the rate for a GS-15, step 1, and a maximum rate of basic pay equal to the rate for Level III of the Executive Schedule for agencies without a certified performance management system. Agencies with a certified system are authorized to set pay in excess of Executive Schedule Level III, not to exceed Executive Schedule Level II.

- b. If NARA's performance management system is certified by OPM, with OMB concurrence, the maximum rate of basic pay for SES members may be raised to the rate for Level II of the Executive Schedule.
- c. Automatic across-the-board cost of living adjustments and locality-based comparability payments are not applicable to senior executives.
- d. An SES member's rate of basic pay must be set within the applicable SES rate range. An SES member may not receive a rate of basic pay lower than the minimum rate or higher than the applicable maximum rate for the SES.

6. Setting Pay upon Initial Appointment to the SES.

- a. Upon entry into the SES, pay may be set at any rate within the SES rate range subject to the limitation on the minimum and maximum rates of basic pay. (See paragraph 5)
- b. When setting a new senior executive's rate of basic pay, the Archivist must consider the nature and quality of the individual's experience, qualifications and accomplishments as they relate to the requirements of the position, as well as the individual's current responsibilities.
- c. Generally, pay will be set between 6 and 10 percent above the individual's basic rate of pay at the time of appointment to the SES, regardless of the type of current employment (i.e., Federal service or private sector). Justification for setting pay above 10 percent must be appropriately documented by the chair of the ERB.
- d. Salary is negotiable for SES members transferring from another Federal agency and former SES members eligible for reinstatement into the SES.
- e. A senior executive whose rate of basic pay is higher than EX-III may not suffer a reduction in pay as a result of transferring to an agency where the maximum rate of basic pay for the SES rate range is equal to EX-III. The senior executive will continue to receive his or her current SES rate but is not eligible for a pay adjustment until assigned to a position that would allow him or her to receive a pay adjustment or the agency's performance appraisal system is certified.
- f. When setting the rate of pay for a new executive or making a reassignment or transfer of an existing executive, the pay rates, including locality pay, of the executive's direct-report General Schedule employees should be considered to determine if any additional adjustment would be needed to the salary offered to the individual.
 - (1) In this case, "direct-report" employees are those subordinates for whom the executive will serve as the performance rating official, time and attendance authorizer, accountable official for discipline matters, probationary matters, assignments, travel approval, etc.

- (2) This provision does not apply to any career SES member reassigned or transferred due to poor performance.

7. Pay Increases to Advance in the SES Rate Range.

- a. The Archivist may provide a pay increase to advance a senior executive's position within the SES rate range only upon a determination that the executive's individual performance and/or contributions to NARA performance so warrant. A decision to recommend an increase may consider such things as unique skills, qualifications and competencies and their significance to NARA's performance, and the senior executive's current responsibilities.
- b. Senior executives who demonstrate the highest levels of individual performance or make the greatest contributions to NARA's performance must receive the highest rates of basic pay and pay adjustments.
- c. A senior executive who receives an annual summary rating of Outstanding must be considered for an annual pay increase.
- d. A senior executive who receives an annual summary rating below Fully Successful may not receive a pay increase for the current performance appraisal period.
- e. The Archivist may consider pay increases to advance senior executives in the SES pay rate range based on annual ratings of record and recommendations by the PRB. In general,
 - (1) Senior executives rated Fully Successful may receive an increase of up to 3 percent;
 - (2) Senior executives rated Exceeds Fully Successful may receive an increase of up to 6 percent; and
 - (3) Senior executives rated Outstanding may receive an increase of up to 10 percent.
- f. Pay increases that advance an executive's position in the SES rate range are considered a pay adjustment for the purpose of applying the 12-month rule. (See paragraph 9)

8. Increasing Pay to Maintain Relative Position (MRP) in the SES Rate Range.

- a. When the minimum or maximum rate of basic pay of the SES rate range is increased government-wide, the Archivist may determine that it is appropriate to increase the rate of basic pay of a senior executive whose annual performance is rated at the Fully Successful level or higher, up to an amount that does not exceed the amount necessary to allow the employee to maintain his or her relative position (MRP) in the applicable SES rate range.

- b. This provision does not provide senior executives with an entitlement of an annual pay adjustment (except as provided in paragraph c below) - only consideration for such an adjustment.
- c. A senior executive may not receive less than the minimum rate of the SES rate range.
- d. An MRP adjustment that would move a senior executive's pay from a rate that is at or below the rate for level III of the Executive Schedule to a rate that is above level III of the Executive Schedule may be granted only if the senior executive was rated Outstanding under a certified appraisal system for the most recent rating period.
- e. An MRP adjustment for a senior executive whose rate of pay is above level III of the Executive Schedule may be granted only if the senior executive was rated Outstanding under a certified appraisal system for the most recent rating period.
- f. An MRP adjustment for a senior executive whose rate of pay is above level III of the Executive Schedule who was rated Exceeds Fully Successful under a certified appraisal system for the most recent rating period may be granted only under limited circumstances such as for exceptionally meritorious accomplishments.
- g. An MRP adjustment is not considered a pay adjustment for the purpose of applying the 12-month rule.
- h. An MRP adjustment may be given separately from a pay increase that allows the employee to advance his or her relative position in the SES rate range. (See paragraph 7)

9. The 12-Month Rule.

Generally, the basic pay of a senior executive may be adjusted (i.e., increased or decreased) not more than once in any 12-month period.

- a. The following actions are considered pay adjustments for this purpose:
 - (1) Setting of an individual's rate of basic pay upon initial appointment, reappointment, or reinstatement to the SES; and
 - (2) Any increase or reduction in pay, including a pay increase resulting from the decision to grant an exception of the 12-month rule.
- b. The following actions are not considered pay adjustments for this purpose:
 - (1) A decision to grant a zero adjustment in pay after reviewing a senior executive's annual summary rating;
 - (2) A determination to provide an additional pay increase when there is a retroactive increase in Executive Schedule rates of pay (see paragraph 11);

- (3) A determination to provide a pay increase to allow a senior executive to maintain his or her relative position in the SES rate range (see paragraph 8); and
- (4) An increase in pay equivalent to the minimum amount necessary to ensure that a senior executive's pay does not fall below the minimum SES rate (see paragraph 8).

10. Exceptions to the 12-Month Rule

Exceptions to the 12-month rule may be authorized by the Archivist based upon written documentation from the ERB or PRB, as appropriate, in the following limited situations.

- a. The senior executive's exceptionally meritorious accomplishment significantly contributes to NARA's performance;
- b. A senior executive is reassigned to a position with substantially greater scope and responsibility;
- c. A pay increase necessary to recruit a senior executive with superior leadership or other competencies from a position in another agency;
- d. The retention of a senior executive is critical to NARA's mission and the senior executive would likely leave in the absence of a pay increase; and
- e. To align a senior executive with NARA's executive appraisal and pay adjustment cycle (e.g., in the case of a senior executive who was appointed to an SES position within the past 12 months or a senior executive who was transferred to an SES position from an agency with a different appraisal and pay adjustment cycle within the past 12 months).

11. Additional increase in Executive Schedule rates of pay.

Additional increases to the Executive Schedule and the SES rate range may take place after the effective date prescribed by 5 U.S.C. 5318 (the first day of the first pay period beginning on or after January 1) and be effective retroactively. When this occurs, the Archivist may review any previous determinations to adjust senior executive pay that were effective on or after the first increase in SES pay rates. The Archivist may determine whether, and to what extent, an additional pay increase is warranted based on the same criteria used for the previous pay determination. If this review results in an additional increase, the increase will be made effective the same date as the previous increase.

12. SES Pay Reductions

The Archivist may reduce a senior executive's pay for performance or disciplinary reasons in accordance with paragraph 4a and subject to the restrictions in paragraph 13.

- a. Pay may be reduced as the result of a less-than-fully successful annual performance rating or for failure to meet the fully successful performance requirements for a critical element.
- b. Pay may be reduced as a disciplinary or adverse action resulting from conduct-related activity including, but not limited to, misconduct, neglect of duty, or malfeasance.

13. Pay Reduction Restrictions.

- a. A career SES member's rate of basic pay may be reduced by not more than 10 percent.
- b. Pay may not be reduced to a rate below the minimum rate for the SES.

14. Written Notice of Reduction in Pay.

The Agency must provide the senior executive with advance written notice of the reduction in pay at least 15 days in advance of the effective date. The written notice will include:

- a. A reasonable period of time (not less than 7 days) to respond to the notice orally and/or in writing and to furnish affidavits and other documentary evidence in support of the response.
- b. An opportunity to be represented by an attorney or other representative.
- c. A written decision and specific reasons for the pay reduction at the earliest practicable date after the senior executive's response, if any.
- d. An opportunity to request, within 7 days after the date of that decision, reconsideration by the head of the agency, whose determination with respect to that request will be final and not subject to further review.

15. Appeal Rights.

Reductions in pay for performance or conduct reasons are not appealable to the Merit Systems Protection Board (MSPB).

PART 3 – AWARDS

16. Eligibility.

- a. To encourage excellence in performance, performance awards may be granted to members of the SES who hold career appointments, while serving in a career reserved or a general position. The following individuals are also eligible (see 5 CFR 534.405(a)(2)):

- (1) Former SES career appointees who retained award eligibility under 5 CFR part 317, subpart H.
- (2) Reemployed annuitants with an SES career appointment.
- (3) SES career appointees on detail are eligible in the agency from which detailed.

b. Noncareer SES members are not eligible for performance awards. They may, however, be considered for special act or honorary awards except during Presidential election periods, usually from January 1 of the election year through January 20 of the following year.

17. SES Performance Awards.

a. A lump-sum performance award may be granted each year to SES career members based on individual performance and contributions to NARA during the performance rating cycle. An SES member may receive only one performance award in a year.

b. By regulation, career SES members with the most recent performance rating of Fully Successful or higher are eligible for performance awards. In general, performance awards are only awarded to those NARA SES members rated Exceeds Fully Successful or Outstanding.

c. The PRB will make recommendations to the Archivist on SES performance awards after they have completed review of final ratings for senior executives with greater awards allocated to the agency's top performers.

d. Upon considering the recommendations of the PRB, the Archivist grants final approval of performance awards. The Archivist may approve or disapprove the award as recommended, change the amount of the award, or decide to grant an award in the absence of a recommendation.

e. The total amount of SES performance awards granted by NARA in a given fiscal year may not exceed 7.5 percent of the aggregate career SES rates of basic pay as of the end of the fiscal year prior to the one in which the awards are paid.

f. Performance awards may not be less than 5 percent nor more than 20 percent of a senior executive's rate of basic pay as of the end of the performance appraisal period. In general,

- (1) Awards for Exceeds Fully Successful performance may range from 5 percent to 9 percent;
- (2) Awards for Outstanding performance may range from 10 percent to 20 percent.

g. Awards should reflect recognition of senior executive's performance. Awards at or near the 20 percent maximum are reserved for those senior executives whose work is truly exceptional.

h. The SES award pool and/or individual award percentages are subject to review/adjustment annually based on guidance and/or limitations imposed by OPM or OMB.

18. Incentive Awards.

a. In addition to performance-based recognition, senior executives may be considered for incentive awards such as Special Act, time off, and honorary awards in accordance with NARA guidance.

b. Incentive award recommendations greater than \$10,000 must be reviewed and approved by OPM.

c. Incentive award recommendations greater than \$25,000 must be reviewed by OPM and approved by the President of the United States.

19. Presidential Rank Awards.

a. The Presidential Rank Award (PRA) recognizes and rewards extraordinary long term achievements. PRAs are reserved for career senior executives who have a record of achievement that is recognized throughout the agency and/or is acknowledged on a national or international level. There are two types of awards for SES members:

(1) The Distinguished Executive Rank Award is presented for sustained extraordinary accomplishment with a lump-sum payment equal to 35 percent of the recipient's pay, a gold lapel pin, and a framed certificate signed by the President.

(2) The Meritorious Executive Rank Award is presented for sustained accomplishment with a lump-sum payment equal to 20 percent of the recipient's pay, a silver lapel pin, and a framed certificate signed by the President.

b. Eligibility.

(1) Nominees must hold a career appointment in the SES, be currently employed by NARA, and have at least 3 years of career or career-type Federal civilian service at the SES level.

c. Criteria.

(1) A nominee must have demonstrated sustained extraordinary accomplishment for the Distinguished Executive award and sustained accomplishment for the Meritorious Executive award.

- (2) OPM establishes the criteria upon which nominations will be evaluated. The criteria is provided to NARA senior management each year when nominations are requested.
 - (3) In addition to meeting the above criteria, it must be clear that the nominee has demonstrated qualities of achievement, leadership, integrity, industry, and personal conduct that has established and maintained a high degree of public confidence and trust.
 - (4) Rank awards are not awarded to recognize long and faithful service but rather recognize the top 1 percent and 5 percent of senior executives.
- d. A recipient of either a Distinguished or Meritorious Rank Award may be nominated for the other award in succeeding years; however, an individual may not receive the same rank award more than once in any five-year period.