

PAY FOR PERFORMANCE	
KEY ELEMENTS	SUGGESTED PERFORMANCE INDICATORS
<p><i>When authorized, the agency has a pay-for-performance system that:</i></p> <ul style="list-style-type: none"> • Makes pay distinctions based on performance • Includes a transparent process for making pay adjustments • Requires clear and frequent communications about the pay system and how it operates. 	<p><u>Effectiveness Indicators</u></p> <ul style="list-style-type: none"> • An understandable pay pool structure (e.g., roles and responsibilities) and process for making timely pay determinations have been communicated across the agency using a variety of methods (e.g., Web sites, handbooks, policies, announcements). • Managers, supervisors, and employees are oriented and/or trained at the beginning of the performance cycle on the relationship between their performance and salary adjustments and awards at the end of the cycle. • Data on pay pool determinations/discussions indicate: <ul style="list-style-type: none"> – The budget is effectively managed. – Top performers are getting the highest pay increases and/or awards. – Employees perceive the process to be fair and credible. – Pay adjustments correlate with performance ratings. <p><u>Compliance Indicators</u></p> <ul style="list-style-type: none"> • For senior employees, individual pay rates and pay adjustments reflect meaningful distinctions based on relative contribution to agency performance in accordance with the Executive Performance and Accountability Interim Rule (5 CFR 430 or applicable agency directives and 1330). • Pay-for-performance systems, authorized by OPM as part of Demonstration Projects, are evaluated periodically to determine compliance with the Project Plan in accordance with 5 CFR 470.317.

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<i>When authorized, the agency has a pay-for-performance system that:</i>	
	<ul style="list-style-type: none"> • Pay-for-performance systems authorized by Congress are in compliance with their enabling legislation, regulations, and operating guidance (e.g., DHS HRM system in chapter 97 of title 5, U.S. Code and part 9701 of 5 CFR; and the provisions of the National Security Personnel System, chapter 99 of title 5, U.S. Code and part 9901 of 5 CFR).