UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

MEMORANDUM

TO:	Heads and Acting Heads of Departments and Agencies
FROM:	Scott Kupor, Director, U.S. Office of Personnel Management
DATE:	September 21, 2026
RE:	FY 2026 Standardized Distribution of Rating Levels and FY 2026 Performance Awards Guidance for Federal Employees

One of the cornerstones of President Trump's priorities for the federal workforce is promoting a high-performance workplace culture that recognizes high levels of achievement while promoting accountability for poor performance. Recently, following notice-and-comment rulemaking, the U.S. Office of Personnel Management (OPM) finalized changes to its regulations governing performance management for the federal workforce.[1] Among these changes, OPM is now authorized to establish and maintain a standardized distribution of performance rating levels, which covered agencies are required to apply. OPM is issuing this guidance on FY 2026 rating level distribution caps and performance-based awards for the Senior Executive Service (SES), Senior Professionals (SP), and General Schedule (GS) employees,[2] as well as performance-based pay adjustments for SES and SP employees. This memorandum supersedes any prior guidance inconsistent with the parameters set forth herein.

Effective performance management requires that ratings reflect genuine, differentiated individual contributions rather than inflated assessments or organizational inertia. Inflated ratings carry no meaningful signal about who is performing at an exceptional level, deprive agencies of the information needed to direct the largest rewards to the employees who have earned them, and dilute awards across the workforce at the expense of top performers. Distribution caps are intended to address these concerns by establishing a governmentwide ceiling on the share of employees who may receive the highest rating levels. This approach promotes more consistent and credible ratings across agencies, while requiring agencies to make more meaningful distinctions among the levels rather than defaulting to ratings that avoid difficult assessments. As the pool of Level 4 and Level 5 recipients is appropriately sized, the award amounts available to those top performers will increase substantially and, consequently, incentivize higher levels of performance from the workforce.

[1] See *Performance Appraisal for General Schedule, Prevailing Rate, and Certain Other Employees*, 91 FR 41521 (July 7, 2026) (codified in relevant part at 5 CFR 430.208(c)); *Assuring Responsive and Accountable Federal Executive Management*, 90 FR 44299 (September 15, 2025) (amending 5 CFR part 430, subpart C).
[2] Includes General Schedule equivalents subject to OPM's regulations at 5 CFR part 430.

I. Building on FY 2025 Progress

In FY 2025, OPM recommended that agencies limit the combined share of career SES and SP employees receiving Level 4 or Level 5 ratings to no more than 30 percent. That recommendation was not a mandate, but agencies responded with meaningful action. FY 2025 performance data shows that agencies made substantial progress in normalizing ratings across both populations, with a notable reduction in the share of employees receiving the two highest rating levels and a corresponding increase in average award amounts for Level 4 and Level 5 performers. This progress demonstrates that agencies are capable of applying rigorous, differentiated assessments.

Building on that progress, OPM is setting the performance rating level distribution cap to 40 percent for Level 4 and Level 5 ratings across all covered populations[3] (career SES, SP, and GS employees) for FY 2026.[4] There is no cap for any other performance rating level for FY 2026.[5] This adjustment reflects two considerations. First, the demonstrated commitment by agencies during FY 2025 to reduce rating inflation warrants recognizing that a meaningful share of employees genuinely earns top ratings when assessments are conducted with rigor. Second, FY 2026 marks the first time distribution caps will apply to the career GS population, and OPM is setting an initial cap that is achievable and consistent across all three populations as agencies build experience implementing this requirement. The 40 percent cap for Level 4 and Level 5 ratings is a ceiling, not a target. Agencies are expected to continue calibrating ratings based on genuine performance differentiation, and OPM will monitor FY 2026 results to inform future cap levels and performance appraisal system certifications.

II. FY 2026 Ratings Distribution Caps

Effective for the FY 2026 performance appraisal cycle, the following rating level distribution caps apply to the agency-wide annual summary ratings for career SES and the ratings of record for career SP and career and career-conditional GS populations governmentwide.[6] These caps constitute the standardized distribution of rating levels established and maintained by OPM pursuant to 5 CFR 430.208(c) (career and career-conditional GS, and career SP) and 5 CFR 430.305(d) (career SES). The caps are based upon the number of individuals, in each population, whose appraisal period ends on September 30, 2026. These caps establish the maximum percentage of employees within each covered population that may receive a given rating level. When calculating the maximum number of ratings, agencies must round down to the nearest whole number.

The following are not subject to the OPM-established distribution caps:

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[3] All employees subject to OPM's regulations at 5 CFR part 430. Standardized distribution rules currently apply to SES members (§ 430.305(d)) as well as SP and GS employees (§ 430.208(c)). If OPM's proposed rule (91 FR 8763) establishing a new subpart E on senior professional performance appraisal is finalized, that rule would apply.

[4] All employees in Schedule C and Schedule G GS positions are excluded from the performance appraisal provisions of 5 CFR part 430, subpart B. See OPM's *Exclusion of Schedule C and G General Schedule positions from Subchapter I of Chapter 43 of Title 5, United States Code: Performance Appraisal* (April 28, 2026).

[5] For agencies using a GS performance appraisal system containing Level 2 in FY 2026, the revision of Subpart B of 5 CFR 430 does not prohibit a rating of record of Level 2 for FY 2026 until January 1, 2027.

[6] For SES, SP, and GS employees subject to OPM's regulations at 5 CFR part 430.

1. Agencies with five or fewer employees in the agency's career SES or SP population, or with 10 or fewer GS employees, are excluded from the distribution caps only for the applicable population(s).
2. Offices of Inspector General
3. Wage Grade employees
4. Noncareer SES
5. Limited Term/Emergency SES
6. Schedule C and G appointees
7. Individuals whose ratings are modified upward to Level 4 or Level 5 as a result of a proceeding permitted by law or regulation

A. Career Senior Executive Service (SES) and Career Senior Professionals (SP)

Rating Level	Rating Label	Cap (% of SES or SP Population)
Level 5	Outstanding	40%
Level 4	Exceeds Fully Successful	

B. Career General Schedule (GS) Employees

Rating Level	Rating Label	Cap (% of GS Population)
Highest	Outstanding	40%
Second Highest[7]	Exceeds Fully Successful	

With respect to Level 3 performance awards, the recommended award ranges in this memorandum reflect a higher floor than prior guidance suggested.[8] A Level 3 rating of "Fully Successful" represents genuine achievement: the employee has met all expectations for their position and contributed meaningfully to the agency's mission. OPM's view is that successful performance deserves recognition, as determined by the agency. Agencies must ensure a clear and significant distinction between any Level 3 awards and the awards reserved for Level 4 and Level 5 performers. The award ranges in this guidance are designed to support that distinction. Any Level 3 monetary awards should be noticeably smaller than those provided to top performers, reinforcing that the highest ratings carry the highest rewards. Where agency awards budgets are limited, the agency should prioritize granting sufficiently large monetary awards to Level 4 and Level 5 performers, and may leverage non-monetary awards (e.g., time-off awards) for Level 3 performers to supplement awards budget constraints.

Agencies must ensure that any employee rated below "Fully Successful" receives an appropriate performance improvement plan and is not eligible for a performance-based award. Agencies are reminded that tolerating unacceptable performance is itself a failure of supervisory

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[7] The "second highest" rating level only applies to systems using a Level 4 rating of record.
[8] See *OPM's Guidance on Awards for Federal Employees*, August 11, 2025.

duty and that clear, objective ratings at all levels are essential to the integrity of the governmentwide performance management system.

C. Out-of-Cycle Ratings

Agencies may have individuals whose appraisal period must be extended beyond September 30, 2026, for situations such as not meeting the minimum period of performance or a pending investigation. If an agency has more than 25 employees of a respective population (SES, SP, or GS) that are not rated as of September 30, 2026, it must convene an additional calibration panel to apply the distribution caps to that group of ratings. Agencies must annotate the separate group of ratings and their distribution when reporting their data to OPM for appraisal system certification.

D. Bargaining Unit Employees

Agencies may have bargaining unit employees currently under a collective bargaining agreement (CBA) that prohibits standardized distribution of ratings. Where a CBA contains a provision that conflicts with OPM's rule removing the prohibition on forced distributions, the CBA provision will continue to be operative until the term of the CBA ends. Agencies should review OPM's collective bargaining guidance published on July 24, 2026.[9] In these situations, agencies should not include the appropriate bargaining unit employee population in its application of the standardized distribution and should follow any negotiated procedures and agency policies when assigning ratings to these bargaining unit employees. For example, where an agency's CBA prevents an agency from applying standardized distribution to a bargaining unit that comprises 20% of its workforce, the agency would apply the standardized distribution caps, consistent with OPM guidance, to the remaining 80% of the agency's population.

III. FY 2026 Performance-Based Compensation

Agencies have two primary tools for recognizing and rewarding the performance outcomes produced under the distribution caps: performance-based awards and, for career SES and SP employees, performance-based pay adjustments. These tools are complementary: awards provide immediate, visible recognition tied to a single appraisal cycle, while pay adjustments reflect sustained value and have lasting effect on an employee's compensation trajectory. Together, they give agencies meaningful flexibility to structure compensation in a way that clearly and significantly distinguishes top performers from their peers. The parameters below govern both, and agencies should use them in concert when designing their FY 2026 performance compensation programs.

While SES awards pools are subject to a statutory cap, SP and GS awards pools are at the agency's discretion, and OPM strongly encourages agencies to review their current GS awards budget and consider increasing it, where possible, to ensure the ranges below are achievable in practice. At least 60 percent of each agency's career SES, SP, and GS bonus pools should be set aside for Level 4 and Level 5 performers. Agencies may elect to not provide an award to employees who are rated as "Fully Successful." As a reminder, employee salaries and all awards remain

[9] See OPM's *Collective Bargaining Guidance Concerning the Final Rule on Performance Appraisal for General Schedule, Prevailing Rate, and Certain Other Employees*, July 24, 2026.

subject to the aggregate limitation on total compensation under 5 U.S.C. § 5307 and 5 C.F.R. part 530, subpart B. The freeze on discretionary awards, bonuses, and similar payments for Federal employees serving under political appointments remains in effect.[10]

A. Performance Awards – Career SES Employees

Performance awards for career SES employees should fall within the following ranges, expressed as a percentage of the employee's rate of basic pay as of the end of the appraisal period. By statute and regulation, if a performance award is granted to a career SES member, the award may not be less than 5% and no more than 20% of basic pay. Agencies are not required to provide an award to a Level 3 performer. See 5 C.F.R. § 534.405(c).

Rating Level	FY 2026 Award Range
Level 5 – Outstanding	10% to 20%
Level 4 – Exceeds Fully Successful	8% to 15%
Level 3 – Fully Successful	0% or 5% to 8%

B. Performance-based Awards – Career SP Employees

Performance-based awards for career SP employees should fall within the following ranges, expressed as a percentage of the employee's rate of basic pay. SP performance-based awards generally should not exceed 10% of basic pay; however, an agency head may authorize an award up to 20% consistent with 5 U.S.C. § 4505a(a)(2). SP performance-based awards are capped at $25,000.[11]

Rating Level	FY 2026 Award Range
Level 5 – Outstanding	9% to 20%
Level 4 – Exceeds Fully Successful	8% to 15%
Level 3 – Fully Successful	0% to 8%

C. Performance-based Awards – Career GS Employees

Performance-based awards for career GS employees should adhere to the following parameters, expressed as a percentage of the employee's rate of basic pay. Awards may not exceed $25,000.

Rating Level	FY 2026 Award Range
Level 5 – Outstanding	Minimum – 7%
Level 4 – Exceeds Fully Successful or Equivalent	Minimum – 4%
Level 3 – Fully Successful or Equivalent	Maximum – 3%

[10] See OPM's *Guidance on Freeze on Discretionary Awards, Bonuses, and Similar Payments for Federal Employees Serving under Political Appointments* (August 3, 2010).
[11] See 5 U.S.C. § 4502(b).

D. Performance-based Awards – Schedule Policy/Career (P/C) Employees

Agencies with Schedule P/C employees are additionally required to establish a separate bonus pool for those employees. Executive Order 14410, *Implementing Schedule Policy/Career in the Excepted Service*, signed on June 3, 2026, requires that the head of each agency with employees in Schedule P/C set aside a separate bonus pool, and use existing award authorities, to ensure that Schedule P/C employees are appropriately recognized and rewarded for outstanding work. While agencies maintain discretion on the amount of this separate pay pool, OPM recommends that agencies include a multiplier to increase Schedule P/C employees' award amount. A performance award for a Schedule P/C SP or GS employee should exceed the minimum amounts set above. OPM recommends agencies add at least an additional 0.5 percentage point to the award amount given to Schedule P/C employees (e.g., increasing an award from 7% to 7.5%); however, agencies have the discretion to increase the multiplier.

E. Performance-based Pay Adjustments – Career SES and SP Employees

Performance-based pay adjustments for career SES and SP employees should fall within the following ranges, expressed as a percentage of the employee's rate of basic pay as of the end of the appraisal period. An agency may provide a performance-based pay adjustment to a career SES or SP employee upon a determination by an authorized agency official that the employee's individual performance and/or contribution to agency performance warrants such an increase, taking into consideration the recommendation of the PRB. A performance-based pay adjustment for an SP employee must be effective on the date statutory pay adjustments are provided for the GS.

Rating Level	FY 2026 Pay Adjustment Range
Level 5 – Outstanding	5% to 15%
Level 4 – Exceeds Fully Successful	3% to 10%
Level 3 – Fully Successful	1% to 5%

F. Performance-based Pay Adjustments – Noncareer SES

In order to issue a performance-based pay adjustment to an individual in an SES position, an annual summary rating must be completed. Noncareer SES members who were not placed on a performance plan are not eligible for performance-based pay adjustment; however, noncareer SES appointees are eligible for a pay adjustment based on a meritorious accomplishment (5 C.F.R. § 534.404(c)(4)(i)). Any proposed pay adjustment for a noncareer SES requires review from the White House Office of Presidential Personnel, through the employing agency's White House Liaison. The pay freeze for certain senior political officials continues through the end of the last pay period commencing in 2026.[12]

[12] See *OPM's Updated Guidance – Pay Freeze for Certain Senior Political Officials* (February 12, 2026).

G. SES and SP Performance Appraisal System Certification Considerations

For agencies that request OPM's certification of their SES or SP performance appraisal systems, the pay differentiation criterion (5 C.F.R. § 430.404(a)(9)) must still be applied for all ratings. The required standardized distribution of ratings does not replace this certification criterion. Schedule P/C SL employees will be evaluated separately from non-Schedule P/C SL employees for the purpose of pay differentiation.

IV. Ratings Distribution Cap Waiver

OPM recognizes that in extraordinary circumstances an agency's actual performance outcomes may justify a ratings distribution that exceeds the caps set forth in Section II. In such cases, an agency may request a waiver of the applicable distribution cap by submitting the data and justification required by OPM's Ratings Distribution Cap Waiver Request Template (attached). If the waiver is granted, it applies to all populations within the agency, except for those not subject to the caps, as described in Section II. This process is reserved for genuine exceptions. It is not a routine accommodation, and each request will be evaluated rigorously.

A. Standard for an Exception

An exception is available only where an agency demonstrates:

1. Exceptional agency performance. The agency exceeded the performance goals it published in its Strategic Plan and its FY 2026 Agency Performance Plan, as measured by its Key Performance Indicators (KPIs); and
2. Ratings integrity. The agency has an established and documented rating and calibration process capable of producing genuinely differentiated assessments, and it commits to applying that process to the requested distribution rather than using the additional capacity to absorb rating inflation.

Exceptional agency performance is the primary criterion that will be considered as part of an agency's request. An agency that cannot demonstrate exceptional performance against its published goals is ineligible for a waiver, regardless of its ability to demonstrate ratings integrity.

B. Primary Criterion – Exceptional Agency Performance

The waiver determination rests on the agency's results against the goals to which it committed publicly. For each agency (or sub-agency) KPI, an agency must submit: the KPI as stated in the agency's Strategic Plan or FY 2026 Agency Performance Plan; the FY 2026 target; the actual result; and the variance. OPM will only consider KPIs drawn from those published plans. Metrics developed after the close of the appraisal period, restated targets, and indicators not traceable to a published plan will not be considered.

An agency must have exceeded its FY 2026 targets on a majority of its KPIs. Agencies must also disclose any published FY 2026 KPI on which the agency met or missed its target. A material miss on a core mission indicator will ordinarily be disqualifying notwithstanding strong results elsewhere.

C. Supporting Criterion – Rating Integrity

Because a waiver applies agency-wide and is applicable to all covered populations within the agency, and the waiver determination necessarily precedes the agency's calibration panels, the agency must document the process by which it will apply the requested distribution across the covered populations. OPM will not collect individual GS preliminary ratings as part of a waiver request and will not require an agency to report calibrated distributions before a waiver determination is issued. The agency must submit with its waiver request:

1. The distribution of initial annual summary ratings for the agency's career SES population, by rating level, aggregated before the PRB convenes;
2. The agency's calibration policy and the calibration factors it will apply under OPM's July 24, 2026, guidance,[13] identifying any factor to be applied differently across populations;
3. A commitment, signed by the agency head or deputy agency head, that if the waiver is granted the agency will apply its established calibration policy and factors to its career SES, SP, and GS populations. Agencies report their actual distributions by population under Section V, and OPM will assess adherence to this commitment through that reporting and through the agency's next performance appraisal system certification.

The SES distribution is corroborating evidence, not the basis for an exception. Because these are initial ratings submitted before calibration, OPM does not expect them to conform to any particular distribution. An SES distribution at or near the 40 percent cap does not weigh against a request; an SES distribution materially above the level of relief requested will.

D. Scope of Waiver

A waiver granted under this section increases the Level 4 and Level 5 distribution cap by the same amount for every covered population in the agency. An agency may not request an increase of more than 10 percentage points, and in no case may an agency's combined Level 4 and Level 5 distribution exceed 50 percent of a covered population. A waiver applies only to the appraisal cycle referenced in the request and does not create a standing waiver for future cycles. An agency whose career SES population is excluded from the caps under Section II because there are 5 or fewer career SES in the agency may request a waiver for the agency's non-SES population on the basis of Sections IV.B and IV.C(2)–(3) alone.

E. Submission Deadline

Requests must be submitted using OPM's template, be signed by the agency head or deputy agency head and received by OPM no later than October 30, 2026. Extensions will not be granted. The template requires: (1) the agency's KPI results as described in Section IV.B; (2) the distribution of the agency's initial SES summary ratings as noted in Section IV.C; (3) the

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[13] See OPM's *Issuance of Regulations on Performance Appraisal for General Schedule, Prevailing Rate, and Certain Other Employees* (July 24, 2026).

calibration factors and certification described in Section IV.C; and (4) the specific distribution requested.

F. Review and Certification

OPM will review requests for completeness and compliance with the criteria in Sections IV.A through IV.D. OPM will notify agencies of the determination no later than November 20, 2026.

G. Pending Waiver Status

An agency with a pending request must prepare its PRB(s) and calibration panel(s) to finalize ratings under both the Section II caps and the requested distribution. If a request is denied or is not acted upon before the agency must issue annual summary ratings or final ratings of record, the agency must conform its distributions to the Section II caps. Agencies should account for waiver processing time when estimating award payout timelines.

V. Compliance and Reporting

Agencies must submit their FY 2026 closeout parameters to OPM at wpi-oe@opm.gov no later than October 30, 2026. Reporting data includes: (1) the agency's published FY 2026 ratings distribution caps by population, demonstrating adherence to the caps in Section II; (2) the agency's published FY 2026 award structure by rating level, and award pool amount by population, demonstrating alignment with the ranges in Section III; and (3) the agency's calibration factors, as defined in OPM's July 24, 2026 guidance. OPM will email agencies with the data call template and accompanying instructions. Agencies should only send one report for the agency.

As a part of OPM's GS biennial certification criteria and policy, agencies will be required to submit a comprehensive FY 2026 performance results report to OPM in Calendar Year (CY) 2027. This report will include the final distribution of ratings by population, award amounts disbursed by rating level, and where applicable, the status of any waiver requests submitted. OPM will provide its GS biennial certification guidance under separate cover early in CY 2027.

This guidance should be implemented consistent with applicable collective bargaining obligations and subject to the availability of appropriations.

OPM is committed to working with agencies to implement this guidance effectively. For questions or technical assistance, please contact performance-management@opm.gov.

cc: Chief Human Capital Officers (CHCOs), Deputy CHCOs, Human Resources Directors, and Chiefs of Staff

Waiver Request Template