



UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

October 26, 2021

Incorporating Change 6, Effective August 12, 2026

**MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF THE COMBATANT COMMANDS
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS**

SUBJECT: Directive-type Memorandum 21-008 – “Senior Level and Scientific and Professional Performance Management System and Compensation”

References: Code of Federal Regulations, Title 5
DoD Directive 5124.02, “Under Secretary of Defense for Personnel and Readiness (USD(P&R)),” June 23, 2008, as amended
DoD Instruction 1400.25, Volume 920, “Defense Civilian Personnel Management System: Senior Executive Service Performance Management System and Compensation Policy,” March 29, 2017, as amended
Executive Order 14173, “Ending Illegal Discrimination and Restoring Merit-Based Opportunity,” January 21, 2025
Federal Register, Volume 89, Page 5737, January 30, 2024
Office of Personnel Management Memorandum, “New Senior Professional Performance Appraisal System and Plan,” April 3, 2025
Secretary of War Memorandum, “Department of War Secondary Titles,” October 10, 2025
United States Code, Title 5

Purpose. In accordance with the authority in DoD Directive 5124.02, this directive-type memorandum (DTM):

- Establishes policy, assigns responsibilities, and provides procedures for rating individual Senior Level (SL) and Scientific and Professional (ST) employees against established criteria toward the achievement of organizational and agency goals and mission accomplishments.
- This DTM is effective October 26, 2021; it will be converted to a new DoD instruction. This DTM will expire effective October 27, 2026.

Applicability.

- This DTM applies to:
 - OSW, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of Inspector General of the Department of War, the Defense Agencies, the DoW Field Activities, and all other organizational entities within the Department of War (referred to collectively in this DTM as the “DoW Components”).
 - DoW SL and ST employees (referred to in this DTM as “Senior Professionals (SPs)”), including those in the Office of Inspector General of the Department of War. It may be administratively extended to the Defense Intelligence Senior Level (DISL) employees by the Under Secretary of War for Intelligence and Security (USW(I&S)). If extended, the USW(I&S) serves as the appointing authority for DISL positions.

Definitions. See Glossary.

Policy.

- The DoW will:
 - Promote excellence in SP performance by establishing a rigorous performance culture in which the performance and contribution of SPs are fully recognized and rewarded.
 - Recognize SPs who demonstrate the highest levels of performance and make the most significant contributions to the DoW’s and DoW Components’ organizational performance with the highest rates of performance-based pay adjustments and bonuses.
- Unless specified otherwise in this DTM, DoW Components will adhere to the policies and procedures in Volume 920 of DoD Instruction 1400.25.
- DoW will comply with Office of Personnel Management requirements for full certification of the SP Performance Management System (PMS) as established in Section 430.404 of Title 5, Code of Federal Regulations (CFR).

Responsibilities. See Attachment 1.

Procedures. See Attachment 2.

Releasability. Cleared for public release. Available on the Directives Division Website at <https://www.esd.whs.mil/DD/>.

Summary of Change 6. This change:

- Updates language to comply with Executive Order 14173 and the April 3, 2025 Office of Personnel Management (OPM) Memorandum and provides pay setting guidance consistent with pay regulations established in Section 534.506 of Title 5, CFR, in accordance with Page 5737 of Volume 89, Federal Register.
- Incorporates organizational secondary titles in accordance with the October 10, 2025 Secretary of War Memorandum.



Gilbert R. Cisneros, Jr.
Under Secretary of Defense for Personnel and
Readiness

Attachments:
As stated

ATTACHMENT 1

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF WAR FOR MANPOWER AND RESERVE AFFAIRS.

Under the authority, direction, and control of the Under Secretary of War for Personnel and Readiness (USW(P&R)), and in accordance with DoD Directive 5124.02, the Assistant Secretary of War for Manpower and Reserve Affairs has overall responsibility for the development of DoD civilian personnel policy covered by this DTM.

2. DEPUTY ASSISTANT SECRETARY OF WAR FOR CIVILIAN PERSONNEL POLICY

(DASW(CPP)). Under the authority, direction, and control of the Assistant Secretary of War for Manpower and Reserve Affairs, the DASW(CPP) supports the development of civilian personnel policy covered by this DTM and monitors its execution by DoW Components, ensuring consistent implementation and continuous application throughout the DoW.

3. DIRECTOR, PERSONNEL READINESS MANAGEMENT AGENCY. Under the authority, direction, and control of the USW(P&R), the Director, Personnel Readiness Management Agency, provides support to the DASW(CPP), as appropriate, in the execution of duties and responsibilities assigned in this DTM.

4. USW(I&S). If this DTM is administratively extended to DISL employees, the USW(I&S) implements performance management for DISL positions and performs the functions of the appointing authority with respect to DISL positions.

5. INSPECTOR GENERAL OF THE DEPARTMENT OF WAR. The Inspector General of the Department of War serves as the appointing authority for SP positions within the DoW Office of Inspector General.

6. DEPUTY SECRETARY OF WAR, SECRETARIES OF THE MILITARY DEPARTMENTS, AND CHIEF JUDGE OF THE UNITED STATES COURT OF APPEALS FOR THE ARMED FORCES (USCAAF).

a. The Secretaries of the Military Departments serve as appointing authorities for SP positions in their respective Military Departments. The Chief Judge of the USCAAF serves as the appointing authority for positions in the USCAAF. The Deputy Secretary of War serves as the appointing authority for all SP positions other than DISL positions, those in the Office of the Inspector General of the Department of War, those in the Military Departments, and those in the USCAAF.

b. Ensure that SPs receive training in the requirements and operation of the SP PMS to ensure its effective implementation.

ATTACHMENT 2

PROCEDURES

1. USE OF THE EXECUTIVE PERFORMANCE AND APPRAISAL TOOL. In cases where an electronic appraisal system cannot be accessed, SPs will use the OPM SL/ST appraisal template.

2. PERFORMANCE PLAN CRITICAL ELEMENTS. Pursuant to annual performance appraisal cycle opening guidance, rating officials must develop performance plans annually in consultation with the SP in accordance with critical elements and competencies established in the OPM approved SP Performance Appraisal System and Program. There are five critical elements established for SP performance appraisals.

a. Faithful Administration of the Law and the President's Policies. This is the most critical element for reviewing the job performance of someone who serves under the elected President. Faithful administration of one's role in the Executive Branch requires commitment to the principles of the Founding, including equality under the law and democratic self-government. All SPs must clearly and demonstrably support implementation of the President's policy priorities through specific results that align with and advance the President's specific policy agenda.

b. Government Efficiency. SPs must support and contribute to demonstrable improvements in efficiency, productivity, and quality of work and government services, including significant reductions in costs and paperwork.

c. Merit and Competence. SPs must consistently demonstrate outstanding proficiency and competence in the performance of their job duties. Such qualities will be evidenced by specific, demonstrable achievements and results that provide concrete benefits to American citizens. SPs must consistently produce work that is of the highest quality; handle challenges; exceed targets; and complete assignments in a timely manner. In consultation with the SP, the Rating Official must identify at least one competency from the list in the SP Performance Appraisal System and Program against which to evaluate the SP's performance on this critical element.

d. Partnership/Leadership/Mentorship. SPs should serve as trusted advisors, partners, leaders, and mentors at their agencies. In consultation with the SP, the Rating Official must identify at least one competency from the list in the SP Performance Appraisal System and Program against which to evaluate the SP's performance on this critical element.

e. Government Efficiency. The SP's performance rating must be aligned with the agency's organizational assessment for the performance period. In addition, at least three performance objectives must be established for this critical element by the Rating Official in consultation with the SP that are tailored for the SP's specific function and role. They should focus on measurable targets, outputs, and outcomes aligned to specific goals and objectives set forth for the agency in the President's Management Agenda, Agency Strategic Plan,

Congressional Budget Justification/Annual Performance Plan, and other organizational planning documents. With the approval of agency leadership, they may also focus on specific program and policy objectives.

3. PERFORMANCE STANDARDS FOR CRITICAL ELEMENTS. The performance ratings in this system are:

a. Level 5 (Outstanding). The SP demonstrates exceptional performance, directly contributes toward sustaining organizational excellence, and enhances the ability to achieve results in the SP's organization, agency, department or U.S. Government-wide. This represents the highest level of SP performance.

b. Level 4 (Great). The SP demonstrates a very high level of performance beyond that required for successful performance in the SP's position and scope of responsibilities. The SP consistently exceeds established performance expectations, timelines, or targets.

c. Level 3 (Satisfactory). The SP demonstrates the high level of performance expected of SPs, and the SP's actions contribute positively toward the achievement of project/program goals and meaningful results. The SP is effective, dependable, and delivers high-quality project/program results.

d. Level 2 (Needs Improvement). The SP's performance is unsatisfactory and needs improvement. While the SP generally meets established performance expectations, timelines and targets, there are occasional lapses that impair operations and/or cause concern from management.

e. Level 1 (Unacceptable). In repeated instances, the SP demonstrates performance deficiencies that detract from project/program goals and objectives. The SP routinely does not meet established performance expectations/timelines/targets and fails to produce –or produces unacceptable –work products, services, or outcomes.

4. ADDRESSING POOR PERFORMANCE.

a. Rating officials who communicate expectations and provide constructive, timely, and meaningful feedback on a regular basis about performance may more readily identify and reduce instances of poor performance.

b. If at any time during the performance appraisal the supervisor determines the performance of an SP who has completed a probationary or trial period is unacceptable in one or more critical elements, the supervisor will take action in accordance with Section 432.104 of Title 5, CFR, providing the SP a reasonable opportunity to demonstrate acceptable performance, as well as initiating a performance improvement plan that provides the SP 30 days to demonstrate acceptable performance in accordance with the OPM approved SP Performance Appraisal System and Program.

c. Rating officials will take appropriate personnel action to address unacceptable performance no later than 90 days after performance results have been approved by the DoW Component's appointing authority.

5. PAY SETTING.

a. SP Pay Decisions.

(1) When DoW Components set pay, they should consider the individual's experience, qualifications, and accomplishments as they relate to the requirements of the position.

(2) All pay actions proposing to set basic pay within the top 10 percent of the pay range must be approved by the appointing authority. Table 1 shows an example calculation of the top 10 percent of the pay range.

Table 1. Example of Calculating the Top 10 Percent Pay Range (CY 2026 Salaries)

Calculation Steps	Calculation Example
Subtract the minimum rate of basic pay from the maximum rate of pay. For this example, the minimum rate of basic pay is \$151,661. The maximum rate of basic pay is \$228,000.	$\$228,000 - \$151,661 = \$76,339$
Take this amount and multiply it by 10 percent (0.1).	$\$76,339 \times 0.1 = \$7,634$
Subtract this amount from the maximum rate of basic pay.	$\$228,000 - \$7,634 = \$220,366$
Total Top 10 Percent Pay Range	$\$220,366 - \$228,800$

b. New Appointments.

(1) If the PMS is certified, DoW Components may offer a salary rate not to exceed Executive Schedule (EX)-II. If the PMS is not certified, the maximum rate of basic pay is the rate payable for EX-III, and the aggregate compensation limit is equal to the rate for EX-I.

(2) Rates of basic pay above EX-III, but less than or equal to EX-II under a certified PMS, will be paid to those SPs who possess superior leadership, functional or technical competence, or other critical qualifications as determined by the appointing authority as part of the organization's strategic human capital plan.

c. Off-Cycle Pay Increases. Appointing authorities may approve an off-cycle pay increase for an SP. An off-cycle pay increase is an increase granted other than through the SP PMS.

(1) Documentation must be included to provide an explanation of what additional factors contributed to determining the pay adjustment such as:

(a) Exceptional meritorious accomplishments not captured in the annual appraisal that contributed significantly to agency performance.

(b) Reassignment to a position that has a substantially greater impact or scope.

(c) The need to retain an SP whose contributions are critical to the agency or who is likely to leave.

(2) Off-cycle increases may not be made retroactively.

(3) If the maximum rate of the pay range increases during the year for reasons other than certification status, the appointing authority may consider whether to grant an off-cycle pay increase using the same criteria used to determine the SP's annual pay increase.

d. Reducing Pay.

(1) A decrease in basic pay will be considered for an SP who receives a "needs improvement" or "unacceptable" annual summary rating or otherwise fails to meet a critical performance requirement. SPs may also receive a pay reduction as a disciplinary or adverse action resulting from conduct-based activity including, but not limited to, misconduct, neglect of duty, or malfeasance. As applicable, the procedures in Subpart D of Part 752 of Title 5, CFR, or Part 432 of Title 5, CFR, must be followed.

(2) Voluntary reductions in pay are not considered an adverse action subject to Subpart D of Part 752 of Title 5, CFR.

e. Transfers from another Federal Agency or DoW Component and Reappointments. A pay setting action proposing to set pay more than 5 percent higher than the SP's rate of basic pay in the SP's former agency must be approved by the appointing authority.

6. PERFORMANCE-BASED BONUSES.

a. Any proposed performance-based bonus amount must be between 0 and 20 percent of basic pay, pursuant to Section 4505(a) of Title 5, U.S.C. Appointing authorities will award only the maximum performance-based bonus, as established in annual closeout guidance, to those SPs who truly demonstrate exceptional performance, foster a climate that sustains excellence, and optimize results in the organization, agency, department, or the U.S. Government.

b. For SP performance-based bonuses exceeding \$25,000, appointing authorities must request OPM review and approval and OPM will submit it to the President for final approval in accordance with Section 451.107(b) of Title 5, CFR. Requests for performance-based bonuses that exceed \$25,000 should be reserved for only extraordinary contribution, and the request must provide strong and compelling justification.

GLOSSARYPART I. ABBREVIATIONS AND ACRONYMS

ACRONYM	MEANING
CFR	Code of Federal Regulations
DASW (CPP)	Deputy Assistant Secretary of War for Civilian Personnel Policy
DISL	Defense Intelligence Senior Level
DTM	directive-type memorandum
EX	Executive Schedule
OPM	Office of Personnel Management
OSW	Office of the Secretary of War
PMS	Performance Management System
SL	Senior Level
SP	Senior Professional
ST	Scientific and Professional
U.S.C.	United States Code
USCAAF	United States Court of Appeals for the Armed Forces
USW(I&S)	Under Secretary of War for Intelligence and Security
USW(P&R)	Under Secretary of War for Personnel and Readiness

PART II. DEFINITIONS

These terms and their definitions are for the purpose of this issuance.

TERM	DEFINITION
customer	Any individual who uses or receives the services or products the work unit produces. This includes the general public and individuals who work in the agency, other agencies, or organizations outside the U.S. Government.
SP	Employees in an appropriated fund position classified as Senior Level or Scientific and Professional pursuant to Section 5376 of Title 5, U.S.C.