



**United States  
Department of  
Agriculture**

**Office of the  
Assistant Secretary  
for Administration**

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Washington, DC  
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**TO:** Members of the USDA Senior Executive Service

**FROM:** John Surina  
Acting Assistant Secretary  
for Administration

JAN 22 2004

**SUBJECT:** Update on Conversion to the New Senior Executive Service  
Performance-based Pay System

As you know, the Fiscal Year (FY) 2004 National Defense Authorization Act established a new performance-based pay system for the Senior Executive Service (SES). The new system became effective January 11, 2004. Background information on the new system is posted on the web site for USDA Senior Executive Service at [www.usda.gov/da/ERSD.html](http://www.usda.gov/da/ERSD.html). I want to share some recent information about the conversion process with you.

The National Finance Center is processing "conversion" actions for each Senior Executive using guidelines from the Office of Personnel Management (OPM). Each of you will receive a record of the conversion that shows an effective date of January 11, 2004. The principal element of conversion is to roll your locality pay into your new base pay.

One feature of the transition to the new system is agency discretion to approve a Pay Rate Adjustment (PRA) (not a cost of living increase) to increase SES salaries by up to 1.5 percent payable January 11, 2004, or when eligible. On January 9, 2004, which is the date we received proposed pay regulations from OPM, Secretary Veneman approved a pay rate adjustment of 1.5 percent for eligible career Senior Executives. Secretary Veneman was also very clear in her direction to employ the broadest possible application of the increase consistent with the language of the law.

The Omnibus Appropriation Bill passed today has a provision that raises the 1.5 percent adjustment to 2.2 percent. If signed into law by the President, then the 1.5 percent increase will be retroactively raised by 0.7 percent, bringing the total adjustment to 2.2 percent.

The following definitions apply:

**Eligible for pay rate adjustment**

Employee rated Fully Successful, Superior or Outstanding in 2003 Performance Review Board;

**AND**

**EITHER** Last PRA effective January 12, 2003, or earlier or those with a more recent PRA that did not result in increase in salary no matter what the eligibility date – **PRA will be effective January 11, 2004**

**OR** PRA eligibility date January 12, 2004 – June 30, 2004 (based on results of 2002 and 2003 Performance Review Board) – **PRA will be effective when eligible.**

**Not Eligible**

Employee rated Minimally Successful or Unsatisfactory in 2003 Performance Review Board.

Employees hired after June 30, 2003, (not eligible to be rated); or otherwise not eligible for a PRA until after June 30, 2004, at which time the new performance based pay system should be fully operational.

At this time - Non-career senior executives.

Mission area human resources offices have been instructed on how to process these adjustments. Questions on processing can be referred to the Executive Resources and Services Division at 720-2101.

Finally, a team of Senior Executives has been appointed to design an executive performance appraisal system that can be certified by OPM with concurrence from the Office of Management and Budget. In addition to Ruthie Jackson, Director, Office of Human Resources Management, and Priscilla Carey, Acting Deputy Assistant Secretary for Administration, the team members are:

Clyde Thompson  
Associate Assistant Secretary for Civil Rights

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Patricia Healy  
Deputy Chief Financial Officer

William Hudnall  
Deputy Administrator for Marketing and Regulatory  
Programs - Business Services  
Animal and Plant Health Inspection Service

Chris Gomez  
Acting Director, Office of Operations

Ron Hicks  
Assistant Administrator  
Office of Program Evaluation, Enforcement and Review  
Food Safety and Inspection Service

This team will work any issues associated with certification and will keep the SES community informed as work progresses. Once certification is received, new salary ceilings will go into effect.

cc: Subcabinet and Agency Heads