



**DEPARTMENT OF DEFENSE  
NATIONAL SECURITY PERSONNEL SYSTEM  
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**MEMORANDUM FOR NATIONAL SECURITY PERSONNEL SYSTEM (NSPS)  
PROGRAM MANAGERS**

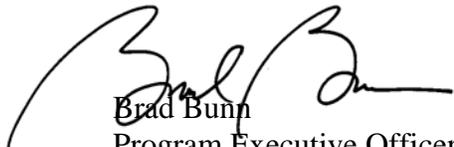
**SUBJECT: Guidance on the Prohibition of Forced Distribution**

We are at the mid-way point of this NSPS performance management cycle. Many of your organizations will be conducting mock pay pools and all will be completing interim reviews. This is an opportune time to remind rating officials, higher level reviewers, pay pool panel members, pay pool managers, and performance review authorities that employee performance under NSPS is measured against standard performance indicators and that forced distribution in the rating process is prohibited.

The NSPS performance management system is designed to make distinctions among employees based on a rigorous evaluation of individual performance against standard criteria. Also, by design, the highest rating levels are reserved for those who deliver exceptional results. However, based on concerns and perceptions expressed by employees, rating officials, and other stakeholders, it is important that all those who participate in the performance management process fully understand the concept of forced distribution, why it is prohibited under NSPS, and how to avoid it.

The attached fact sheet provides a clear definition of forced distribution, frequently asked questions, and information designed to provide a better understanding of what constitutes forced distribution.

Please ensure this guidance is widely distributed to all NSPS organizations.

  
Brad Bunn  
Program Executive Officer

Attachment:  
As stated



*This Fact Sheet provides information on the prohibition of forced distribution under NSPS. For more information on performance management, pay pools, and other NSPS subjects, please visit the NSPS web page at [www.cpms.osd.mil/nsps](http://www.cpms.osd.mil/nsps). You are encouraged to consult with your servicing human resources office for supplemental Component and local guidance.*

## **What is forced distribution?**

Forced distribution occurs when managers assign performance ratings based on a pre-determined ratings distribution by percent of the population or number of employees. In forced distribution rating systems, employees are ranked relative to one another, rather than through the evaluation of individual employee job performance assessed against rating criteria. An example of forced distribution is grouping employees into multiple segments, e.g., the top 20 percent, the middle 70 percent, and the bottom 10 percent, and assigning ratings based on those relative groupings.

## **Why is forced distribution prohibited?**

The NSPS regulations (5 CFR §9901.412(a)) expressly prohibit the use of forced or pre-determined ratings distribution. Instead, NSPS links pay to individual performance by recognizing the accomplishments of employees through an assessment of their performance (of assigned job objectives) against standard rating criteria. Under NSPS, distinctions are made among employees based on individual performance and contributions.

## **How do standard performance indicators minimize the potential for individual bias or favoritism from entering into the ratings process?**

Standardized performance indicators for each pay schedule and pay band provide a common frame of reference for assessing performance, and promoting consistency and equity across the organization. By using standard criteria, NSPS ensures that employees performing similar types of work are evaluated consistently using the same tools of measurement.

**Under NSPS, ratings are often lower than those received under previous performance evaluation systems. Is this a result of forced distribution?**

No. While many NSPS organizations have experienced a change in their ratings distribution from the previous rating system, it is not a result of forced distribution. The change is the result of rigorous and standardized performance criteria that:

- Challenge employees;
- Set a higher bar for higher performance ratings; and
- Require a strict application of the criteria.

Under the NSPS 5-level rating pattern, level 3 performance does not represent “mediocre” performance. Level 3 performance recognizes employees who performed their work in a “valued” manner and successfully achieved performance expectations.

Below is the level 3 performance indicator for the professional/analytical pay schedule, pay band 2. This example demonstrates that the standards upon which an employee’s accomplishments are assessed are both rigorous and challenging.

**Performance Indicator for Professional/Analytic Pay Schedules  
Band 2**

**Level 3 – Valued Performer**  
Effectively achieved the stated objective, anticipating and overcoming significant obstacles. Adapts established methods and procedures when needed.

Results were technically sound, accurate, thorough, documented, and met applicable authorities, standards, policies, procedures and guidelines.

Planned, organized, prioritized, and scheduled own work activities to deliver the objective in a timely and effective manner, making adjustments to respond to changing situations and anticipating and overcoming difficult obstacles as necessary.

Demonstrated high standards of personal and professional conduct and represented the organization or work unit effectively.

**If most employees are rated as level 3, how does that create meaningful distinctions among employees?**

Statistics on rating distribution for the last three performance payout cycles indicate that between 50 and 60 percent of NSPS employees received a rating of level 3, with the remaining 40 to 50 percent of employees receiving ratings both above and below this level. The range of rating distribution illustrates that meaningful distinctions in performance are made. Additional distinctions are made through the assignment of shares within each rating level.

## **Is it possible for everyone in an organization to earn a Level 5 rating?**

It is possible, although not probable, that every employee in an organization could earn a level 5 rating. Assignment of a level 5 rating requires that employees meet the criteria of level 5 performance as described in the appropriate performance indicator. Although possible for all employees to perform well beyond identified expectations, it is unlikely that there would be no variation in individual accomplishments and results in the organization.

## **Are pay pool managers required to achieve a “bell curve” in rating distributions to keep the share value high?**

No. Pay pool managers are not required to assign ratings to achieve a bell curve or produce a particular share value. The value of a pay pool share is influenced by the number of shares distributed (the more shares awarded, the lower the share value), but maintaining a “high” share value is not the goal of the NSPS pay-for-performance system. Rather, the goal is to assess employee performance of job objectives against the standard criteria in a consistent, equitable manner across the organization. The role of the pay pool panel, with oversight by the pay pool manager, is to ensure that the ratings process is fair, equitable, consistent and rigorous. This responsibility includes ensuring that employees rated at the highest levels are truly delivering exceptional results. Pay pool panel members may question rating officials regarding their recommended ratings to ensure that the rating criteria are being applied appropriately.

## **How can organizations best apply this information and reinforce the process for rating and rewarding performance?**

Interim reviews and mock pay pools are excellent opportunities to remind rating officials, higher level reviewers, pay pool panel members, and employees that ratings under NSPS are based on assessment of performance against standard performance indicators. These processes also reinforce that changing performance ratings to fit a pre-determined distribution pattern or to achieve a certain share value is not permitted. In addition, rating officials, higher level reviewers, and pay pool panel members should engage in ongoing dialogue about performance and must properly apply NSPS performance criteria to ensure meaningful performance distinctions among employees.

It is important for higher level reviewers to carefully examine the recommended ratings assigned by rating officials to ensure that rating officials apply criteria consistently and rigorously. When questioning the recommended rating during the pay pool panel process, pay pool managers must ensure that rating officials have an opportunity to justify the recommended ratings and inform the rating official of the rationale for changes to recommended ratings, share assignments or payout distribution. Having this communication is important to ensure all information is appropriately considered and employees are given appropriate feedback on their performance.

**What recourse does an employee have if he or she thinks that the assigned rating doesn't reflect actual work performance?**

Under NSPS, the employee has the right to request a reconsideration of the rating of record or the rating assigned to individual job objectives. The reconsideration request is adjudicated by the pay pool manager with final determinations made by the performance review authorities (PRA).