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EMPLOYEES FROM THE DIRECTOR GENERAL
Subject: Foreign Service Performance Management Reform: The New Meritorious Service Increase
(MSI) Program

This is a joint message from the Director General and AFSA President

1. After two years of close collaboration between the Bureau of Human Resources, AFSA and our Foreign Service colleagues on Performance Management reforms, this year saw the successful roll out of a new streamlined EER and the reorganization of the Selection Boards. The Department and AFSA are pleased to announce agreement on the next stage of Performance Management reforms – a new Department Meritorious Service Increase (MSI) program. Our joint goal is to ensure greater equity and transparency in a MSI program that rewards exceptional meritorious service, as envisioned by the Foreign Service Act of 1980. This cable outlines the history of the MSI program, the basis of the reform, and the details of the new pilot program.

MSIs – A Short History

2. Prior to 2002, Foreign Service Selection Boards were called upon to provide double duty. They first reviewed employees for recommendation for promotion – a forward looking assessment of potential. They were then asked to review the same employees for those who should be recommended for an MSI – a backward looking assessment of exceptional performance over one rating period. That process became onerous as the Foreign Service grew and Selection Boards were called on to review hundreds of employees at a time. As a result, in 2002, the process for MSIs was streamlined, the second review was eliminated, and MSIs were awarded to a certain number of employees who were recommended but not reached for promotion.

Why Reform?

3. In 2011, HR/PE began a review of the MSI process and a number of concerns arose. First, while procedurally convenient (i.e. easy to administer), a limited number of Foreign Service employees were considered for MSIs. Excluded from consideration were those employees who: 1) were not yet eligible for promotion review and 2) who were reviewed and mid-ranked (ranked not yet ready for promotion), regardless of whether they had demonstrated exceptional performance or service during the latest rating period. Additionally, a system that based MSIs on the recommended for promotion list unintentionally skewed a greater number of MSIs to the larger populated grade levels (e.g. FS-4 generalists), regardless of ranking. It also unintentionally resulted in smaller skill code groups (where promotion opportunities may be limited) having few, or in some cases no, MSI opportunities. Thus by HR/PE's estimate, approximately 30% of the Foreign Service who could have been eligible for consideration for an MSI were excluded.
4. With these issues in mind, HR/PE began negotiations on a new MSI program with AFSA as part of the overall Performance Management reform effort. AFSA agreed that the goal of any such program should be to reward especially meritorious performance and/or service, that is, performance and/or service that has resulted in significant and substantial advancement of, or contributions to, policy, programs, and institutional goals.

The New MSI Program

5. The highlights of the new MSI program follow below. The full description can be found in the "Procedural Precepts For Foreign Service Meritorious Service Increase Panels" ("the Precepts") at the [HR/PE Intranet site](#). Additional detailed guidance will be provided to Bureaus and will be available on the same site. The MSI program will initially be a three-year pilot program. HR and AFSA will meet periodically to assess the results to assure that the program is meeting our expected goals.
6. The Foreign Service Act of 1980 authorizes the Secretary of State to grant, "on the basis of especially meritorious service," a salary increase to a higher step to eligible members of the Service. As a permanent salary increase, it is the Department's policy that MSIs should recognize performance and/or service far beyond any other award, such as a Superior or Meritorious Honor Award which may or may not include a one-time cash award. MSIs are therefore a more select and exclusive category of recognition.
7. To ensure equity and equal access, the MSI program would be open to all eligible Foreign Service career employees (as defined in the Precepts) on a yearly basis and would be structured as a competitive awards process with separate nominations which would be reviewed by dedicated Department MSI Awards panels. MSI nominations will be based on the criteria established by HR and negotiated with AFSA outlined in the precepts. Recognition by an MSI, unlike a promotion, is based solely on performance and/or service during the specified period. MSI nominations should cover performance and/or service during the most recent rating period for employees serving in assignments of 12 months or less, and performance and/or service during a period of 12 to 24 months for employees serving in assignments of more than 12 months. Recognizing that especially meritorious performance and/or service may occur outside of or in addition to an employee's actual duties and assignments, it is not necessary to tie the nomination to an employee's work requirements.
8. HR/PE and AFSA looked carefully at the merits of using a dedicated nomination form versus submission of a current EER. We agreed that a separate nomination was warranted,

given that the criteria for promotion and for “meritorious service” are not equivalent, the time period under review may be different, and that someone other than a supervisor may be able to offer a compelling justification for an MSI.

9. Open season for nominations will run from April 15 to June 15. HR/PE will issue a new streamlined nomination form which can either draw from the employee’s yearly performance review or can be based on other independent performance and/or service. Nominations from overseas posts and domestic offices will be submitted directly to home Bureaus. Employees may submit any and all nominations which meet the criteria; nominations from overseas do not need post Joint Awards Committee approval. Bureau MSI Committees will review all nominations for employees of that Bureau in accordance with the criteria established in the Precepts and in accordance with procedures established by HR/PE and AFSA. Bureaus will select MSI nominations deemed as best meeting the criteria to forward to HR/PE by September 15 for review by the Department MSI panels. Bureaus may submit a maximum number determined as eight percent of their total eligible Foreign Service employees as defined in the Precepts. Each Bureau with fewer than 15 Foreign Service employees may submit one nomination.

10. The Department MSI Panels will meet in the October/November time frame and will be divided into at least one Panel to review generalists and at least one Panel to review specialists. Each Panel will consist of five Foreign Service members, following HR/PE’s established best practices to ensure diversity and transparency and mirrored when possible on the FS Selection Boards. Similarly, HR/PE will publish the composition of the MSI Panels prior to their convening. Recognition with an MSI is an indicator of sustained exceptional performance and/or service and MSI Panels will rank order only those employees who the Panels identify as having met or exceeded the MSI criteria as set out in the Precepts. The Director General will award MSIs (or cash in lieu of MSIs as appropriate) to four percent of the total population of eligible employees (as defined in the Precepts) based on the rank-order lists prepared by the Department MSI Panels.

The Success of the MSI Program Depends on Foreign Service Employees

11. The success of this new program depends on active participation by Foreign Service Employees. This is a competitive, nomination based program designed to reward outstanding performance and/or service that wasn’t captured by the previous MSI process. It is a more inclusive and transparent program but it requires proactive participation. We strongly encourage supervisors, both overseas and domestic, to seriously consider putting forward deserving employees for this prestigious award. Even those who are not supervisors, but who work closely with an employee and recognize the exceptional value of his/her work may nominate employees. High-quality, well-written submissions that describe the true impact of both substantive accomplishments and meaningful service will stand out and give employees an opportunity to be recognized by their peers for their significant contributions at home and abroad.

12. The Director General will host an introductory Webinar; details will be provided separately. Additionally, the HR/PE will schedule domestic and regional Webinars in early 2017 to review the new program with Foreign Service employees. For further detailed information, please visit the [HR/PE Intranet site](#).

13. Minimize Considered.

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