



“Working Smarter for America”

U.S. Department of Health and Human Services

Performance Management Appraisal Program (PMAP) Handbook

**A Resource Guide for
Supervisors and Employees**

Office of the Secretary
Office of Human Resources

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INTRODUCTION

Managing employee performance is an integral part of the work that all managers and rating officials perform throughout the year. It is as important as managing financial resources and program outcomes because the degree of employee performance has a profound effect on both the financial and programmatic components of any organization.

The Performance Management Appraisal Program (PMAP) policy of the Department of Health and Human Services is designed to document the expectations for both individual and organizational performance, provide a meaningful process by which employees can be rewarded for noteworthy contributions to the organization, and provide direction to improve organizational success at every level.

To accomplish these objectives, managers need to identify organizational goals to be accomplished, communicate individual and organizational goals to employees that support the overall strategic mission and the Government Performance and Results Act (GPRA) goals of the Department, monitor and evaluate employee performance, and use performance as a basis for appropriate personnel actions including rewarding noteworthy performance and taking remedial action to improve performance not meeting expectations.

The Office of Personnel Management (OPM) defines performance management as the systematic process of:

- Planning work and setting expectations.
- Continually monitoring performance.
- Developing the capacity to perform.
- Periodically rating overall performance.
- Rewarding noteworthy performance.

This HHS PMAP Handbook complements the Department's PMAP policy, dated April 6, 2015, and provides supervisors and employees with a uniform working guide for the day-to-day administration of performance management. This handbook is intended to help supervisors manage employee performance that is aligned with and in support of organizational goals. This handbook includes step-by-step explanations, and easy-to-follow checklists, for activities conducted throughout the performance cycle, and it standardizes working procedures to ensure consistent conformance to Departmental requirements. As such, this handbook serves as a valuable training resource especially as a quick overview of performance management requirements for supervisors and employees, including new employees.

This handbook provides information and guidance and must not be construed to contradict Departmental PMAP policy or any Collective Bargaining Agreement. Please direct all questions and concerns to the Performance Management Division, Office of the Secretary, at OSPMAP@HHS.GOV.

IMPORTANCE OF PERFORMANCE MANAGEMENT

In today's workplace, performance improvement and the role of performance management are increasingly popular topics. Why the intense focus on performance management now? Business pressures are ever-increasing and organizations are now required to become even more effective and efficient, execute better business strategies, and do more with less to remain competitive.

The primary reason to ensure performance management processes are functioning properly is to tighten the link between strategic business objectives and day-to-day actions. Effective goal setting (including timelines), combined with a method to track progress and identify obstacles, contribute to success and bottom-line results. Regularly tracking progress against performance goals and objectives also provides the opportunity to recognize and reward employees for performance and exceptional effort, contributing to job satisfaction, and productivity.

What is the impact of a poorly structured and implemented performance management process? If individual goals are not aligned with business strategy, then time and resources are wasted. Low employee engagement levels may mean that individuals are not performing at their best. Inconsistent evaluation criteria and rewards can lead to mistrust, lower productivity, and higher attrition. If top performers see no differentiation in performance ratings, no opportunities, and unfair compensation for under-performers, morale can suffer. Lack of documentation, visibility, and accountability can negatively affect stakeholders who are demanding more transparency. If accurate performance information is unavailable, or difficult to access, training and development decisions, along with project assignment decisions, may not be made in the Department's, or in the individual's, best interests. An annual process will not adequately alert managers to problems in a timely manner. Last, but not least, a lack of proper documentation related to performance may result in legal issues.

Management "buy-in" is essential to the performance management process. When management does not understand the importance and value of the process, the results can range from consistently late or incomplete appraisals to employee-management mistrust, avoidance of performance discussions, and a lack of honest performance-related discussions. Additionally, managers may feel unprepared to deliver quality feedback and to oversee effective performance discussions.

Frequently, when performance management is mentioned, people think of the employee performance appraisal or review. Performance management, however, involves much more. Properly constructed appraisals should represent a summary of an ongoing and year-long dialogue. An effective performance management process enables managers to evaluate and measure individual performance and optimize productivity by:

- Aligning individual employee's day-to-day job responsibilities with strategic business objectives.
- Providing visibility and clarifying accountability related to performance expectations.
- Documenting individual performance to support compensation and career planning decisions.
- Establishing focus for skill development and learning opportunities.
- Creating documentation for Departmental purposes to support decisions and reduce disputes.

Many of the practices that support performance also positively impact job satisfaction, employee retention, and engagement; as well as trust and loyalty. Performance management practices include:

- Delivering regular relevant job feedback.
- Setting and communicating clear performance expectations.
- Clearly linking performance to compensation.
- Evaluating performance and delivering incentives in a fair and consistent manner.
- Providing appropriate learning and development opportunities.
- Recognizing and rewarding top performers.

Employees want to feel successful, to do well at their job, and feel they are making a valuable contribution. To ensure this happens, employees need a clear understanding of individual goals and how they fit into the larger organization. When effectively implemented, the best practices of performance management result in a wide range of benefits and successes for employees, managers, and the overall organization in the following ways:

Organizational Benefits of Effective Performance Management

Department-wide	Supervisors/Managers	Employees
Savings	Time Savings	Clarification of Expectations
Retention	Reduced Conflicts	Improved Self-assessment
Performance	Visible Accountability	Improved Performance
Productivity	Efficiency	Job Satisfaction

The Department is taking steps to implement innovative solutions that ensure processes deliver real results and improve performance. The purpose of this handbook is to provide concrete guidelines and practical steps that can be used to facilitate improvements to the Department's performance management processes.

PLANNING

In an effective organization, work is planned in advance. This includes setting performance expectations and goals for individuals to channel efforts toward achieving organizational objectives. Involving employees in the planning process is essential to their understanding of the goals of the organization and expectations, what needs to be done and why for accomplishing those goals.

Developing Performance Plans

The regulatory requirements in 5 CFR 430 for defining an employee's performance expectations include establishing elements and standards in an employee-specific performance plan. The employee's performance plan outlines the specific critical job elements for which the employee will be held individually accountable during the rating cycle and that must be successfully completed for the organization to satisfactorily carry out its mission and the standards against which the employee's performance will be measured; i.e., how well the employee must perform on each element to be appraised at a specific level. Performance elements and standards should be linked to strategic

organizational goals, and be results-focused, measurable, understandable, verifiable, equitable, achievable, and provide for meaningful distinctions between levels of performance. In addition, an employee performance plan should be flexible so that it can be adjusted, as necessary, to reflect changing program objectives and work requirements. When used effectively, performance plans can be beneficial working documents that support frequent progress discussions between employee and supervisor; not merely paperwork that is filed and seen only when ratings of record are required.

A technique for establishing a performance plan is to use the “SMART” approach:

- Specific: Goals and expectations are specific and clearly defined.
- Measurable: Outcomes are evaluated against quantifiable standards.
- Attainable: Goals or results/outcomes are achievable and realistic.
- Relevant: Goals are results-based and advance the operational and strategic mission objectives of the organization.
- Timely: Goals are time-bound and results are measured in terms of deadlines, due dates, schedules, or cycles.

Employee Performance Plan: HHS Form 704B

A critical element is an assignment or responsibility of such importance that unsatisfactory performance in that element alone would result in a determination that the employee’s overall performance is unsatisfactory. As defined by regulation, failure on one or more critical elements can result in the employee’s reassignment, removal, or change to a lower grade. Consequently, critical elements must describe work assignments and responsibilities that are significantly influenced by an employee’s work effort and within the employee’s control.

The Department’s Employee Performance Plan template includes two categories of critical elements: (1) Administrative Requirements; and (2) Individual Performance Outcomes; the latter of which describes organization-specific individual management and program outcomes that will contribute to the success of the OpDivs/StaffDivs and the Department’s strategic mission goals and objectives. These elements describe the work assignments and job responsibilities for which each employee is individually accountable. Both the Administrative Requirements and each of the elements in the Individual Performance Outcomes are assessed as critical performance elements.

For most employees, this means that critical elements cannot describe a group’s performance. However, a supervisor or manager can and should be held accountable for seeing that results measured at the group or team level are achieved. Critical elements assessing group performance may be appropriate to include in the performance plan for a supervisor, manager, or team leader who can reasonably be expected to command the production and resources necessary to achieve the results—that is, held individually accountable.

Supervisors and managers may use several documents and/or sources to assist them in determining the appropriate critical performance elements for their employees. These include but are not limited to:

- Goals and objectives outlined in the Department’s Strategic Plan.

- Specific performance goals established for a given program area as outlined in the Department's annual performance plan.
- OpDiv/StaffDiv specific program goals and objectives.
- Functional area/organizational goals and objectives.
- Employee Position Description.
- Laws and/or regulatory requirements.
- Customer/stakeholder feedback.
- Employee input.

Administrative Requirements Element

Department policy requires an Administrative Requirements critical performance element. The Administrative Requirements critical element describes successful performance in responsibilities that are common to most supervisory and non-supervisory employees. For all staff, performance plans shall include the following administrative performance requirements. Supervisors should determine which of these areas apply to each position under his/her supervision. Not every position will include responsibility for every one of these areas.

- Provides responsive service to internal/external customers that support customer and program requirements.
- Participates with supervisor in establishing individual performance plans and provides self-assessments.
- Identifies and communicates individual developmental needs consistent with the Department's mission, assists co-workers by mentoring, advising, or guiding them in understanding work assignments as appropriate.
- Actively identifies, communicates, and implements quality improvements that ensure attainment of workforce goals.
- When applicable, identifies and addresses weaknesses in grant systems, procurement systems, and finance offices to ensure recovery of improper payments and to reduce the number of improper payments made by the Department.
- Other aspects described by the rating official.

For supervisors, managers, and team leaders, performance plans also shall include the following critical administrative performance requirements. Performance of supervisory/managerial duties will be carried out in accordance with regulatory requirements and other OpDiv/StaffDiv policies governing the duties and responsibilities listed below:

- Actively engages in the hiring process with the assigned Human Resources specialists from process initiation to completion of on-boarding. This includes ensuring the established hiring process timelines are met.

- Communicates program and management goals to staff, identifies targeted results/outcomes, and timeframes. Allocates and adjusts resources in response to workload and priority changes.
- Plans, organizes, and assigns unit work.
- Establishes employee performance plans and completes required reviews and final ratings.
- Appropriately recognizes and rewards employee performance.
- Assesses employees' individual developmental needs and provides developmental opportunities to staff.
- Ensures employee awareness of, and compliance with, requirements relative to ethics, financial disclosure, avoiding conflicts of interest, standards of ethical conduct, political activity, and procurement integrity.
- Demonstrates support for EEO/Diversity and employee work-life quality and fosters a cooperative work environment where diverse opinions are solicited and respected.
- Seeks resolution of workplace conflicts at earliest stage.
- Where applicable, ensures that Departmental, OpDiv/StaffDiv, and program goals and requirements for correcting grant, procurement, and finance system weaknesses are achieved or exceeded.
- Other aspects described by the rating official.

Performance Elements

This category identifies the key individual performance outcomes and specific end-results that are critical to the success of the Department and the OpDivs/StaffDivs. These results-oriented outcomes should be consistent with strategic planning initiatives, such as the Department's Strategic Plan and OpDiv/StaffDiv program goals and objectives, and must include one or more outcomes that are linked to the strategic mission and/or GPRA goals of the Department, OpDiv/StaffDiv, and/or the work unit. Managers should limit the number of outcomes to the three (3) to five (5) most important aspects of the employee's position.

Rating officials will determine which appropriate GPRA/mission strategic goals, outcome goals, and outcome-performance measures are best-suited to define the critical performance elements and evaluation standards for each employee's performance plan. Performance elements should be clearly labeled on the employee's performance plan. This cascade approach should ensure that performance plans for all employees support the organizational goals of the Department.

Each performance element should include at least one accompanying metric that is quantifiable and results-based, and each metric should contain a specific target-result to be achieved. Metrics should address significant program outcomes and improvements such as enhanced quality of service or healthcare, new knowledge and insight from research, increased productivity and quality of service, and/or improvements in customer satisfaction.

All objectives must be achievable by the end of the rating period. If quantifiable performance results will not be available by the end of the rating period, the plan must specify how success will be

measured. Data sources for all metrics must exist, or must be available in time to meet the rating completion deadline. For metrics that are expressed as comparisons to past performance, for example, to increase production by ten (10) percent, baseline data must be available.

Performance Standards

The Performance Standards define the performance levels, requirements, or expectations that must be met for each element to achieve a particular level of performance. The standards must be focused on results and include credible measures at the Achieved Expected Results level, and at the Partially Achieved Expected Results level, if employee performance falls below the Achieved Expected Results level. Types of Standards to consider include the following:

- **Quality:** Quality addresses how well the employee or work unit is expected to perform the work and the accuracy, appearance, usefulness, or effectiveness of the final product. Measures can include customer satisfaction rates determined through a customer survey/feedback.
- **Quantity:** Quantity addresses how much work the employee or work unit is expected to produce. Measures are expressed as the expected number of completed products or services.
- **Timeliness:** Timeliness addresses time-based deadlines within which the employee is expected to produce the work.
- **Cost-Effectiveness:** Cost-effectiveness addresses dollar savings or cost control. Cost-effectiveness measures should address specific resource levels or constraints (money, personnel, or time) that can be documented and measured such as maintaining or reducing unit costs, reducing the time it takes to produce or provide a product or service, or reducing waste.

To develop specific measures, the rating official must determine the type or types of standards that realistically can be used to assess the outputs, outcomes, or results and progress toward goals for a given element, and then determine the measures and minimum results/outcomes/outputs that are required to achieve the specified performance level of performance. Rating officials should be careful that the Achieved Expected Results Standard allows room for errors. Allowing no room for error, referred to as an “absolute” retention standard, is permissible only when an agency can clearly defend the need for perfection; for example, when a single failure would result in loss of life, injury, breach of national security, or significant monetary loss. In addition, each standard should carefully define the outcomes or results required to achieve the specified level of performance; not backwardly describe an unacceptable performance level. An example of a backwards standard might be: “makes more than four (4) errors per document.” This would allow an employee to make one-hundred (100) errors and still be rated at the Achieved Expected Results level.

Questions that may help determine whether you are writing an absolute standard include:

- How many times may the employee fail this requirement and still be performing at the Achieved Expected Results level?
- Does the Standard use words such as “all”, “never”, and “each”? These words do not automatically create an absolute standard, but they often alert you to problems.

Questions that may help determine whether you are writing a backwards standard include:

- Does the standard express the level of work the rating official needs to see or does it describe negative performance? For example, does it state: “requires assistance more than fifty (50) percent of the time?” A better choice is: “works independently at least fifty (50) percent of the time.”
- If the employee did nothing, would he/she meet the standard, as written? For example, does it state: “completes fewer than four (4) products per year.” A better choice is: “no more than three (3) products are incomplete at the established deadline.”

The Benchmark Standards listed below are listed on the HHS Form 704B and may be used to describe required performance levels for all critical elements. Using the described benchmark standard is not mandatory. However, if the benchmark standards below are not used, standards developed by the rating official should require levels of performance that are essentially equivalent to that described by the benchmark standard at each level. When benchmark standards are used, additional specific, measurable criteria must be developed at the Achieved Expected Results level for each critical element except the Administrative Requirements critical element. While each and every criterion described in the benchmark standards will not have to be met by the employee in absolute terms to assign a particular rating level, the rating official must ensure the employee understands the overall level of performance he/she is expected to meet to be assigned a given rating level. The Administrative Requirements critical element may be applied without modification and the benchmark standards do not need any augmentation. While 5 CFR 430 requires specific, measurable criteria to be identified at the Achieved Expected Results level, rating officials are strongly encouraged to develop measurable criteria at all levels so employees fully and clearly understand their performance expectations.

Benchmark Standards

Level 5: Achieved Outstanding Results (AO): Consistently superior, significantly exceeds Level 4 (AM) performance requirements. Despite major challenges such as changing priorities, insufficient resources, unanticipated resource shortages, or externally driven parameters, employee leadership is a model of excellence. Contributions impact well beyond the employee’s level of responsibility. They demonstrate exceptional initiative in achieving results critical to Departmental success and strategic goals. Products and skills create significant changes in their area of responsibility and authority. Indicators of performance at this level include outcomes that consistently exceed the AM level standards for critical elements described in the annual performance plan. Examples include:

- Innovations, improvements, and contributions to management, administrative, technical, or other functional areas that have influence outside the work unit.
- Increases office and/or individual productivity.
- Improves customer, stakeholder, and/or employee satisfaction, resulting in positive evaluations, accolades, and recognition, methodology is modeled outside the organization.
- Easily adapts when responding to changing priorities, unanticipated resource shortages, or other obstacles.
- Initiates significant collaborations, alliances, and coalitions.
- Leads workgroups or teams, such as those that design or influence improvements in program policies, processes, or other key activities.

- Anticipates the need for, and identifies, professional developmental activities that prepare staff and/or oneself to meet future workforce challenges.
- Consistently demonstrates the highest level of ethics, integrity, and accountability in achieving specific Departmental, OpDiv/StaffDiv, or program goals, and makes recommendations that clarify and influence improvements in ethics activities.

Level 4: Achieved More than Expected Results (AM): Consistently exceeds expectations of Level 3 (AE) performance requirements. The employee continually demonstrates successful collaborations within the work environment, overcoming significant organizational challenges such as coordination with external stakeholders or resource shortfalls. Employee works productively and strategically with others in non-routine matters, some of which may be complex and sensitive. The employee consistently demonstrates the highest level of integrity and accountability in achieving Departmental program and management goals. Employee contributions have impact beyond their immediate level of responsibility. The employee meets all critical elements, as described in the annual performance plan. Examples include:

- Effectively plans, is well-organized, and completes work assignments that reflect requirements.
- Decisions and actions demonstrate organizational awareness. This includes knowledge of mission, function, policies, technological systems, and culture.
- Independently follows up on actions and improvements that impact the immediate work unit, establishes and maintains strong relationships with employees and/or clients, understands their priorities, balances their interests with organizational demands and requirements, effectively communicates necessary actions to them and employee/customer satisfaction is conveyed.
- When serving on teams and workgroups, contributes substantively and completely according to standards identified in the plan.

Level 3: Achieved Expected Results (AE): Consistently meets performance requirements. Work is solid and dependable and customers are satisfied with program results. The employee successfully resolves operational challenges without higher-level intervention. The employee consistently demonstrates integrity and accountability in achieving Departmental program and management goals. Employee conducts follow-up actions based on performance information available to him/her. Employee seizes opportunities to improve business results and includes employee and customer perspectives. Examples include:

- Acquires new skills and knowledge to meet assignment requirements.
- Demonstrates ethics, integrity, and accountability to achieve Departmental goals.
- Resolves operational challenges and problems without assistance from higher-level staff.

Level 2: Partially Achieved Expected Results (PA): Marginally acceptable, needs improvement, inconsistently meets Level 3 (AE) performance requirements. The employee has difficulties in meeting expectations. Actions taken by the employee are sometimes inappropriate or marginally effective. Organizational goals and objectives are met only as a result of close supervision. This is the minimum level of acceptable performance for retention on the job. Improvement is necessary.

Examples include:

- Occasionally fails to meet assigned deadlines.
- Work assignments occasionally require major revisions or often require minor revisions.
- Does not consistently apply technical knowledge to work assignments.
- Occasionally fails to adhere to required procedures, instructions, and/or formats on work assignments.
- Occasionally fails to adapt to changes in priorities, procedures, or program direction.
- Impacts on program performance, productivity, morale, organizational effectiveness and/or customer satisfaction need improvement.

Level 1: Achieved Unsatisfactory Results (UR): Undeniably unacceptable performance consistently does not meet Level 3 (AE) performance requirements. Repeat observations of performance indicated negative consequences in key outcomes (for example, quality, timeliness, results, customer satisfaction, etc.) as described in the annual Performance Plan. The employee fails to meet expectations. Immediate improvement is essential for job retention. Examples include:

- Consistently fails to meet assigned deadlines.
- Work assignments often require major revisions.
- Fails to apply adequate technical knowledge to completion of work assignments.
- Frequently fails to adhere to required procedures, instructions, and/or formats in completing work assignments.
- Frequently fails to adapt to changes in priorities, procedures, or program direction.

Employee Participation

Supervisors and managers are strongly encouraged to involve their employees in establishing the performance plan for the employees' positions. Participation enables employees to more clearly understand their roles and responsibilities and the level of performance that is required of them; as well as the role their positions play in the mission of the organization. However, the final decision regarding critical elements and standards always rests with the management official.

Employee participation may be accomplished in various ways, for example:

- Employee and rating official jointly developing the performance plan.
- Employee providing the rating official with a draft plan.
- Rating official providing the employee with a draft plan.
- Employee writing one of the critical elements that he/she performs in his/her position.

Once finalized, the employee is asked to sign the performance plan to acknowledge receipt of the plan and established performance expectations. If an employee declines signature, the supervisor should explain that the signature indicates receipt, not agreement. In cases where an employee

refuses to sign a plan, the supervisor is authorized to implement the performance standards without employee agreement. Supervisors should annotate the employee's refusal to sign in the employee's signature block.

Documenting Elements and Standards

The critical elements and standards described at the Achieved Expected Results level, at a minimum, must be documented on the performance plan and signed by the rating official and the employee. In addition, an OpDiv/StaffDiv may require the reviewing official to review/approve the performance plan.

MONITORING PERFORMANCE

Feedback during the Performance Cycle

Performance plans should be developed and implemented within thirty (30) calendar days of the following:

- beginning of the appraisal period;
- employee's entrance on duty;
- assignment of an employee to a detail or temporary promotion scheduled to exceed ninety (90) calendar days; or
- assignment of an employee to a new position.

Effective and timely feedback during the performance appraisal period addressing employee performance against the established performance elements and standards is an essential component of a successful performance management program. Employees need to know in a timely manner how well they are performing and if there are areas that require improvement. Feedback can come from many different sources, such as observation by managers and rating officials, measurement systems, feedback from peers, and input from customers. The rating official is responsible for determining the types, sources, and means of collecting the data and feedback that most accurately gauge performance, to ensure that each of the supervisor's employees receives an accurate, effective, and timely rating.

When providing feedback, the following concepts are important:

- Feedback works best when it relates to a specific goal, such as those established in the employee's performance plan. Basing feedback on the employee's performance against the elements and standards is critical to providing tangible, objective, and powerful feedback. Telling an employee that he/she is doing well because she exceeded her goal by ten (10) percent, for example, is more effective than simply saying "you're doing a good job."
- Employees should receive information about how they are doing in as timely a fashion as possible. If performance improvement is required, the sooner the employee is advised of the deficiency, the sooner he/she can take steps to correct the problem. Conversely, if a goal has been exceeded, the sooner the employee receives positive feedback, the greater the impact and sense of appreciation for the achievement.

- Feedback should be provided in a manner that will best help performance. This is not to say that feedback should be exaggerated or under-stated. On the contrary, feedback should be accurate, factual, and complete to most effectively reinforce what the employee has done well, and what the employee needs to do to improve his/her performance.

Midyear Review

An important part of the performance management process is ensuring that each employee receives at least one formal progress review during each appraisal period; approximately midway through the rating cycle. A formal rating is not assigned for progress reviews, nor is a written narrative required unless performance is below the Achieved Expected Results level. Completion of the progress review is acknowledged on the employee's performance plan with signatures from both the rating official and the employee. While only one progress review is required, rating officials are encouraged to frequently discuss performance with subordinate employees during the appraisal period. This is particularly critical in the case of an employee who is not performing at the Achieved Expected Results level. In this case, it may be advisable to establish regular feedback sessions with the employee.

Topics which may be discussed in a performance review include:

- Communication with internal and external customers and constituents.
- Training requirements and opportunities for development.
- Perceptions of work (challenging, fulfilling).
- Getting/giving regular, sufficient, and specific feedback.
- Any further support the employee may need.

Rating officials should document employee performance, both good and when improvement is needed, throughout the year. Rating officials should provide specific examples to the employee during progress reviews, during the rating of record, and at other appropriate times throughout the year.

DEVELOPING EMPLOYEES

The process of performance management provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees improve even further.

Developing employees is more than just training employees. Developing employees covers all efforts to foster learning, which happens on the job every day. When organizations focus on developing their employees' capacity to perform, rather than just training them, employees will be able to adapt to a variety of situations which is vital for the achievement of individuals and the organization.

Formal Employee Development

Employee development can be either formal or informal. Formal development may include:

- Traditional training in structured courses, classrooms, and formal development programs.
- Details provide valuable experience for growth and additional skill sets.
- Self-study courses including those using computer-based platforms.

A means of identifying formal training for an employee is by establishing an Individual Development Plan (IDP) through an approach of: (1) Assessment; (2) Discussion; and (3) Implementation, as follows:

- **Assessment:** The employee reviews prior job experience, training, education, and other developmental experiences to provide concrete information regarding current strengths and skills. This could include a review of past applications for employment and past training records. The employee reviews the standards for work performance to determine core competencies necessary for the job and past performance evaluations for indications of areas needing improvement, and identifies core skills specific to that need. The employee assesses personal career goals and determines immediate and long-term steps toward achieving the goals. The employee identifies specific opportunities for developmental experiences and researches possible sources for development. The employee may seek out career counseling from a variety of sources including peers, current and past supervisors, and the Human Resources staff. The supervisor is available for clarification and counseling.
- **Discussions:** To obtain mutual commitment between the supervisor and the employee, open discussion is necessary. The employee and supervisor should mutually agree to discuss the results of the assessment and the draft IDP prepared by the employee. The discussion includes perspectives on organizational needs, job requirements, the employee's strengths and developmental needs, financial limitations, timing, and learning opportunities that the supervisor will actively support. The supervisor coaches the employee by giving open and constructive feedback, identifying challenging assignments, discussing career paths in the organization, and reasonable timeframes for meeting the objectives of the IDP. The supervisor and employee should sign a completed IDP based on mutual agreement or final decisions of the supervisor.
- **Implementation:** The employee ensures that any necessary procurement or training request forms are prepared and monitors work that is assigned to best accomplish the IDP's developmental experiences. The employee reports on completion of items in the IDP. The supervisor and the employee meet periodically throughout the year to review and update the IDP. OpDivs/StaffDivs may require the use of an IDP at their discretion. Supervisors and employees should check with their Human Resources Office for the IDP or other appropriate forms to be used for documenting employee development needs.

Informal Employee Development

While managers have a large influence over formal training, they have even greater impact on creating a climate for informal employee development, which can take a wide variety of forms, some of which are listed below:

- Feedback is a natural part of the monitoring process of performance management, but specific and timely feedback to employees about their performance against established expectations also provides the foundation for discussing developmental needs.

- Job rotations and special assignments can stretch and challenge employees and broaden their understanding of the organization.
- Coaching and counseling provides individualized advice and instruction.
- Mentoring helps employees clarify career goals, understand the organization, analyze strengths and developmental needs, build support networks, and deal with roadblocks.
- Using the manager as an informal teacher acknowledges that managers consciously teach employees through their own model, habits, and system of values.
- Learning teams can form to meet regularly to focus on improving performance.

Although informal developmental strategies cost very little, they have potentially big payoffs in terms of improved individual and team performance.

RATING EMPLOYEES

Roles of the Rating Official

Rating employees means evaluating employee performance against the elements and standards in an employee's performance plan and assigning a rating of record. Rating officials should compile performance data from all appropriate sources as a part of the rating process. It also is a good idea to ask employees to track their own progress using data identified during the planning phase so they can provide a complete account of their accomplishments during progress reviews and as part of the final rating process. The rating official, as appropriate, also should consult customers and colleagues, review the employee's self-assessment and other relevant performance documentation (e.g., production reports), and available feedback to ensure he/she has a complete picture of the employee's performance for the entire performance period. The assigned rating reflects the level of the employee's performance as assessed against the standards established in the performance plan. If an employee does not have an opportunity to perform a critical element during the rating period, no rating will be assigned and the words "Not Rated" should be written on the performance plan for that element.

When assigning a rating for each critical element, the rating official should:

- Carefully read each performance standard level beginning with the Achieved Expected Results standard which is considered the base-level standard.
- Determine the level that best describes the employee's performance on the element. The sum of the employee's performance of the element must, in the Rating Official's judgment, meet the assigned level's criteria.

The rating official should conduct a thorough performance rating meeting with the employee that conforms to the following guidelines:

- All required performance plan actions and approvals have been completed.
- Schedule the meeting in a private and interruption-free location.

- Conduct the session in a professional and calm demeanor, focused on performance and work-related issues.
- Address each element with a discussion of noteworthy items, both positive and constructive, and an explanation of the rating based on the relevant element and standards.
- Summarize the employee's overall performance as it relates to the assigned rating of record.
- Provide adequate time for the employee to give input and feedback, ask questions, and express concerns.
- Have the employee sign and date the performance plan.
- Sign and date the block for the rating official on the performance plan.

REWARDING PERFORMANCE

A basic principle of effective management is that performance is influenced by positive and negative consequences. Positive consequences include rewards and recognition, promotions, Within-Grade Increases (WGI), etc. Negative consequences may include counseling, reassigning, removing, or downgrading the employee.

Performance Award Eligibility

Performance awards are an integral part of the performance appraisal process. As such, they are linked to the rating of record and submitted and considered for approval only at the conclusion of the rating period.

Employees whose summary rating is Achieved Outstanding Results may be eligible to receive a performance award payment of up to five (5) percent of salary, including locality payment or special rate supplement. This award is based on the salary as of the last day of the rating period (December 31).

Only employees who receive an Achieved Outstanding Results rating may be eligible for a Quality Step Increase (QSI). Employees who are rated at the Achieved More than Expected Results, Achieved Expected Results, Partially Achieved Expected Results, or Achieved Unsatisfactory Results may not be considered for a QSI. Only General Schedule (GS) employees are eligible to receive a QSI. QSIs must be awarded based on an Achieved Outstanding Results rating for the previous rating cycle and not for midyear performance accomplishments. In addition, an employee may not receive both a QSI and a cash award for the same performance and a QSI may not be granted to an employee who has received a QSI within the preceding fifty-two (52) consecutive calendar weeks. QSIs are not automatic and may be awarded at management's discretion and subject to funds availability.

Employees whose performance is Achieved More than Expected Results may be eligible for a performance award of up to four (4) percent of salary. Employees whose performance is Achieved Expected Results may be eligible for a performance award of up to three (3) percent of salary. The locality payment or special rate supplement, apply to both the Achieved More than Expected Results and Achieved Expected Results performance ratings. All awards are at the discretion of

management and subject to funds availability. According to OPM, no employee is entitled to an award.

Employees who receive Partially Achieved Expected Results or Achieved Unsatisfactory Results ratings are not eligible for performance rating-based awards.

OpDivs/StaffDivs may also recognize employees for short-term accomplishments using other award types, such as Special Act/Special Service awards and Time-Off awards, as appropriate. Refer to the awards section of this handbook.

ADDRESSING POOR PERFORMANCE

At any time in the performance appraisal cycle that an employee's performance is not meeting performance expectations, the supervisor must take prompt and appropriate actions to improve the performance. This should include contacting the servicing Labor and Employee Relations (LER) office for advice and assistance. The LER office is available to provide guidance to rating officials for documenting performance, providing feedback to the employee, and assessing additional appropriate courses of action.

Partially Achieved Expected Results Level

An employee who is performing at the Partially Achieved Expected Results level cannot be granted a WGI or a non-competitive promotion to a higher grade in a career ladder. Even if a WGI is not due, when an employee is performing at the Partially Achieved Expected Results level, the supervisor must advise the employee of his/her specific performance deficiencies and take appropriate steps to assist the employee in correcting those deficiencies. An official Performance Improvement Plan (PIP) is not required to deal with Partially Achieved Expected Results performance. It is used to deal with performance at the Achieved Unsatisfactory Results level, as described below.

Achieved Unsatisfactory Results Level

If performance on any critical element is determined to be at the Achieved Unsatisfactory Results level at any time during the rating period, the supervisor will provide assistance to help the employee improve performance to the minimally acceptable level of Partially Achieved Expected Results, or better. The supervisor must, at a minimum, give written notice to the employee of his/her failure to demonstrate acceptable performance and provide the employee an opportunity to demonstrate acceptable performance under a PIP. The written notification must include:

- The specific elements on which the employee's performance is determined to be Achieved Unsatisfactory Results, including specific examples of how the employee's performance is unsatisfactory.
- The performance requirements that must be met.
- The specific assistance that will be provided and the meeting schedule for feedback, assistance, and coaching that will be established to help the employee improve performance.
- The specific period of time the employee will be given to demonstrate acceptable performance.

- Notification that actions may be initiated to reassign, reduce in grade, or remove the employee if performance does not improve to at least the Partially Achieved Expected Results level.

The employee must be given a reasonable period of time in which to demonstrate a Partially Achieved Expected Results level of performance. The length of this reasonable opportunity period is not dictated by regulation nor Departmental guidance. The reasonable period of time to improve will be determined by management and may vary based on the requirements of the individual position and the amount of time and effort previously devoted to correcting the employee's performance deficiencies. As a general rule, less time and effort are required in cases where the rating official has properly and promptly managed performance and documented his/her efforts to resolve performance problems. For bargaining unit employees, additional Collective Bargaining Agreement requirements may apply. An employee who fails to improve under a PIP may be removed from federal service.

Supervisors must promptly contact and consult with the LER office for assistance in dealing with unacceptable performance and/or employee misconduct concerns.

Unsatisfactory Performance Vs. Misconduct

It is important to note the distinction between performance at the Achieved Unsatisfactory Results level and employee misconduct. Sometimes, misconduct can result in poor performance. Sometimes performance and misconduct can be inter-related. However, it is important to recognize the difference between the two and to take prompt and appropriate actions accordingly.

Performance at the Achieved Unsatisfactory Results level is failure of the employee to perform the job at the required minimum retention level of Partially Achieved Expected Results. Misconduct is failure to follow a workplace rule, code, or behavior, whether written or unwritten. Examples of misconduct include tardiness, absenteeism, unprofessional or discourteous conduct, damaging or destroying government property, or falsification. A misconduct problem also may exist when an employee is capable of performing his/her duties at the Partially Achieved Expected Results level, or higher, but chooses not to. Poor performance and/or misconduct can result in disciplinary action, including removal.

SUPERVISOR'S CHECKLIST FOR APPRAISALS

Meeting with Employees

Giving and receiving feedback is one of the critical components of the performance appraisal process. As a rating official, you should ensure that the feedback you provide is meaningful, that you take the time to prepare, and that the employee has a chance to ask questions and provide input. Meeting with your employees to discuss how they are doing can and should be very beneficial for both of you, enabling you both to understand each other better. The more you know one another, the greater the likelihood you will be able to effectively communicate on an ongoing basis, particularly should a problem arise.

While you are encouraged to provide feedback to your employees on an on-going basis, Department policy requires that you meet formally with employees at least once approximately midway through the performance appraisal cycle, and once at the end of the rating year. These meetings are a chance for you to engage in an open exchange with your employees about their performance. Please be aware that these mandatory meeting requirements may be modified by the specific

Collective Bargaining Agreements negotiated for your OpDiv/StaffDiv, so it is critical that you consult your designated LER representative to ensure appropriate formal compliance requirements are met.

The following are examples of the subjects that are appropriate for one-on-one progress and professional development meetings with each of your employees:

- Organizational expectations, individual performance standards, and specific feedback on the work the employee did well and/or areas that need improvement.
- Information about the “big picture” and how the employee’s role, responsibilities, and achievements contribute to mission/organizational goals.
- Feedback from the employee about how he/she feels about his/her job, whether he/she enjoys the work and is ready for greater responsibilities, concerns about current work assignments, and requests for guidance or assistance from you or co-workers.
- Professional development plans and opportunities; i.e., your employee’s career goals. These meetings can be as simple as discussing training opportunities to better handle a specific project or as broad as the employee’s long-term professional aspirations and plans (e.g., individual development plan).

Conducting Midyear Reviews

Prior to the midyear progress review, supervisors should prepare by considering the following:

- Request information from the employee on his/her key work accomplishments for the period being discussed. Keep a “kudos” folder for each employee with key accomplishments that you can refer to.
- If you have specific issues that you want to discuss with the employee, ensure that you are prepared to discuss the specifics of the concerns, clearly and concisely.
- Think about and document what is most important regarding achievements and concerns for you to share with the employee about his/her progress and overall performance.
 - ✓ Write down what you feel the employee has done/accomplished/learned, what he/she did particularly well, and any areas in which you feel the employee needs to improve, including what they could have done better. You should include examples of specific projects or assignments.
 - ✓ Think about whether the employee has the skills you think he/she needs to do his/her job well, and write down any skills you think need to be gained or improved.
 - ✓ Write down the key points and questions you want to discuss during the meeting.

Conducting End-of-Year Reviews

During the end-of-year review discussion, review the employee’s performance during the current performance period. Summarize key accomplishments, praise the employee for work that was completed particularly well, advise the employee of work that could have been improved and/or areas where he/she may need to focus more effort, etc. Offer examples and provide the employee an opportunity to ask clarifying questions and provide additional information. This should be a two-way dialogue, not a lecture.

In addition:

- Ask the employee for feedback about the past year and for other information that you both can use in working more effectively together in the future. For example, did the employee feel appropriately supported; was the feedback the employee received, sufficient, useful, and timely; and is the employee adequately trained and does he/she have the resources needed to carry out his/her work.
- Ask the employee about his/her immediate and/or long-term career goals and offer suggestions or resources to assist him/her with these goals, as appropriate.
- Clearly articulate your expectations for the coming year and confirm with the employee that he/she understands the expectations. Be prepared to clarify any areas of confusion.

Once the review discussion is completed, both the manager and the employee sign the appraisal form and the employee is provided with a copy of the completed appraisal.

EMPLOYEE'S CHECKLIST FOR APPRAISALS

Meeting with your supervisor for a midyear review to discuss how you are doing can be very beneficial. Meeting with your supervisor to discuss your performance is beneficial for both of you, enabling you both to understand each other better. The more you know one another, the greater the likelihood you will be able to effectively communicate on an ongoing basis, particularly should a problem arise. Examples of these benefits are listed below.

Advantages of a Midyear Review to the Employee

- The opportunity to obtain information directly from your supervisor about your performance expectations and standards and to clarify, if there are questions, what is required to accomplish noteworthy results.
- Direct performance feedback.
 - ✓ Discussing the “big picture” about how you are doing overall and how the work you do helps to accomplish important goals of the organization.
- The opportunity to provide feedback to your supervisor about your work experience; for example, do you enjoy the work you do, are you ready for greater responsibilities (and how), are there concerns about current work assignments, or do you need more guidance and assistance from your supervisor or your co-workers.
- Professional development plans and opportunities; i.e., your career goals. Career discussions can be as simple as discussing your interest in a training course to better handle a specific project, to something as broad as your career aspirations and how you plan to get there.

Employee Preparation for the Midyear Review

Although your supervisor may schedule your midyear review meeting, you are a critical participant in the discussion. In fact, you can and should identify your goals for the midyear review; for example, suggestions for providing better customer service or specific feedback or coaching on a particular skill area. In preparation for your midyear review, consider the following:

- Prepare a list of key work accomplishments. Providing this list to your supervisor will ensure that your significant accomplishments are not overlooked. In addition, you are prepared to ask your supervisor for feedback on specific projects or assignments.
- If you have specific issues to discuss with your supervisor, give him/her a “heads up” so that he/she can also be well-prepared for your discussion. Be prepared to discuss each issue specifically, clearly, and concisely.
- What is most important for you to learn and/or find out about how you are doing? What did you do particularly well? What are the ways you may have been disappointed or challenged in how you performed?
- What feedback would you like to offer your supervisor? Be specific. For example: “I really like it when you review and edit my drafts before they are put in final form, so that we do not waste time revising documents at the last minute; or, “I really need to hear from you periodically about how I am doing when I am working on a project, rather than assuming your silence means I am doing fine.”
- Where do you see your career heading? Do you have the skills you feel you need to do your job well? What skills might you want to work on better developing? How can your supervisor help you achieve your career goals?

Employee Preparation for the End-of-Year Review

- Your end-of-year rating feedback discussion also can benefit you. To make the most out of this discussion, prepare and submit to your supervisor, in advance, a written self-assessment of your contributions, opportunities, and professional development. In addition, prepare written notes of key or important points you wish to discuss. Your self-assessment should address the following areas:
 - ✓ Your specific major accomplishments, aligned to your performance plan.
 - ✓ The factors that contributed to your success throughout the year.
 - ✓ How well you met your day-to-day responsibilities; for example:
 - How your work impacted the work unit, team members, customers, and the Department.
 - The quality of your work and how it made things better.
 - The responsibilities that were added or removed from your duties during the review period, if any, and why these were added or removed.
 - Your participation in, and achievements from, team or group activities.
 - ✓ Any performance concerns, for example:
 - The initiatives you wanted to complete this year but were unable and why.
 - The obstacles that hindered you from accomplishing your work, if any.
 - The additional support or direction you feel you need in specific areas.
 - ✓ Professional development achievements. For example:
 - The training programs or professional development activities you completed.

- The ways in which you were able to apply this training and development to your work.
- The responsibilities that require you to learn new or additional skills.

Employee Discussion During the End-of-Year Review

- Engage in a two-way discussion. Describe to your supervisor how the year went for you, the ways you felt supported, where you might have benefited from additional feedback, or other information that you can both use to work more effectively together in the coming year.
- Discuss your specific program plans and goals for the upcoming performance year.
- Share your short-range and long-range goals and describe what resources or support you need to achieve these plans. Discuss with your supervisor available training resources or materials that will help you execute your work.
- As necessary, ask your supervisor to clarify your performance expectations for the upcoming performance year.

DEVELOPING THE INDIVIDUAL DEVELOPMENT PLAN (IDP)

The IDP is a valuable performance enhancement tool for any federal employee. The IDP can be of great assistance to those who want to enhance skills and strengths and learn more about matters of interest that are relevant to the performance of the Department. OpDivs/StaffDivs may require the use of an IDP at their discretion. Contact the [HHS University](#) for the IDP or other appropriate forms for documenting employee-development needs.

Goals of the IDP

The employee and the rating official develop IDP goals together. The IDP provides a connection between the employee's career interests and needs to the organizational mission and priorities. The most common goals of an IDP are to:

- Learn new skills to improve current job performance.
- Maximize current performance in support of organizational requirements.
- Increase interest, challenge, and satisfaction in current position.
- Obtain knowledge, skills, and abilities necessary for career growth.

An IDP identifies a broad spectrum of developmental opportunities for the employee, including on-the-job training, distance learning, formal classroom training, details, shadow assignments and self-development. It addresses the needs of the organization and of the employee beginning with a focus on maximizing employee performance in the current job.

An IDP is a guide to help individuals reach career goals within the context of organizational objectives. It is a developmental action plan to move employees from their current place to where they want to go. It provides the systematic steps to improve and to build on strengths as individuals improve job performance and pursue career goals.

An IDP is a partnership between the employee and the rating official for employee development. Preparing an IDP involves open feedback, clarification, and discussion about developmental needs, goals, and plans. Periodic communication between the rating official and the employee is the key to the success of an IDP.

An IDP is not a:

- Performance appraisal. It is not used to determine pay, awards, or other personnel actions based on performance.
- Contract for training. Final approval of training opportunities is made based on factors such as timing and budget availability.
- Position Description. It is not used for clarifying discrepancies in the duties as described.
- Guarantee for promotion or for reassignment to another position. While the developmental experiences identified in an IDP may have some training that might qualify the employee for another position or grade, there is no guarantee of advancement.

One means to establish an IDP is by using the following Assessment, Discussion, and Implementation approach:

- **Assessment:** The employee reviews prior job experience, training, education, and other developmental experiences to provide concrete information regarding current strengths and skills. This could include a review of past applications for employment and past training records. The employee reviews the established performance standards to determine core competencies, skills, and learning opportunities necessary for the job. The employee assesses personal career goals, within the context of established performance requirements and organizational needs, and constructs both an immediate and a longer-term plan to achieve his/her learning goals. The employee may seek guidance from peers, current and past supervisors, or HHS University. The supervisor should ensure the employee knows that he/she is available for assistance and support.
- **Discussion:** The employee and supervisor should mutually agree to discuss the results of the assessment and reach consensus on the draft IDP prepared by the employee. The discussion should review and assess the plan within the context of organizational needs, the employee's current and prospective job requirements, the employee's strengths and developmental needs, financial limitations, timing, and learning opportunities that the supervisor is able to actively support. The supervisor coaches the employee by providing candid and constructive feedback, identifying challenging assignments, discussing potential career paths in the organization, and reasonable timeframes for meeting the objectives of the IDP. The supervisor and employee should sign a completed IDP.
- **Implementation:** The supervisor ensures that any necessary procurement or training request forms are prepared and monitors work that is assigned to best accomplish the IDP's developmental objectives. The employee reports on completion of items in the IDP. The supervisor and the employee meet periodically throughout the year to review and update the IDP.

As in all aspects of the employee/supervisor relationship, direct and open communications are the keys to a successful IDP. The following describe the respective responsibilities of the employee and supervisor in the IDP process:

Employee's Responsibilities for an IDP

- Assessing the level of personal skills necessary to successfully perform the current position. Working with the supervisor to identify skill gaps.
- Suggesting developmental experiences that would enhance the skills required to effectively perform the employee's current position and desired career goals.
- Identifying personal career goals.
- Understanding the skills necessary to meet the desired career goals.
- Participating in open discussions with the rating official concerning the elements of the IDP.
- Completing the developmental experiences in the IDP approved by the rating official.
- Alerting the rating official when the IDP needs review and updating.

Rating Official's Responsibilities for an IDP

- Providing constructive feedback to the employee about the skills necessary for performing the current position.
- Suggesting and reviewing employee suggestions for developmental experiences that would enhance the skills required to successfully perform the employee's current and career goal positions.
- Counseling the employee about career goals.
- Participating in open discussions with the employee concerning the development and periodic updates and reviews of the IDP.
- Approving specific developmental experiences.
- Monitoring the progress of the employee toward completion of the developmental experiences agreed upon in the IDP.

QUESTIONS AND ANSWERS

Awards In General

What types of awards can federal employees receive?

Government-wide regulations specify four types of awards that can be given to federal employees: cash awards, including QSIs; honorary awards; informal recognition awards; and Time-Off awards.

Can an employee receive two types of award for the same accomplishment or contribution?

Yes. Departments may use any combination of award types to reward a specific contribution. For example, an employee might receive both a certificate (informal recognition) and a cash award as recognition for a single contribution. However, the overall combined value of the awards should not exceed the value to the organization of the contribution recognized. Thus, the award should be commensurate with the contribution of the employee.

Does a department have to involve its employees in developing appraisal programs, award programs, and employee performance plans?

Departments are encouraged to involve employees in the design and implementation of their appraisal programs, award programs, and employee performance plans. Of course, where a Union has been granted exclusive representation rights, the elected Union representatives represent the bargaining-unit employees in such activities.

Are there limits to the amount of an award a department may approve under its own authority?

Yes. OPM must approve any cash award greater than \$10,000 but less than \$25,000. Awards greater than \$25,000 must be submitted through OPM for the President's approval. The Department of Defense and the Internal Revenue Service (IRS) may approve awards up to \$25,000. SES performance awards and Presidential-rank awards for SES and SL/ST employees have award-specific requirements.

Can an award program cover contract employees?

No. Contract employees may not receive direct payments from the federal government. Their employment, including pay, rewards, and discipline, must be handled by their employer, the contractor, not the federal government.

Performance-Based Awards

What is a performance-based cash award?

A performance-based cash award, also commonly known as a rating-based award, is a cash payment and requires the most recent rating of record as the justification for the award. Rating-based cash awards must be based on a rating of record at the Achieved Expected Results level or higher and rating-based awards programs must make meaningful distinctions based on levels of performance.

Can an employee receiving a Partially Achieved Expected Results rating or an Achieved Unsatisfactory Results rating of record receive a rating-based cash award?

No. An employee must have an Achieved Expected Results rating of record, or higher, to be eligible to receive a rating-based cash award.

Can an employee receive both a rating-based award and an award for a specific contribution (Special Act) in the same year?

Yes. An employee may receive both an award based on a rating of record and an award based on a specific contribution in a single year. The most important factor in deciding whether to grant multiple awards is that the total value of the awards must be commensurate with the value to the department of the recognized accomplishment. In addition, agencies must ensure they comply with all applicable requirements, including OPM approval of awards over \$10,000.

Are agencies required to keep award recipient information private?

It depends on the type of award granted. For the most part, compensation-related information in the federal government is a matter of public record or publicly releasable under the Freedom of Information Act. Generally, this includes award payments except for rating-based awards. Departments may not disclose award amounts if doing so could reveal the recipient's rating of record, which is protected information under the Privacy Act. For information on specific situations, contact the Office of General Counsel.

Can an employee receive a rating-based cash award if he/she does not have a rating of record?

No. Rating-based cash awards are based on the rating of record, which is the written justification for the award.

Are rating-based performance awards subject to the \$10,000 and \$25,000 approval thresholds?

Yes. Under statute and the implementing regulations, such awards are subject to the OPM and Presidential approval, respectively. The two exceptions are the Department of Defense and the Internal Revenue Service who are authorized to grant awards up to \$25,000 without OPM/Presidential approval.

Time-Off Awards

Can a manager offer an employee the choice between a Time-off award and another type of award?

OPM strongly discourages this. Giving employees the choice between different types of awards could have tax consequences.

Can a Time-off award be transferred if the employee leaves one department and accepts a position with another department?

If an employee transfers from one department to another, the gaining department is not obligated to honor the Time-off award. Therefore, any unused Time-off awards are not transferable, unless a special arrangement is made with the receiving department to honor the Time-off award granted by the employee's former department. Also, the losing department may not convert the Time-off to cash and give that cash to the employee.

Why does OPM prohibit converting Time-off awards to cash?

The "currency" of a Time-off award is time, not money. Departments have the authority to grant cash awards when they feel that is the appropriate form of recognition or incentive.

Can a manager substitute Time-off awards for compensatory time?

No. The circumstances appropriate for the use of compensatory time are not generally appropriate for a Time-off award. Compensatory time is authorized in exchange for hours worked in excess of the employee's regular work schedule. Awarding time off instead of compensatory time violates the incentive awards concept of recognizing exceptional performance, as opposed to compensating for extended work schedules.

The Performance Appraisal

What's the difference between an appraisal system and an appraisal program?

An appraisal system describes the general policies and parameters for the administration of performance appraisal programs in the department. An appraisal program is the specific procedures, methods, and requirements for planning, monitoring, and rating performance. Programs have to be designed within the boundaries of the system but can be tailored to the needs of the organization.

How long does my supervisor have to be in his/her position before he/she can rate me?

Government-wide regulations do not specify a minimum amount of time a supervisor must be on the job before he/she may rate an employee. Any department's performance appraisal programs may require a minimum amount of time the supervisor must be on the job before rating an employee. The Department places no minimum time required in a position before a supervisor can rate an employee.

Can a program include more than one pattern of summary levels for ratings of record?

No. Each program must use a single pattern of summary levels. To use different summary patterns, departments must define separate programs and employee coverage to which a single pattern applies. However, more than one program can use the same summary pattern.

Who has the authority to assign a rating of record to an employee?

Government-wide performance management regulations do not specifically designate who has the authority to assign a rating of record. The department will determine who has this authority. Generally, the Department devolves this duty to the rating official, or if he/she is unavailable, to the reviewing official.

Can a department develop more than one appraisal program?

Yes. A department can authorize the development of separate appraisal programs under the framework of their appraisal system. This allows departmental sub-components or sub-populations to determine how best to address their needs and cultures and more effectively manage individual and organizational performance by tailoring specific appraisal procedures and requirements to mission and work technology.

Can a rating of record ever be given at a time other than the end of the appraisal period?

Yes. Government-wide regulations define a rating of record as the performance rating completed at the end of the appraisal period that reflects performance over the entire period, or an off-cycle rating of record given when a WGI decision must be prepared. These are the only times that a rating of record can be issued.

Does an employee have to have a performance rating or a rating of record of Achieved Unsatisfactory Results before a performance-based action can be taken?

No. Both a performance rating and a rating of record involve the evaluation of an employee's performance against all the elements and standards in the performance plan. At any time during the appraisal period, a department can make the determination that an employee's performance is unacceptable on one or more critical elements. This determination is sufficient to begin the process that could lead to a performance-based action, including termination, if the employee's performance fails to improve to an acceptable level.

Does OPM have to review and approve all of a department's appraisal programs?

OPM must review and approve a department's appraisal system which sets out the limits within which all the department's programs must be developed. OPM must approve the appraisal system before any appraisal program developed under the system can be implemented.

What is the difference between the minimum period and the appraisal period?

The minimum period is the shortest length of time established by a department that an employee must perform under assigned elements and standards before a performance rating can be prepared. The appraisal period is the length of time designated by a department (usually one year) that is the basis for the rating of record.

What happens to a performance-based action if a department changes its appraisal program while the action is still in progress?

If a notice of proposed action has been given to the employee, a change to an appraisal program should have no effect on the action. Regulations contain a specific provision, called the "savings provision," that safeguards administrative procedures pending under a previously approved appraisal program, from being disrupted by the implementation of new programs covered by these regulations. OPM's system approval procedures require department appraisal programs to have a similar provision to safeguard pending administrative procedures when programs change.

Does a department have to involve its employees in developing appraisal programs, award programs, and employee performance plans?

All departments are strongly encouraged to involve employees in the design and implementation of their appraisal programs, award programs, and employee performance plans. Of course, where a Union has been granted exclusive recognition, such involvement for bargaining-unit employees must be through their elected Union representatives.

How should a department transition between appraisal programs?

Ideally, a department would close out the current appraisal period and issue ratings of record at the time specified under the existing appraisal program and then begin the next appraisal period under the terms of the new program.

Should there be performance management training for rating officials?

Yes. OPM regulations require departments to train rating officials on performance management topics including developing performance plans, providing feedback, appraising and rewarding performance, and taking timely and appropriate actions on resolving poor performance.

Can a department exclude temporary employees from its performance appraisal system?

Yes. Provided the temporary employees meet the government-wide requirements. A department may exclude an employee who is serving in a position under a temporary position for less than one year, agrees to serve without a performance evaluation, and will not be considered for a reappointment or for an increase in pay based in whole or in part on performance.

If a department is in the middle of the appraisal period and decides to change the number of summary levels used in its appraisal program, is it required to end the current period and give employees a rating of record?

No. Regulations do not require that the appraisal period be ended to change appraisal programs. However, departments need to remember that the regulations permit only a single rating of record in a given appraisal period.

Can a department assume that most employees are performing at an acceptable level, for example, and rate by exception?

No. The statute requires that each employee be appraised against his/her performance plan. It does not allow for appraising an employee by presuming that an employee is meeting performance standards. For the same reason, the process for appraising employees described by the regulations does not provide for any assumed levels of performance.

What is the maximum length allowable for appraisal periods?

The regulations specify that appraisal periods shall generally be designated so that employees are provided a rating of record annually.

May a department establish exceptions to coverage of employees under a performance appraisal system?

Yes, as long as the employees excluded by a department are covered by another performance appraisal system, unless the employees are in the excepted service and the department has obtained separate OPM approval for their exclusion.

Labor Relations

Is there a minimum amount of time an employee must be under the direction of a supervisor before that supervisor can rate that employee?

Government-wide regulations do not establish a minimum time that an employee must be under a supervisor before he/she can be rated. Instead, the regulations require that appraisal programs establish a minimum appraisal period (a minimum amount of time that employees must work under a specific set of elements and standards) before they can be assigned a rating of record. As long as a supervisor has the necessary information and the employee has been under an established set of elements and standards for the minimum appraisal period, the supervisor can assign a rating.

Will an employee's rating of record change if he or she moves to another department or organization that uses a different summary rating pattern?

No. A rating of record does not change when an employee moves to another department or organization, whether or not they use a different summary pattern. However, an employee will not know how many years of additional service credit will be given for a specific rating of record until a department is getting ready to run a Reduction In Force.

May a department grant additional service credit for Reduction In Force based on employees receiving a QSI?

No. The only basis for granting additional service credit for Reduction In Force is a rating of record.

Must a department use performance in the Reduction In Force process?

Yes, under current law, performance ratings must be a factor in the Reduction In Force process. Only under a demonstration project that waives pertinent law or regulation could a department drop the use of performance in a Reduction In Force.

Can ratings given by private industry employers be used as equivalent ratings of record for crediting performance in a Reduction In Force?

No. Only ratings given by federal government entities can be used and only when they meet the requirements for equivalent ratings of record as specified in the performance management regulations.

Quality Step Increase (QSI)

Who can get a QSI?

A QSI is a pay feature of the General Schedule. A QSI can only be granted to an employee whose most recent rating of record is Level 5, or, if covered by an appraisal program that does not use a Level 5 summary, the employee receives a rating of record at the highest summary level used by the program and demonstrates sustained performance of the highest quality.

Is a written justification required to grant a QSI?

OPM strongly encourages departments to require some form of recorded justification, assuring compliance with department-established criteria for QSI eligibility. This enables a department to show that the proposed recipient has performed at a truly exceptional level to justify a permanent increase in his/her rate of basic pay.

Performance Plans

What is a critical performance element?

A critical element is a work assignment or responsibility of such importance that unacceptable performance on that element would result in a determination that the employee's overall performance is unacceptable.

What is a retention performance standard?

A retention performance standard describes the level of performance necessary to retain a position. It is the standard written for performance one level above the Achieved Unacceptable Results level. In appraisal programs where a Partially Achieved Expected Results Level exists for appraising elements, the standard for job retention is the Partially Achieved Expected Results Level.

Could someone who has responsibility for a group of employees (supervisor, manager, team leader) have a critical performance element based on a result that the group is expected to achieve?

Yes. OPM believes it is possible to develop a critical performance element and standard that holds a supervisor, manager, or team leader responsible for group performance. The element and standard would have to be crafted carefully so that it identifies measurable achievements that would be expected to result when the individual supervisor, manager, or team leader properly exercises his/her leadership responsibilities.

Should rating officials be held accountable for making meaningful distinctions in performance?

Yes. OPM encourages departments to hold supervisors accountable for fulfilling their performance management responsibilities. Departments often establish elements and standards in the performance plans of rating officials to hold them accountable for the performance management of their subordinates.

Must a department have written performance plans for its employees?

The regulations state "written, or otherwise recorded." This language was chosen very deliberately to allow for use of electronic formats. Although departments do not have to write performance plans on paper, the plans must be recorded in some way and departments must be able to produce a paper copy, if needed. Purely oral plans do not meet the regulatory requirement.

How will an employee's performance plan be different if he/she teleworks?

There is no difference between managing the performance of a teleworker and managing the employee who works in the office. Performance is grounded in what one accomplishes, not necessarily where one carries out his/her duties and responsibilities.

Are the performance rating, the rating of record, and the summary level the same thing?

No, but they are similar. A performance rating is the appraisal of the employee's performance compared to the elements and standards established in the performance plan. The rating of record is a specific performance rating done at the end of the appraisal period that includes the appraisal of the elements and standards and also must include the assignment of a summary level (Levels 1 through 5). A summary level is an ordered category of performance from Level 1 through Level 5, with Level 1 as the lowest and Level 5 as the highest. Performance ratings assigned at times other than the end of the appraisal period, such as at the midyear review, do not require a summary level to be assigned, although one is permitted.

Can employees on approved annual or sick leave be held to a work performance standard in their performance appraisal?

A department may not hold an employee accountable for work that does not get done because of an absence for which the employee is on any type of approved leave. If there is a specific performance standard for the appraisal year, it may be pro-rated for the amount of time the employee was at work.

Must the rating of record be derived and the summary level assigned only on the basis of an appraisal of elements and standards in the employee's performance plan?

Yes. Statute requires that employees be evaluated against their performance elements and standards.

Why does OPM require higher-level management review of a Level 1 (Achieved Unsatisfactory Results) rating of record?

An Achieved Unsatisfactory Results level rating of record bars granting Step Increases, may result in a performance-based adverse action, and removes retention rights in a Reduction In Force. For these reasons, there must be an extra measure of assurance that a Level 1 rating of record has been properly assigned. The requirement for higher-level review of a rating of record that could have significant consequences for the employee, including removal, is a prudent measure of protection for the employee.

Can veterans on leave seeking treatment for a service-related disability be held to a work performance standard in their performance plan?

Performance management regulations specifically address veterans seeking medical treatment. A department may not lower the rating of record or performance rating of a disabled veteran seeking medical treatment.

Can individual critical elements be written to appraise the individual's contribution to a team?

Yes. The individual critical element must describe performance that is reasonably measured and controlled at the individual employee's level. Such performance includes individual contributions to the team, but does not include team performance.

Can a department use critical elements that address team performance?

The law intends critical elements to be used to establish individual accountability. This restriction is clearest for non-supervisory employees who may be serving as team members. Consequently, critical elements generally are not appropriate for identifying and measuring team performance, which by its definition involves shared accountability. A supervisor or manager can and should be held accountable for seeing that results measured at the group or team level are achieved. Critical elements assessing group performance may be appropriate to include in the performance plan of a supervisor, manager, or team leader who can reasonably be expected to command the resources and authority necessary to achieve the results.

GUIDE FOR NON-STANDARD SITUATIONS

Performance Actions for Non-Standard Situations

Situation	Performance Plan	Action To Be Taken
For whatever reason, employee did not have a plan at any time during the entire appraisal period, or did not perform under a plan for ninety (90) calendar days, such as an employee returning from long-term training.	Establish plan immediately.	If there are more than forty-five (45) calendar days left in the appraisal cycle, extend the rating period. If there are less than forty-five (45) calendar days, the employee will not receive a rating for that cycle.
Employee moves from one position A to another position B within ninety (90) calendar days of end of appraisal period.	Establish plan for new position under option (2).	(1) If employee was in position A for at least ninety (90) calendar days, rate employee prior to the position change. This rating will become the final rating of record for the appraisal period. (2) If employee was not in position A for at least ninety (90) calendar days, or was not under a plan for ninety (90) calendar days in position A, extend the rating period to allow for ninety (90) calendar days in position B and rate the employee at that time if there are more than forty-five (45) calendar days left in the appraisal cycle.
Within ninety (90) days of the end of the appraisal period, employee is hired from outside the federal government.	Establish plan.	If there are more than forty-five (45) days left in the appraisal cycle, extend the appraisal period until the ninety (90) calendar-day minimum rating period is reached, then rate employee based on the plan for that period. If less than forty-five (45) calendar days, the employee will not receive a rating until the next cycle.
Employee changes positions within the Department during the appraisal period.	Establish plan for new position.	If the plan has been in effect for at least ninety (90) calendar days at the time of each position change, rate the employee. The rating of record for the appraisal period must consider all ratings made during the entire appraisal period.

Situation	Performance Plan	Action To Be Taken
Employee is detailed or temporarily assigned to another position in the Department, and the time in that position is expected to be at least 90 days by the end of the appraisal period.	Establish plan for detailed position or new position.	If a plan had been in place for at least ninety (90) calendar days, rate at time of position change. Also rate at end of temporary assignment (or detail) if it lasted at least ninety (90) calendar days. Consider all ratings made during the appraisal period in preparing the annual summary rating.
Employee is detailed or assigned outside the Department and the time in the outside organization is expected to be at least ninety (90) calendar days.	Make a reasonable effort to see that a plan is given to the employee while at the outside entity.	If a plan had been in effect for at least ninety (90) calendar days, rate at time of position change. Also, the rating official will make a reasonable effort to obtain performance information from that outside assignment, especially if employee was not on a Departmental plan for at least ninety (90) calendar days during the appraisal period. At a minimum, the rating official will request a memorandum describing the assignments performed by the employee and an assessment of how well the employee performed the assignments. The rating official will consider all ratings made during the appraisal period in preparing the rating of record.
Before the end of the appraisal period, the employee goes on long-term training and does not return by the end of the appraisal period.	N/A.	If a plan had been in effect for at least ninety (90) calendar days, rate at time employee goes on training based on established plan.
Employee transfers from the Department to a new department after serving under a plan for at least ninety (90) calendar days.	N/A.	Rate the employee and submit rating as required by OpDiv/StaffDiv.

DEFINITIONS

Appraisal: The process under which performance is reviewed and evaluated.

Appraisal Period: The established period of time for which an employee's performance will be reviewed and a rating of record prepared. The appraisal period covers the Calendar Year (January 1 through December 31). In the Department, the minimum appraisal period is ninety (90) calendar days. An employee must perform work under a performance plan in place for a minimum of ninety (90) calendar days to receive a rating.

Critical Element: Work assignments or responsibilities of such importance that unacceptable performance on the element would result in a determination that an employee's overall performance is unacceptable. All elements in the performance plan are critical.

HHS FORM 704B: The standard performance plan used to document all of the written performance elements that an employee is expected to accomplish during the appraisal period. See Performance Plan definition below.

Performance: An employee's accomplishment of assigned work as specified in the critical elements of the employee's position.

Performance Management Appraisal Program (PMAP): The framework of Department-wide policies and parameters established for planning, monitoring, developing, evaluating, and rewarding individual performance. The resulting performance information will be used in making personnel decisions.

Performance Awards Budget: The amount of money allocated by the Department and/or the OpDiv/StaffDiv, based on OMB guidelines, for distribution as performance awards to covered employees.

Performance Plan: All of the written performance elements and standards that an employee is expected to accomplish during the appraisal period. These objectives are linked to strategic plans and outcomes of the Department and the OpDivs/StaffDivs. A performance plan must include all critical Elements and their Performance Standards.

Performance Rating: The written appraisal of performance compared to the performance standards for each critical element on which there have been an opportunity to perform for the minimum period, for example ninety (90) calendar days. A performance rating includes the assignment of a summary rating level.

Performance Standard: A statement of the performance threshold, requirement, or expectation for an element that must be met to be appraised at a particular level of performance. A performance standard may focus on, for example, factors such as quality, quantity, timeliness, and manner of performance.

Progress Review: Progress reviews are important for providing consistent performance feedback to employees and can be conducted at any time during the appraisal period. One formal progress review is required and is generally conducted midway through the appraisal period. Ratings are not assigned for progress reviews.

Quality Step Increase (QSI): A permanent increase in basic pay, equivalent to one (1) step within the grade.

Rating Official: The official responsible for informing the employee of the critical elements of his/her position, establishing performance requirements, and providing feedback, appraising performance,

and assigning the summary rating. The rating official is ordinarily the employee's immediate supervisor.

Rating of Record: The performance rating, which is prepared at the end of an appraisal period for performance throughout the entire appraisal period? In most cases, a summary rating (see definition below) will become the rating of record.

Reviewing Official: An official having review and approval authority above the rating official. Reviewing officials are ordinarily at a level higher than the rating official.

Summary Rating: Combining the written appraisals of each critical element on which there has been an opportunity to perform for the minimum period of ninety (90) calendar days to assign a summary rating level. The rating official derives the summary rating from appraising the employee's performance during the appraisal period on each element.

Time-Off Award: An award granted to an employee that allows the employee to take a specified amount of time off from work, with pay, and without charge to leave.

APPENDIX I: HANDBOOK ON CASCADING GPRA GOALS

Bringing employee performance appraisal into the GPRA process

Introduction

The Department of Health and Human Services (HHS) has long recognized the potential benefits of using the Performance Appraisal System as a method of implementing the requirements of the Government Performance and Results Act (GPRA) of 1993. The Departmental GPRA goals in 1998 contained a requirement that OpDivs/StaffDivs begin to use employee performance appraisals to recognize the need for accountability for GPRA goals.

The HHS FY 2015 Workforce Plan states that, “to be an effective, performance based organization the Department must build a better performance appraisal system that links individual success with organizational achievement. Such a system will establish individual performance expectations, evaluate results, provide for individual accountability and give performance recognition – all linked to the organizational goals and missions of the Department.” This can best be achieved by ensuring that each employee sees and understands that his or her individual performance plan is directly linked to the annual strategic goals and is evaluated on his or her achievement of those goals.

This handbook assumes that GPRA mission areas and strategic goals are known, and that Senior Executive Service (SES) members have been assigned GPRA goals in their performance plans.

Policy

The Department recognizes the importance of establishing a recognizable link between individual employee performance plans and the mission goals of the agency.

Linking employee performance management with the results-oriented mission goals in the GPRA plan will significantly improve the employees’ understanding and appreciation of their role in mission accomplishment. Therefore, Department of Health and Human Services employees will have at least one critical result that is tied directly to or is involved in implementing a Departmental mission goal.

Enhanced communication of mission goals will improve employee understanding of organizational mission goals and plans. Performance plans and expectations must be clearly communicated to the employees involved during normal annual performance planning sessions.

Coverage

This policy applies to all HHS OpDivs/StaffDivs and offices. These provisions apply to all employees except Presidential appointees, Senior Executive Service (SES) members, employees outside the United States who are paid in accordance with local native prevailing wage rates, administrative law judges, and employees occupying positions excluded by Office of Personnel Management regulations (e.g., excepted service employees whose employment is not reasonably expected to exceed 90 days in a consecutive 12 month period). OpDiv/StaffDiv or Equivalent Office Heads may grant exceptions to mandatory requirement of this policy when appropriate.

Reasons for Cascading GPRA Goals

To implement the requirements of the Government Performance and Results Act managers must ensure that the specific GPRA goals are achieved and that employees are held accountable for producing value-added, quantifiable results. The Office of Management and Budget, in Circular A-

123, has defined “management accountability” as, “the expectation that managers are responsible for the quality and timeliness of program performance, increasing productivity, controlling costs and mitigating adverse aspects of agency operations, and assuring that programs are managed with integrity and in compliance with applicable law.” This accountability can only be realized when all employees understand their role in the outcome and fully participate in implementing the goal. Managers at every level are accountable for the performance of their organization in support of the Department’s goals.

Cascading GPRA goals is essential to successfully bringing each employee into this activity.

Further, most federal employees were initially attracted to the federal service because of a desire to make a difference in programs they feel strongly about. By communicating clear organizational goals, the agency is identifying with the motivators that first attracted the employees to work for the federal service. Employees who understand how their work fits into the broader mission of the agency will have a better appreciation of the importance of their work, which will improve employee morale and productivity and give them a real stake in the outcome itself.

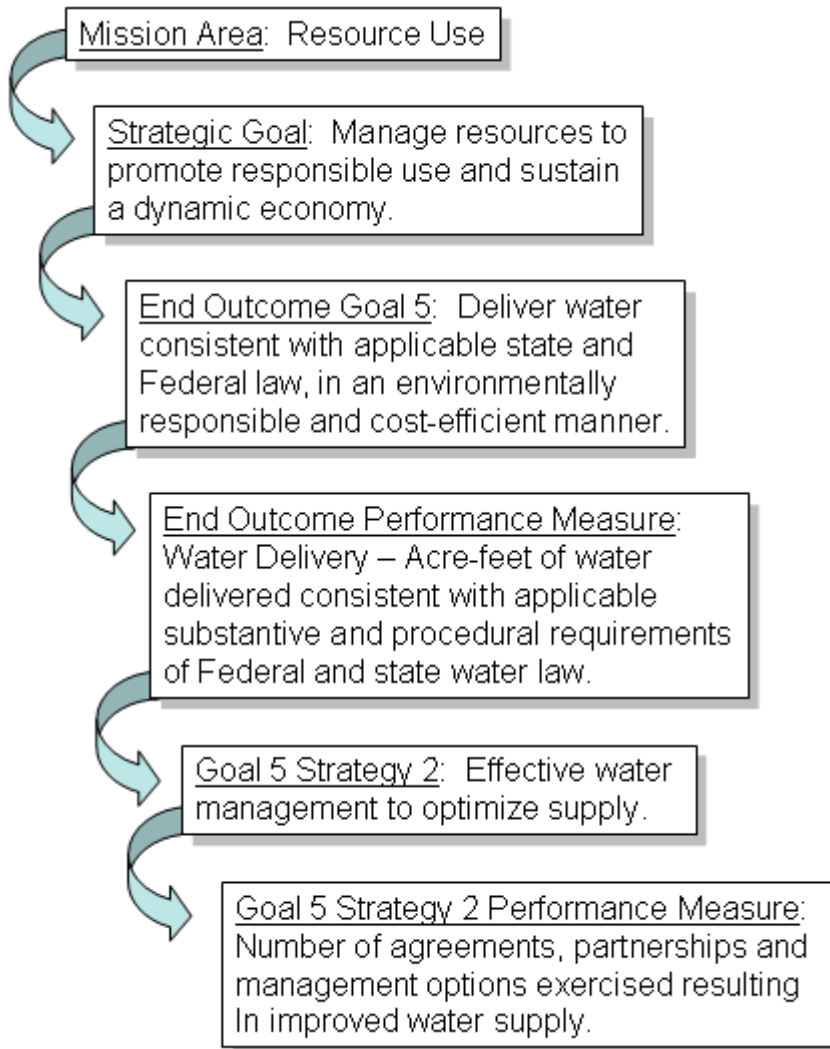
Methods of Cascading GPRA/Mission Goals

How should GPRA/mission goals be reflected in the performance plans of HHS employees? There are several alternative ways this cascading can be done and perhaps several variations on each method. There is no right or wrong way; one method may work better than another in some situations and not in others. The differences in organizational goals, structure, and method of operating in various organizations may make one method seem easier to implement than another. Each alternative method should be considered and the most feasible used. It may help to use one method to initially identify the specific employees who should have critical results associated with a certain GPRA/Mission Goal and then use an alternative method to verify that the goal selected is the appropriate one.

If an employee’s duties do not specifically support the accomplishment of a GPRA goal, you may link the critical results to a President Management Agenda, Citizen-Centered Governance, or other strategic mission goal of the organization. When using numerical goals, the goal must be reasonable and achievable. Performance requirements and expected results should be worded in a way (including numerical or percentage goals) as to allow for qualitative considerations and mitigating circumstances not under the employee’s control, and describe the lowest acceptable measurable result.

A. Top-Down Cascading of GPRA Strategic Plan

The strategic goals and measures of the [HHS FY 2015-2018 Strategic Plan](#) begin on page 43 of the Plan. The plan relates each mission area, such as Resource Use, with End Outcome Goals and Outcome Performance Measures that are critical supporting elements of the Department’s work. These End Outcome Goals are further broken down into a third level of goals, or strategies, with performance measures that are employed by OpDiv/StaffDiv and offices to direct and gauge daily activities. Mapping out these goals, strategies and measures may allow the supervisor to show the employee how their work contributes to the goals of the organization. For example:



Several methods of top-down cascading can be used, with examples provided below:

1. Direct Cascade:

A Regional Director may have a measure linked to the End Outcome Performance Measure, in the water delivery area, of “10 million acre-feet of water delivered consistent with applicable substantive and procedural requirements of Federal and State water law” (exhibit 1). An appropriate subordinate manager may be responsible for achieving a portion of that performance goal. When that direct link is the case, the Critical Result in the Employee Performance Plan for the subordinate manager may be “2 million acre-feet of water delivered consistent with applicable substantive and procedural requirements of Federal and State water law” (exhibit 3).

2. Cascade to Strategy:

The same Regional Director described in paragraph 1 above may have a different subordinate that supports one of the End Outcome Goal 5 Strategies (#2): *Effective Water Management to Optimize Supply*. That subordinate manager could have a Critical Result in his/her Employee Performance Plan of “At least 25 agreements, partnerships and management options exercised resulting in improved water supply” (exhibit 3). Employees reporting to that

manager would have Critical Results in their Employee Performance Plans that relate to their specific duties and support the strategy of *Efficient Water Management to Optimize Supply*. For example, the manager's Secretary must carry out clerical and administrative functions in a timely and professional manner in order to facilitate the manager's ability to finalize agreements and partnerships.

3. Cascading Percentage Goals:

The same Regional Director from paragraph 1 above may also have a measure linked to the "Reliability" End Outcome Measure of *"96% of water facilities do not receive Federal or State notices of violation under environmental requirements as defined by Federal and State Law"* (exhibit 2). To achieve the 96% goal, the Regional Director must ensure that 283 of the 293 water facilities under his/her responsibility do not receive Federal or State notices of violation under environmental requirements as defined by Federal and State Law. Cascading of this goal and performance measure would therefore focus on the number of facilities that do not receive Federal or State notices of violation under environmental requirements as defined by Federal and State Law. Another subordinate manager (who is responsible for the management of 150 water facilities) could have a Critical Result in his/her Employee Performance Management Appraisal Plan of *"Ensures at least 144 (or 96%) of 150 water facilities do not receive Federal or State notices of violation under environmental requirements as defined by Federal and State law"* (exhibit 3), and the employees working for that manager will have Critical Results in their performance plans that relate specifically to the jobs that they hold. For example, a Water Treatment Equipment Operator may have a Critical Result of *"Water treatment equipment is maintained in good operational condition, with no more than one malfunction per year that would result in a violation under environmental requirements as defined by Federal and State law."*

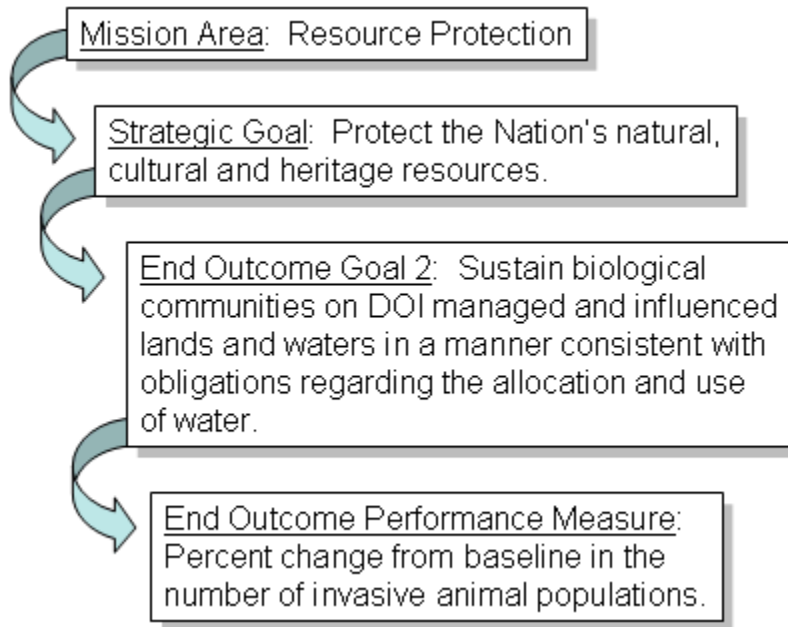
4. Cascading to Supporting Actions and Activities

The Regional Director used in paragraph 3 above, may also develop critical results and performance indicators for his/her direct reports using supporting actions or activities. For instance, if one of the primary contributing factors to receiving a notice of violation is the presence of hazardous waste, the direct report could have a critical result of *"Reduces hazardous waste at water facilities by developing programs for the collection, filtering, and reuse of cleaning solvents, oil, and other hazardous materials."* Another direct report who works in an area where water flow results in notices of violation of the Endangered Species Act, may have a critical result of *"Monitors river minimum water flows to ensure compliance with Endangered Species Act requirements."* A GS-4 Clerk working for this individual may have a critical result of *"Office files, including those related to river water flow levels and the Endangered Species Act, are well organized and maintained so that information is complete and readily accessible."*

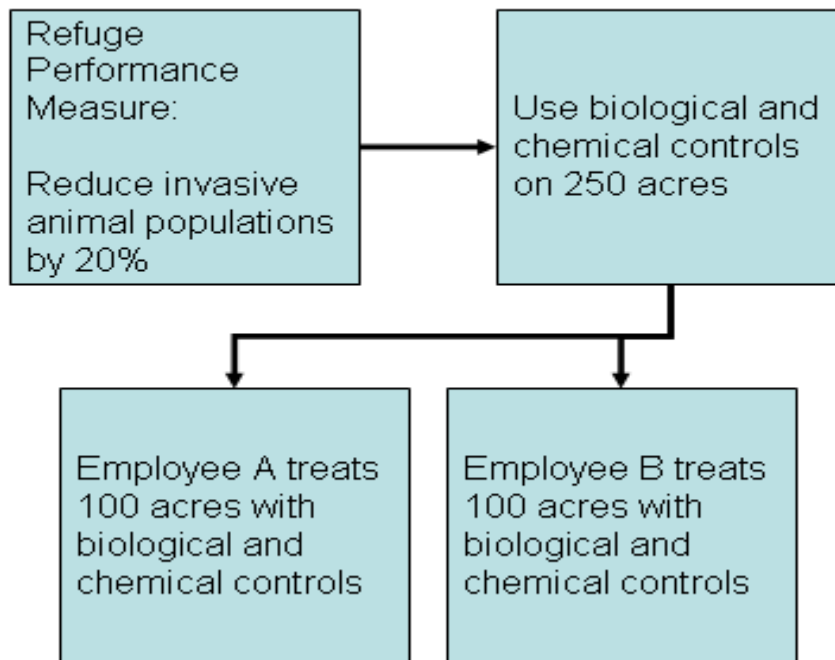
5. Charting Work Flow through OpDiv or StaffDiv Hierarchy

You may want to use a visual method of charting the flow of work to determine how the work flows out to the operating level. A way to accomplish this is to begin with the Strategic Plan, then look at strategic goals, end outcomes and strategies and chart the flow of the work through the OpDiv or StaffDiv hierarchy to find where those goals are implemented. Once the individuals at the operating level who implement the Strategic goals are identified, Critical Results could be described which should include showing how those results support the strategic goals identified.

Example:



"All American" National Wildlife Refuge



The task assignments for employees A and B can be converted into Critical Results which are related directly to the current GPRA Strategic plan and provide a line of sight for both the employee to see how their work supports major mission goals and top level managers to see how the organization implements the Strategic plan.

B. Converting Activity Based Costing (ABC) Activities to Critical Results

An ABC activity is defined as a unit of work that has identifiable starting and ending points, and consumes inputs and produces outputs. ABC activities must be broken down into the tasks or duties assigned to the employee, and those that meet the following criteria can be used as Critical Results:

- a. The task or duty is an important part of the employee's overall job.
- b. The task or duty addresses only one individual's performance— that is, it does not cover other employees.
- c. The task or duty requires a significant amount of the employee's work time.
- d. The task or duty was considered in classifying the employee's position as a part of the grade determination.
- e. The task or duty affects the accomplishment of the organization's mission.

An ABC activity may support several different GPRA strategies or goals. The supervisor and the employee must work together to use their experience and judgment to decide which activity(s) to convert to a critical result and which strategy that activity supports.

C. Career Groups

A major effort was undertaken by HHS Human Resource Officers working with the HR Strategy Council to identify the major career groups involved in implementing various GPRA goals. Those career groups each consisted of several occupations. The identification of occupational groupings involved in implementing the GPRA goals might be used to relate specific occupations with various GPRA goals and end outcomes, and provide a workable method to help supervisors and employees in the task of identifying appropriate Critical Results which are tied to GPRA goals.

For example, the following occupational groupings can be considered to be involved directly in implementing End Outcome Goal #1 "Protect Lives, Health, and Resources in the Mission Area: Serving Communities: Management planning and analysis, program management, education and training, health care, community, and the environment. Critical results for HHS should be identified as linking directly to that End Outcome Goal.

D. Bottom-Up Approach

This method looks at the organization at the operating level and identifies the unit's accomplishments (results) and describes the results.

1. Begin at the operating level and identify the work unit outcomes and results. You can start by answering the question, "What product or service does the work unit provide that helps the OpDiv or StaffDiv meet its goals?"
2. Determine individual accomplishments that support the work unit goals. To help, you can answer the question, "What result must each individual produce to support the product or service of the work unit?"
3. Convert results into performance elements. [Note: Our non-SES employee performance system allows 1 to 5 critical results.
4. Find unit and individual measures By asking the question, "How well is the service or product being provided?" [Note: In the current HHS non-SES employee performance system, the performance indicators are already identified under general categories of Quality, Teamwork, and Customer Service.]
5. Finally, trace the outcome and results back to specific end outcomes (or intermediate end outcomes) and thus to strategic goals.

[Note: This method is only applicable where there exists a clear and identifiable link between the duties of the position (assignments) and the strategic goals.]

Bottom-Up Flow Chart Example:

National Wildlife Refuge X has a habitat restoration project in which employees utilize biological and chemical controls to reduce the number of acres infested with invasive plants and/or animals. The following example will show how that employee's work can be linked to the **RESOURCE PROTECTION** mission area and the **End Outcome Goal 2: Sustain Biological Communities on HHS Managed and Influenced Lands and Waters in a Manner Consistent with Obligations Regarding the Allocation and Use of Water**. An excerpt from that portion of the FY 2003 – 2008 Department of the Interior Strategic Plan is attached for your reference (exhibit 4).

1. *What product or service does the work unit provide that helps the OpDiv/StaffDiv meet its goals?* – Habitat Conservation
2. *What result must each individual produce to support the product or service of the work unit?* – Application of biological or chemical controls to reduce or eliminate invasive species (plant and animal).
3. *Performance Elements* –
 - Treats 250 acres with biological or chemical controls to reduce the number of acres infested with invasive plant species.

Or

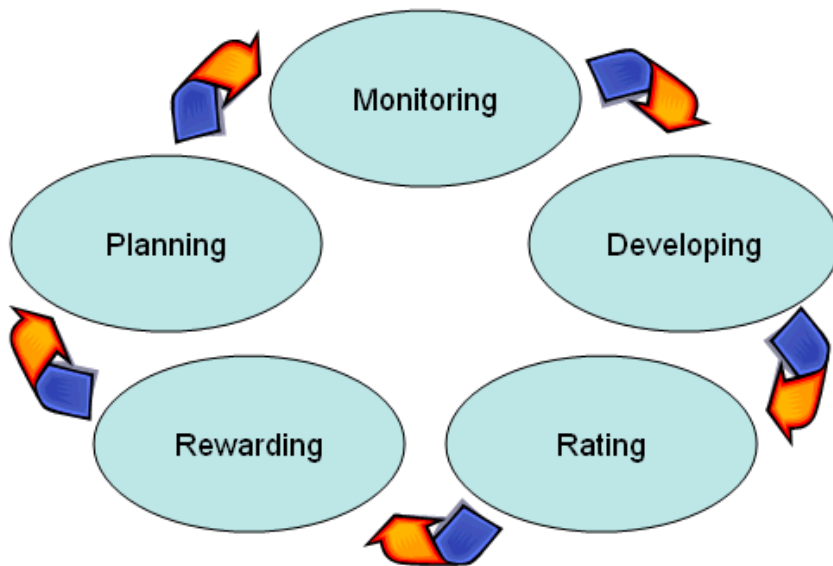
- Treats 250 acres with biological or chemical controls to reduce invasive animal populations.

Trace of outcomes and results back to strategic goal:



Performance Appraisal Cycle

Appraising employee performance is a continuous cycle that follows a logical pattern. Each of the stages that follow is part of the cycle. While they generally occur in the order presented here, it should be noted that all phases are interconnected and affect each other.



Planning

The most crucial question of any performance system is: How well does the performance system inform the employee of what is expected of them on the job? If the employee does not understand what is expected of them, there is little chance of having successful performance. The supervisor must spend whatever time it takes to ensure there is effective communication and understanding from the beginning of the rating cycle as to expectations and how their work fits into the mission of the organization. Employees must be involved in the development of their critical results.

The Corporate Leadership Council Study found “Employee understanding of performance standard to have the largest impact on performance”ⁱ The Gallup Study found the most significant factor in defining a great workplace is “I know what is expected of me at work.”ⁱⁱ The Merit System Protection Board’s review of performance-based actions puts significant weight on whether the employee was adequately informed about what was expected of them. The Hay Group found that “Performance goals, no matter how high, must be communicated clearly.”ⁱⁱⁱ

As part of the initial performance planning sessions, after the supervisor and the employee have completed a thorough discussion of the performance elements, supervisors should ask employees to explain in detail what the performance goals are to test whether the employee has an adequate understanding of the goal. Each employee should be capable of articulating the performance expectations in their own words before the performance period begins. If there is any confusion, this is the time to discover it and correct it.

Critical Results/Elements must focus on accomplishments. Supervisors must define what the desired result is, how well the work is to be done (indicators), and how the work will be measured. Critical results must be measurable, understandable, verifiable, equitable, and achievable. It is crucial to include employee in the planning process. The Department’s performance management system has identified a series of generic performance indicators under the general categories of Quality, Teamwork, and Customer Service. These may help the supervisor in determining which indicators

should apply to which critical results. Supervisors should discuss these indicators with the employees involved, discuss which indicators apply to each result and create additional indicators if necessary.

The Planning phase culminates in the development of a performance plan and the identification of the critical results and performance indicators. The employee should be asked to sign the plan indicating they understand what the performance plan is and what they are expected to accomplish during the rating period.

Monitoring

The supervisor must continually measure performance through observation and documentation. This process consists of very frequent verbal discussions and feedback as the supervisor sets goals and uses every opportunity to confirm that the employee is on the right track or gives timely guidance about course corrections. Supervisors should set short or intermediate term performance goals that are attainable and celebrate the successful attainment of these goals. There must be at least two performance reviews and feedback sessions which are documented during each rating period. Supervisors should identify unacceptable performance at any time during the rating cycle and provide necessary assistance. Supervisors **SHOULD NOT** wait until the end of the performance rating period to identify performance deficiencies.

Developing

The supervisor must look for opportunities to improve good performance and address poor performance. The idea is to help employees develop skills needed to meet their goals. Training opportunities, working with peers, attending meetings and updates will all help employees become more proficient in their jobs and allow them to take on more responsibilities and have the ability to grow. The supervisor must ensure the employee has the tools they need to succeed. Proper planning and monitoring helps to identify areas in need of development or areas an employee is interested in developing.

Rating

Supervisors should compile performance data from various sources as a part of the rating process. It is often a good idea to ask employees to keep track of their own progress using data identified during the planning phase so they can provide a complete accounting of their accomplishments during the progress reviews and the final rating. The supervisor must also review all supervisory records, talk to customers, any vendors and others and review production figures if available. The supervisor must use care to ensure the rating is based upon performance during the **entire** rating period. The supervisor should be prepared to have a thorough performance rating discussion. The formal rating meeting should begin with positive feedback on tasks the employee has done well regardless of what the final rating is. The supervisor should summarize the performance and assign the rating of record.

Rewarding

The supervisor should continually look for opportunities to recognize and reward good performance by individuals or groups. A major advantage of setting short or intermediate term goals is to provide the opportunity throughout the rating period to celebrate successes and provide positive enforcement. This must be an ongoing process; supervisors should not wait until end of the performance rating period to recognize good performance.

Labor-Management Obligations

OpDiv/StaffDivs are reminded that they must fulfill their labor-management responsibilities, as applicable, before implementation of any new policy. Generally, the content of a critical result or standard is not negotiable because it is a part of the management right to direct employees and assign work. However, if a proposed policy change covers bargaining unit employees, at a minimum the union must be given appropriate notice and afforded an opportunity to negotiate on the impact and implementation of the changes. Specific questions should be addressed to the appropriated human resources office.

ⁱ Coffman, Curt (2002). *Follow this Path: How the World's Greatest Organizations Drive Growth by Unleashing Human Potential*. New York: Warner Books, Inc. (The Gallup Organization) page 81

ⁱⁱ Corporate Leadership Council (2002). *Building the High-Performance Workforce, A Quantitative Analysis of the Effectiveness of Performance Management Strategies*. Washington, D.C.: Corporate Executive Board. Page 19b

ⁱⁱⁱ Weiss, Tracy B., F. Hartle (1997). *Performance Management Breakthroughs in Achieving Strategy Through People*. Boca Raton, FL: St. Lucie Press (The Hay Group) page 150