

Status Quo Performance System [21]

NOTE: The content of this document has not been reviewed by legal counsel, nor does it represent a consensus view of the Design Team or indicate any kind of preference among options presented to the Senior Review Committee.

Summary Description:

DHS would retain the current performance appraisal system, which allows DHS components to develop their own performance management programs, subject to existing OPM regulations and any additional guidelines established by the Department.

Key Features:

Coverage:

This option is designed to cover all DHS employees who are now covered by chapter 43 of title 5. It could also cover all TSA employees under the authority provided by law to the TSA Administrator.

- Components would have substantial flexibility to maintain existing performance appraisal programs, or change them as appropriate to support the mission of that component.
- Department leaders would determine how far down authority would be delegated to establish performance programs, and the degree of customization that would be allowed for each component.
- OPM regulatory requirements, e.g., summary ratings, 2-5 rating levels, written performance elements and standards, would be retained.

Sub-options:

- Make the system currently authorized by 5 U.S.C. 43 a DHS system with no requirement for approval by OPM. DHS could revise its regulations as needed, to the extent permitted by its authorizing statute. DHS could also make Department-wide changes to its performance management system policies, which might vary from current title 5 requirements, to the extent permitted by the DHS regulations.
 - DHS could remove the regulatory requirement for summary ratings. Should DHS decide it wants to use appraisals to support other human resources decisions, it could use a point assignment method for such a purpose.
 - DHS could remove the prohibition on forced distributions of summary ratings (e.g., to limit higher ratings to support greater pay distinctions).

Relation to Other Options:

- This option covers the performance management system.
- It could work with any pay, classification, labor relations, discipline and appeal system except that it would not work with options that rely on forced distribution of performance ratings.

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Implications (This section contains "possible advantages/benefits" and "possible problems/challenges" and "other implications" suggested by design team members. The views expressed in these "implications" represent the opinions of one or more members of the design team and therefore reflect sometimes opposing points of view. These opinions do not reflect the collective judgment of the entire design team on any of the issues addressed, nor have they been reviewed by legal counsel.):

Possible Advantages/Benefits

- Performance system can provide significant flexibility in designing programs to meet mission needs.
- Current component programs that are effective could be maintained. If some component programs are not effective, components would have the flexibility to determine how to improve their programs, consistent with the organizational mission and DHS policy.
- DHS would have the flexibility to make revisions to its policies, within limits established by OPM regulations, to respond quickly to mission-driven needs.

Possible Problems/Challenges

- Should the Department decide to base differential pay decisions on performance ratings, it to ensure change in any current appraisal systems and programs that do not make meaningful distinctions in performance.
- May not promote a uniformed DHS-wide culture.

Other Implications

- DHS would need to set the example to show that performance management is an integral part of mission success and provide the resources and training to ensure that all DHS employees understand their performance appraisal programs and use them effectively.
- Requires a summary performance rating.
- DHS should exercise leadership and program evaluation to ensure that components do not continue to use any current programs that do not maximize employee performance.
- DHS would need to determine the degree of customization that would be permitted within each organizational unit

Cost

Same as current system, unless component programs are revised.

Evaluation in Terms of Guiding/Design Principles:

Mission centered:

- Allows each component to develop a performance appraisal program that best meets its culture, the nature of its work, and mission needs.

Performance focused:

- Provides a high degree of flexibility for each component to develop its own standards and measurements, consistent with mission requirements.

Contemporary and Excellent:

- The system could support innovative practices in other areas of HR, e.g., pay, classification, adverse actions, etc.
- Allows a high degree of flexibility to make changes.

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Generate Respect and Trust:

- Provides a well-tested framework within which tailored performance management programs can be developed
- Provides a framework within which programs can be developed that are credible, transparent, rational, and as complex as necessary, but as simple as possible

Based on Merit System Principles and Fairness:

- Conforms with merit principles
- Requires establishment of written, objective performance standards which must be communicated to employees in advance

Transition & Implementation:

- Minimal implementation issues since body of knowledge already exists, and many components would not need to take any action to implement.
- Components which currently have multiple legacy programs need to assess the degree to which standardization of programs is necessary or desirable
- If performance ratings are used for pay purposes, all organizational components (especially those with two level performance appraisal systems) would have to assess the need to develop new programs

**Detailed Description
By System Component and System Element**

P		Performance Management System
System elements:		Summary description:
1	Purpose	<ul style="list-style-type: none"> • Communicate and clarify organizational goals • Identify individual, and, as appropriate, team accountability for accomplishing organizational goals • Identify and address developmental needs for individuals, and, where applicable, teams • Assess and improve individual, team, and organizational performance • Can be used to make decisions on pay, training, reduction in force, awards, reassignments, promotions, reduction in grade, retention, removal of employees, etc., as determined by selection of other HR system elements. Intended uses would drive component development of individual performance management programs
2	Measures	<ul style="list-style-type: none"> • Performance standards that, to the maximum extent possible, permit the accurate evaluation of job performance on the basis of objective criteria related to the job in question for each employee or position • At least one critical element for each employee/position <ul style="list-style-type: none"> – Critical elements must address performance for which the employee reasonably can be held accountable – Performance standard at Fully Successful level required, other levels permitted – No maximum number of critical elements set • Non-critical and additional elements permitted <ul style="list-style-type: none"> – Non-critical and additional elements may address team or work unit performance – Non-critical elements must be considered in assigning the summary rating and cannot be used in pass/fail programs – Additional elements may not be used in assigning the summary rating • Elements based on job tasks, expected results, competencies or behaviors • Standards expressed in terms of quantity, quality timeliness, or manner of performance
3	Appraisal	<ul style="list-style-type: none"> • Elements appraised at a minimum of 2 levels (pass/fail) with no maximum number of appraisal levels (e.g., 100-point scales) • Summary ratings must match one of 8 permissible patterns from 2-level (pass/fail) to 5-level • Forced distribution of summary ratings prohibited • Summary levels are ordered categories with Level 1 as the lowest and Level 5 as the highest • Higher level review required for a Level 1 (unacceptable) rating of record • A written (or otherwise recorded) rating of record is required after the end of the appraisal period (usually annual) <ul style="list-style-type: none"> – An additional rating of record may be done when needed to support a within-grade increase determination • Other performance ratings that are not ratings of record may be given as specified in the agency's appraisal procedures • Employees must perform under a performance plan for an agency-specified minimum period before a performance rating or rating of record may be prepared
4	Communication vehicles	<ul style="list-style-type: none"> • Written (or otherwise recorded) performance plan required at the beginning of each appraisal period • Performance plans must contain all the elements and standards upon which the

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System elements:		Summary description:
		<p>employee will be appraised and that will be used to assign the rating of record</p> <ul style="list-style-type: none"> • At least one formal progress review during the appraisal period required, more may be done • No requirements or restrictions regarding informal feedback • Formal rating of record required after end of appraisal period evaluating performance during entire appraisal period against elements and standards in employee's performance plan
5	Appeals	<ul style="list-style-type: none"> • No appeal of ratings to Merit Systems Protection Board • Ratings may be grieved if covered by negotiated grievance procedure or may be challenged through an administrative grievance procedure or alternative dispute resolution (ADR) process
6	Evaluation	<ul style="list-style-type: none"> • Governmentwide regulations require agencies to evaluate operation of appraisal. Each component would have accountability for ensuring that its performance management program(s) met organizational/mission needs.