

**HHS Transmittal 97.6**  
**Personnel Manual**  
**Issue Date: 05/01/97**

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Material Transmitted:

HHS Instruction 430-6, Performance Management for Members of the Senior Executive Service

Material Superseded:

HHS Instruction 430-6, dated August 11, 1986 (all)

Background:

This Instruction constitutes the Department's performance management plan for members of the Senior Executive Service (SES), which has been revised to significantly streamline the process and provide greater flexibility to the Operating Divisions. The revised plan was approved by the Office of Personnel Management on April 24, 1997.

Major changes from previous policy include replacement of a five-level rating system with a three level system consistent with law and regulation; elimination of noncritical elements; elimination of a mandatory scoring system to determine performance ratings; and elimination of the mandatory application of generic performance standards.

Any reference to "OPDIV" in this Instruction includes AHCPR, CDC, FDA, HRSA, IHS, NIH, SAMHSA, the Office of the Secretary, the Office of the Inspector General, the Program Support Center, HCFA, ACF, and AoA.

This issuance is effective immediately. However, OPDIVs, at their discretion, may defer implementation of the revised SES performance management system until the Fiscal Year 1998 rating cycle.

Filing Instructions:

Remove superseded material and file new material. Post receipt of this transmittal to the HHS Check List of Transmittals and file this transmittal in sequential order after the check list.

John J. Callahan  
Assistant Secretary for  
Management and Budget

INSTRUCTION 430-6

Subject: PERFORMANCE MANAGEMENT FOR MEMBERS OF THE SENIOR EXECUTIVE SERVICE

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#### 430-6-00 PURPOSE AND AUTHORITY

- A. This Instruction constitutes the Department of Health and Human Services' plan for appraising the performance of appointees and members of the Senior Executive Service (SES).
- B. Title 5 United States Code, Section 4312, requires that each agency establish one or more performance appraisal systems which permit the accurate evaluation of job performance based on job-related criteria and critical elements for the position; provide for systematic appraisals of performance of senior executives; encourage excellence in performance; and provide a basis for making determinations for retention of executives in the SES and for performance awards.
- C. The SES performance appraisal system in the Department is part of the broader, overall administration of the performance management process. The purposes of this system are:
  - o communicating and monitoring organizational goals, objectives, and accomplishments;

- o linking individual accountability for achievement to organizational goals;
- o evaluating individual performance in relation to goal achievement; and
- o providing a basis for making personnel decisions.

**430-6-10 COVERAGE**

This Instruction covers all HHS SES appointees. For the purpose of this instruction the term Operating Divisions (OPDIVs) includes the Office of the Secretary (OS) and the term OPDIV Head includes a designated official for OS.

**430-6-20 REFERENCES**

- A. 5 U.S.C. 4311-4314
- B. 5 C.F.R. Part 430, Subpart C
- C. 5 C.F.R. Part 451
- D. 5 C.F.R. Part 534, Subpart D
- E. HHS Personnel Instruction 920-1

**430-6-30 DEFINITIONS**

- A. Appointing authority: the agency or department head or his or her designee. For HHS SES performance appraisal purposes it means OPDIV Heads.
- B. Appraisal: the act or process of reviewing and evaluating the performance of the executive against the described performance standard(s).
- C. Critical element: a component of a position consisting of one or more responsibilities which contribute toward accomplishing organizational goals and objectives and which is of such importance that unsatisfactory performance of the element would result in unsatisfactory performance in the position.
- D. Executive: a member of the Senior Executive Service who may also be referred to as an appointee, a member, a senior executive, or an SESer.
- E. Final rating: the written rating of record made on an annual basis by an appointing authority after considering the recommendations of a Performance Review Board.
- F. Generic standard: a written performance standard based on uniform criteria common to the executive assignments to which it applies.

- G. Initial rating: the summary rating made by the senior executive's supervising official and provided to the Performance Review Board.
- H. Performance: the senior executive's accomplishment of assigned work as specified in the critical elements of the executive's position.
- I. Performance plan: the aggregate of the senior executive's written critical elements and performance standard(s).
- J. Performance standard: a written statement of the expectations or requirements established by management for a critical element at a particular rating level. A performance standard may include, but is not limited to, factors such as quality, quantity, cost efficiency, timeliness, and manner of performance.
- K. Progress review: a review of the executive's progress toward achieving the performance standards which is not in itself a rating.
- L. Rating official: the initial rater of the executive's performance, generally his/her immediate supervisor.
- M. Rating of record: the final rating for a specific period.
- N. Reviewing official: an appropriate official, often the next level above the immediate supervisor, who will review an appraisal at the request of an executive being rated.
- O. Summary rating: the assignment of an evaluation which assesses the overall performance of an executive.

**430-6-40 BASIC RESPONSIBILITIES**

- A. The Deputy Assistant Secretary for Human Resources shall:
  - 1. develop policy governing appraisal systems established within the Department;
  - 2. provide guidance and advice to the OPDIVs concerning those policies; and
  - 3. evaluate, in concert with the OPDIVs, the effectiveness of the appraisal systems.
- B. The Heads of OPDIVs shall:

1. establish appraisal systems to be operated within their organizations;
2. develop procedures to efficiently and effectively implement and administer appraisal systems;
3. provide training for executives on the purpose, procedures and techniques of the performance management process;
4. integrate the performance management process into the overall management systems of the organization;
5. provide positive, timely reinforcement to those executives who are effective in managing employees' performance and who deal effectively with employees who meet performance standards and with those who do not;
6. monitor and evaluate performance appraisal systems as they are administered, taking appropriate action to ensure changes where needed;
7. establish one or more Performance Review Boards (PRBs), select members to serve on PRBs, appoint a chairperson for each PRB, and assure that the PRB operates efficiently.
8. review appraisal documents and PRB recommendations and assign final ratings.

C. First-level supervisors of executives shall:

1. consult with executives and develop individual performance plans for each executive;
2. conduct progress reviews to identify progress and problems, and maintain whatever records are necessary to document performance status;
3. appraise performance of executives, recommend summary ratings, discuss results, and furnish appraisals to the PRB for its necessary action;
4. propose appropriate action for executives whose performance is less than fully successful; and
5. propose appropriate recognition for those whose performance is worthy.

D. Reviewing officials shall:

1. approve changes to critical elements in performance plans in the last 120 days of the performance period;
2. review initial appraisal upon request of an executive;
3. prepare written response to the appraisal for review by the PRB if one is requested by the executive;
4. review initial ratings if an OPDIV Head requires a mandatory higher level review of all initial ratings.

E. Performance Review Boards:

1. must have three or more members, with notice of appointment published in the Federal Register;
2. for purposes of appraising career executives, must have membership that includes more than one-half SES career appointees;
3. may conduct a front-end review of SES performance plans at the beginning of the performance period to assure that they are clear, results-oriented and equitable and focus on attainable goals, and they may negotiate or direct changes believed appropriate;
4. must review all SES appraisals for reasonableness and equity, recommend final ratings in writing, and recommend bonuses to the appointing authority for non-PRB member executives. PRB members may not take part in any deliberations involving their own appraisal.

430-6-50 PERFORMANCE PERIOD

- A. In HHS, the minimum appraisal period for the SES is 120 days. A written rating of record will be made on an annual basis.
- B. The standard HHS SES performance appraisal cycle is based on the fiscal year. An individual performance period begins when the executive is given a written performance plan signed and dated by the supervisor. Normally the plan will be put into effect within 30 days of the beginning of the appraisal cycle or within 30 days of entering an SES position, and will be provided to the executive in writing.
- C. Appraisals will not be prepared for executives within 120 days after the beginning of a new Presidential administration.

- D. Appraisals will not be prepared for executives who have not served under a performance plan for at least 120 days. If an executive cannot be rated for this reason and has no other rating of record for the current appraisal period, the rating period will be extended for as long as necessary to meet the minimum appraisal period at which time a rating will be prepared.

430-6-60 PLANNING PERFORMANCE

- A. Each performance plan must be developed in consultation with the executive and will:
1. recognize responsibilities assigned to the individual executive for Administration, Secretarial and organizational goals and objectives;
  2. be consistent with the duties covered in the executive's position description for which the executive can be held accountable;
  3. contain only critical elements covering key aspects of the job. Noncritical elements will not be used in this Department's SES appraisal system.
  4. describe, for each critical element, the standard by which fully successful performance will be measured. Standards must be outcome-oriented and should, to the extent possible or appropriate, include indicators of quality, quantity, cost effectiveness, timeliness, and manner of performance. OPDIVs, at their discretion, may develop and use generic performance standards for their senior executives.
- B. The following steps are to be taken to execute or change a plan:
1. Both the supervisor and executive will sign and keep a copy of the final plan. (If an executive does not wish to sign, the supervisor should note this on the plan and indicate that the executive was given a copy. This statement must be signed and dated by the supervisor.)
  2. SES level performance plans may be reviewed by the PRB and necessary changes negotiated with the supervisor, or by direction of the PRB.
  3. Changes made to elements and standards at any time during the performance period must be initialed and dated by the supervisor and executive. Any changes to the plan during the last 120 days must be approved (initialed and dated) by the reviewing official.

430-6-70      PROGRESS REVIEWS

- A.      Whenever warranted, but at least once in the appraisal period, each supervisor and executive will meet to review progress formally. The supervisor will:
  - 1.      Provide written documentation if performance progress on an element is less than fully successful. Documentation must show progress, deficiencies, steps taken or needed to bring performance to fully successful.
  - 2.      Discuss with the executive and document all changes to performance elements and standards.
- B.      Both the supervisor and executive will sign and keep a copy of the progress review. (See 430-6-60 B.1 if the executive does not wish to sign.)

430-6-80      PERFORMANCE APPRAISAL/RATING PROCESS

- A.      Each executive's performance will be appraised by the rating official at least annually based on a comparison of actual performance with the written critical elements and performance standards that constitute the performance plan.
- B.      The rating assigned to each critical element will be based upon the extent to which the executive's performance met one of the following rating level definitions. The rating levels established for use in HHS are the three rating levels required by statute and regulation:
  - Fully Successful:              Expectations are met or exceeded
  - Minimally Satisfactory:      Performance is marginally acceptable; needs improvement
  - Unsatisfactory:              Undeniably unacceptable performance
- C.      A written performance standard is required at the Fully Successful level.
- D.      Appraisal of the executive will take into account individual as well as organizational performance and the impact of individual and organizational performance on the accomplishment of agency objectives.
- E.      Regardless of performance on other elements, a summary rating of Unsatisfactory will apply to any employee who is rated unsatisfactory on any one critical element. If the executive is rated minimally satisfactory on any critical element, the summary rating will be no higher than Minimally Satisfactory.



- F. Both supervisor and executive will sign and keep copies of the initial appraisal and its associated performance plan. (See 430-6-60-B.1. if the executive does not wish to sign.)
- G. An executive who disagrees with his/her initial appraisal and wishes to seek redress must respond in writing to disputed statements and findings in the appraisal and have the initial appraisal and his/her response reviewed by the reviewing official. If an executive reports directly to the Secretary or an OPDIV Head, the executive cannot request a higher level review. A copy of the response of the reviewing official must be given to the executive, the manager who rated the executive, and the PRB.
- H. The PRB will consider the initial appraisal, the executive's response, if any, the reviewing official's written response, if any, and whatever other inputs it believes would be beneficial to full understanding of relevant issues in recommending a final appraisal to the appointing authority.
- I. The appointing authority must consider the recommendation of the PRB in assigning the final rating for each executive.

**430-6-90 USING RESULTS OF APPRAISALS**

**A. Actions Based On Fully Successful Performance**

**1. SES Performance Awards (Bonuses)**

Executives whose performance is rated as fully successful are eligible to be considered for an SES bonus. Individual appraisal results and the extent of the executive's contributions to meeting organizational goals constitute the primary factors considered by the Performance Review Boards when proposing bonus nominees.

**2. SES Pay Adjustments**

Performance appraisal results are among the key factors considered in the annual review to determine the appropriateness of upward or downward adjustment of SES pay rates.

**3. Presidential Executive Rank Awards**

The selection of nominees for Presidential Executive Rank Awards is based on records of performance over multiple year periods.

4. Incentive Awards

Authority to grant special act or service awards may not be used for granting cash awards based on sustained superior performance, i.e., such awards are not to be substituted for performance or rank awards.

B. Actions Based on Less than Fully Successful Performance

1. Minimally Satisfactory Performance

a. During the Appraisal Period

If performance on one or more critical elements is determined to be minimally satisfactory, that determination must be documented following a progress review and written notification of such findings provided to the executive. The documentation must include identification of the critical element(s) and performance standard(s) involved, and a narrative description of the performance in comparison to the standard(s). Additionally, assistance to enable the executive to raise the performance to the fully successful level must be provided. Such assistance may include but is not limited to formal training, on-the-job training, counseling and closer supervision. The assistance to be provided must be summarized on the progress review form.

b. At the End of the Appraisal Period

If performance on one or more critical elements continues to be rated at the minimally satisfactory level, consideration must be given to a reassignment action.

If an executive whose performance was found to be fully successful on the progress review is rated minimally satisfactory on the final appraisal, the executive must be given assistance in the subsequent appraisal period to raise his/her performance to fully successful. Documentation and assistance as described in B.1.a. above apply.

2. Unsatisfactory Performance

a. During Appraisal Period

If performance on one or more critical elements is determined to be unsatisfactory, that determination must be documented and assistance provided as described in B.1.a. above.

b. At the End of the Appraisal Period

If performance on one or more critical elements is determined to be unsatisfactory, that determination must be documented and the executive must be reassigned or transferred within the SES or removed from the SES.

3. Any executive who receives two unsatisfactory ratings of record in any five year period must be removed from the SES.

4. Any executive who twice in any three year period receives less than a fully successful rating must be removed from the SES.

5. Downward Pay Adjustment

The pay of any executive whose performance is rated less than fully successful should be reviewed and considered for a downward adjustment.

#### 430-6-100 TRAINING

Training in developing performance plans, conducting progress reviews, making appraisals and using appraisals as a key factor in making other management decisions will be provided by OPDIVs to executives covered by this Instruction and to senior staff who manage the executives. Training will be designed to assure that the performance management process operates effectively. Specific training requirements will be established by OPDIVs.

#### 430-6-110 RECORDKEEPING AND RECORD USES

- A. As part of monitoring performance, supervisors may make notes on significant instances of performance so that the instances will not be forgotten. Such notes will not be required by or under the control of the Department or any of its components. Such notes are not subject to the Privacy Act or accessible under the Freedom of Information Act as long as they remain solely for the personal use of the supervisor, are not provided to any other person, are not used for any other purposes, and are retained or discarded at the supervisor's sole discretion. NOTE: If the supervisor bases a performance appraisal in part or in full on specific information from such notes, then that information will be recorded on or attached to the official appraisal form. Information on or attached to the form will be subject to the Privacy Act.
- B. The retention, maintenance, accessibility, and disposal of performance records as well as supervisors' copies will be in accordance with Office of Personnel Management regulations. Performance records must be retained for five years and transferred with the executive's Official Personnel Folder when the executive transfers to a new organization in HHS or to another agency.

430-6-120 MONITORING AND EVALUATING THE SYSTEM

- A. The Office of the Assistant Secretary for Management and Budget, Office of Human Resources, has responsibility for the ongoing review of the operation of performance management throughout the Department and for implementing program improvements.
- B. OPDIVs, in assessing the effectiveness of their overall executive resource management programs (see HHS Personnel Instruction 920-1), should consider the extent to which the SES performance management system is contributing to program objectives. System improvement efforts should be instituted as necessary within the framework of Department requirements.

PROCEDURES FOR NON-STANDARD SITUATIONS

The following procedures apply for performance plans, performance ratings and ratings of record in non-standard situations.

Situation	Performance Plan	Performance Rating(s) and Rating of Record
<p>For whatever reason, executive did not have a plan at any time during the entire period, or did not perform against a plan for 120 days. For example, a member returning from long term training.</p>	<p>Establish plan immediately</p>	<p>Extend appraisal period for the amount of time necessary to meet the 120 day minimum</p>
<p>Executive changes SES positions within HHS during the appraisal period</p>	<p>Establish plan for each new position even if less than 120 days remain in the appraisal period</p>	<p>At time of each position change, rate based on plan if it had been in effect for at least 120 days. Rating of record for the appraisal period must consider all ratings made during that period.</p>
<p>Employee moves from GS to SES in essentially the same position within 120 days of end of appraisal period and had plan in effect for 120 days</p>	<p>Continue on existing plan under SES</p>	<p>Executive should be rated</p>
<p>Within 120 days of the end of the appraisal period, for reasons not related to performance, the employee is removed from the SES and placed in a position covered by the EPMS.</p>	<p>Establish a plan to cover the minimum rating period for the new position</p>	<p>If employee had a plan in SES for at least 120 days, rate when removed from SES. Rate again at end of minimum rating period for new position. Consider both ratings to derive rating of record.</p>

Situation	Performance Plan	Performance Rating(s) and Rating of Record
<p>Within 120 days of the end of the appraisal period, for reasons not related to performance, the executive is reassigned from one SES position to another</p>	<p>Establish a plan for the new position</p>	<p>Rate at time of reassignment if an SES plan was in place for at least 120 days in the old position, and use as rating of record for the appraisal period, unless there was another rating earlier in the period which must be considered                      -or-                      If executive cannot be rated in former position because he/she was not under a plan for at least 120 days, extend the period until 120 days are reached, then rate based on plan for that period. This rating is then the rating of record</p>
<p>Executive is detailed or temporarily assigned to another SES position in HHS, and the time in that position is expected to be at least 120 days by the end of the appraisal period</p>	<p>Establish plan for new position no later than 30 days after the assignment begins</p>	<p>Rate at time of position change if a plan had been in place for at least 120 days. Also rate at end of temporary assignment if time in it lasted at least 120 days. Consider all ratings made during the appraisal period in preparing the rating of record for that period.</p>
<p>Before the end of the appraisal period, executive goes on long-term training and does not return by the end of the appraisal period</p>	<p>N/A</p>	<p>Rate at time executive goes on training based on earlier plan if it had been in effect for at least 120 days. If not, employee is unratable for the appraisal period.</p>

Situation	Performance Plan	Performance Rating(s) and Rating of Record
<p>Within 120 days of the end of the appraisal period, executive is reinstated from outside government to an SES position or appointed to an SES position in HHS from another Federal agency</p>	<p>Establish plan to cover 120 days for the position</p>	<p>Extend appraisal period until 120 days are reached, then rate based on the plan for that period. This is the rating of record</p>
<p>Executive transfers from an SES position in another agency with an approved performance appraisal system to an SES position in HHS</p>	<p>Establish plan to cover remainder of appraisal period</p>	<p>Obtain summary rating transferred from former agency. This is the rating of record if the transfer occurred within the last 120 days.</p> <p>If 120 days or more remain in the appraisal period, the transferred rating must be considered along with the rating based on the plan for the new position when deriving the rating of record.</p> <p>If the transfer occurred within the last 120 days and no rating transferred, extend the appraisal period until 120 days are reached, then rate based on the plan for that period. This is the rating of record</p>
<p>Executive transfers to a new agency after serving under a plan for at least 120 days</p>	<p>N/A</p>	<p>Rate executive and transfer current performance ratings of record for consideration by new agency.</p>

Situation	Performance Plan	Performance Rating(s) and Rating of Record
<p>Employee is detailed or assigned outside HHS (e.g., IPA assignment) and the time in the outside organization or agency is expected to be at least 120 days</p>	<p>Make reasonable effort to see that a plan is given the employee while in the outside entity</p>	<p>Rate at time of position change if a plan had been in effect for at least 120 days.</p> <p>Also make a reasonable effort to obtain performance information and rate taking into consideration the plan from that outside assignment, especially if employee did not have any HHS plan for at least 120 days during the appraisal period, but did serve in the outside organization for its minimum appraisal period (if applicable).</p> <p>Consider all ratings made during the appraisal period in preparing the rating of record.</p>
<p>Before the end of the appraisal period, executive is detailed to a non-SES position in HHS or another Federal agency</p>	<p>If within HHS, establish a performance plan to cover detail. If outside HHS, make reasonable effort to see that an appropriate plan is given the employee while in the outside agency.</p>	<p>Rate at time of position change if employee had a plan for at least 120 days.</p> <p>If within HHS, also rate at end of detail if time in it lasted at least 120 days. If outside HHS, attempt to get rating information.</p> <p>Consider all ratings during the appraisal period in preparing the rating of record.</p>



**HHS Exhibit 430-6-B: Delegation of Authority to Manage Performance  
For Members of the Senior Executive Service**

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**Personnel Manual  
HHS Transmittal 97.6**

MEMORANDUM TO: Heads of Operating Divisions  
The Inspector General

Subject: Delegation of Authority to Manage Performance for Members of the  
Senior Executive Service

- A. Delegation of Authority: I hereby delegate the following authorities to Heads of Operating Divisions and the Inspector General:
1. the authority to implement performance appraisal systems for Senior Executive Service (SES) members within their organizations;
  2. the authority to finalize performance ratings for those SES members; and,
  3. the authority to appoint members and chairs of Performance Review Boards.

These authorities may be redelegated. All redelegations must be in writing.

- B. Guidance: This authority is subject to the conditions and guidelines outlined in HHS Personnel Instruction 430-6, which constitutes the Department's Senior Executive Service performance management plan as approved by the Office of Personnel Management.
- C. Authority Superseded: This delegation supersedes a delegation memorandum from the then Assistant Secretary for Personnel Administration dated August 11, 1986, entitled "Delegation of Authority for Managing Performance of Members of the Senior Executive Service." Existing redelegations made under that memorandum will continue in effect until new redelegations are made under the authority of this memorandum.
- D. Effective Date: This delegation is effective upon date of signature.

John J. Callahan  
Assistant Secretary for  
Management and Budget