

Human Resources Manual
HHS Instructions 430-4 and 430-7
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Material Transmitted:

Department of Health and Human Services Performance Management Appraisal Program, dated December 19, 2007.

Material Superseded:

HHS Instruction 430-4 – Employee Performance Management System: Performance Appraisal, 430-4 (dated 12/2/86)

HHS Instruction 430-7 – Performance Appraisal System, 430-7 (dated 11/9/95)

Background:

The instructions are deleted in their entirety as both have been superseded by the Department of Health and Human Services Performance Management Appraisal Program, dated December 19, 2007. The Department of Health and Human Services Performance Management Appraisal Program establishes an effective, more efficient performance appraisal process aimed at improving individual, team, and organizational performance for the Department.

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INSTRUCTIONS 430-4 and 430-7

**Department of Health and
Human Services
Performance Management
Appraisal Program**

Revised December 19, 2007

BACKGROUND

Title 5, United States Code, Chapter 43, requires that each agency establish one or more Performance Management Appraisal Programs. The goal of the Department of Health and Human Services (HHS) is to design and implement a performance management system aimed at improving individual, team, and organizational effectiveness.

In October 2004, the U.S. Office of Personnel Management approved the DHHS Performance Management Plan for senior executive service (SES) members. One of the goals of the HHS SES Performance Management Plan is to align individual and organizational performance management with results-oriented goals that are linked to the HHS Strategic Plan, and to Operating and Staff Division strategic goals. These goals are to be cascaded to subordinate supervisors and staff throughout each executive's portion of the organization.

In December 2004, a HHS Performance Management Steering Committee was established, comprised of managers, human resources specialists, and program staff, representing each of the Operating Divisions and the Office of the Secretary. This Committee was charged with designing a HHS-wide meaningful, results-oriented performance management system.

This Performance Management Appraisal Program will establish an effective, more efficient performance appraisal process that will enable managers and supervisors to:

- Communicate and clarify organizational goals and objectives to employees;
- Link performance requirements to HHS and OPDIV* strategic planning initiatives;
- Identify individual and/or team accountability for accomplishing organizational goals;
- Address developmental needs for employees;
- Monitor progress and provide formal feedback to employees;
- Use appropriate measures of performance as the basis for recognizing and rewarding individual accomplishments;
- Use the results of performance appraisal as a basis for appropriate personnel actions; and
- Assess and improve individual and organizational performance.

[*Note: For purposes of this document, the term OPDIV will be used to refer to both HHS Operating Divisions and Staff Divisions.]

This document replaces HHS Instruction 430-7, Performance Management Appraisal Program, dated November 1995. This system was approved by the Office of Personnel Management on November 2, 2005.

This document supersedes current OPDIV performance management programs for non-SES managers, supervisors and employees.

Any administrative action already initiated when this system becomes effective shall continue to be processed consistent with the procedures and requirements of the system/program in effect when the action was initiated.

I. PURPOSE AND AUTHORITY

This guide establishes the Department of Health and Human Services (HHS) policies and procedures for planning, monitoring, developing, appraising, and recognizing the performance of all non-SES managers, supervisors, and employees.

Performance management at HHS is the systematic process by which management involves its employees, as individuals and members of groups, to improve organizational effectiveness in the accomplishment of the HHS mission and goals. As an overarching policy, the Performance Management Appraisal Program is designed to facilitate the execution of basic management and supervisory responsibilities and communicate or clarify organizational goals and objectives. Performance management is aimed at improving individual, team, and organizational effectiveness. The policies and procedures contained in this document will provide a mechanism for clarifying and communicating organizational goals and expected outcomes, identifying individual and/or team accountability, providing formal feedback, and documenting individual and team performance. It is one component of the on-going process of performance management, which also includes frequent informal feedback, recognition and awards, coaching, skills development, and appropriate corrective action.

Authorities:

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| • 5 U.S.C. Chapter 43 and
5 CFR, Part 430
5 U.S.C. 4303 and 4305 and
5 CFR 432.104 | Performance Appraisal

Unacceptable Performance |
| • 5 U.S.C. Chapter 45 and
5 CFR, Part 451 | Awards |
| • 5 U.S.C. 5335 and 5304, and
5 CFR, Part 531, Subpart D | Within-Grade Increases |
| • 5 U.S.C. 5336 and
5 CFR, Part 531, Subpart E | Quality Step Increases |
| • 5 U.S.C. 3502 and 5 CFR 351.504 | Reduction-in-Force |
| • 5 U.S.C. 552a, 5 CFR 293.404
and 5 CFR 293.405 | Records of Employee Performance |
| • 5 CFR 432.104 | Unacceptable Performance |

II. COVERAGE AND DEFINITIONS

Coverage: This Performance Management Appraisal Program covers all HHS employees, non-SES managers, supervisors, and team leaders.¹ The following are *not* covered under this system:

1. A member of the Senior Executive Service (ES);
2. An employee appointed to the excepted service under Schedule A 213.3102(o) whose appointment is limited to 1 year or less;
3. A fellow appointed under Section 207(g) of the Public Health Service Act, as amended;
4. An expert or consultant;
5. A member of an advisory committee;
6. A person serving under an appointment in the excepted service having a time limit of less than 90 days;
7. A member of the HHS uniformed service, i.e., a PHS Commissioned Corps officer;
8. A resident, intern, or other student employee who receives a stipend under section 5352 of 5 U.S.C.;
9. An employee on detail to a public international organization;
10. An employee in a position for which employment is not reasonably expected to exceed 90 calendar days in a consecutive 12-month period;
11. An employee outside the United States who is paid in accordance with local native prevailing wage rates for the area in which employed;
12. An Administrative Law Judge appointed under Section 3105 of Title 5, U.S. Code;
13. An individual appointed by the President; and
14. An individual who (a) is serving in a position under a temporary appointment for less than one year, (b) agrees to serve without a performance evaluation, and (c) will not be considered for a reappointment or for an increase in pay based in whole or in part on performance.

Definitions:

Appraisal means the process under which performance is reviewed and evaluated.

Appraisal period means 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 HHS, the minimum appraisal period is 90 days. An employee must perform work under a performance plan in place for a minimum of 90 calendar days to receive a rating.

Critical element means 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.

¹ For purposes of coverage of this Guide, the term "team leader" will only encompass those employees who have official position descriptions identifying them as team leaders.

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

Performance Management Appraisal Program means the framework of Department-wide policies and parameters established for planning, monitoring, developing, evaluating, and rewarding individual performance, and for using the resulting performance information in making personnel decisions.

Performance award means a performance-based, lump sum cash payment to an individual employee based on the employee's rating of record. A performance award does not increase base pay.

Performance awards budget means the amount of money allocated by the Department/OPDIV for distribution as performance awards to covered employees.

Performance plan means all of the written performance elements that an employee is expected to accomplish during the appraisal period. These objectives are linked to specific program and management outcomes and are linked to the Department's and OPDIV's strategic plans. These objectives are derived from the OPDIV Head's performance plan and are cascaded, as appropriate, to all employees. A performance plan must include all critical elements and their performance standards.

Performance rating means the written appraisal of performance compared to the performance standards for each critical element on which there has been an opportunity to perform for the minimum period (i.e., 90 calendar days). A performance rating includes the assignment of a summary rating level.

Performance standard means 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 means communicating with the employee about his/her performance to date, compared to the performance standards for each element. 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 means a permanent increase in basic pay, equivalent to one step within the grade.

Rating Official means the official who is responsible for informing the employee of the critical elements of his/her position, establishing performance requirements, providing feedback, appraising performance, and assigning the summary rating. The rating official is ordinarily the employee's immediate supervisor.

Rating of record means the performance rating prepared at the end of an appraisal period for performance over the entire appraisal period. In most cases, a summary rating (see definition below) will become the rating of record.

Reviewing official means an official with review and approval authority at a level higher than the rating official. Reviewing officials are ordinarily two supervisory levels above the employee.

Strategic planning initiatives are Department and agency goals, agency strategic plans, annual performance plans, organizational work plans, Presidential initiatives, and other future-focused related initiatives.

Summary rating means combining the written appraisal of each critical element (on which there has been an opportunity to perform for the minimum period, i.e., 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 means an award granted to an employee, which allows the employee to take time off from work, with pay and without charge to annual leave.

III. PERFORMANCE LEVELS

Exceptional (E)

The employee performed as a model of excellence by surpassing expectations on a consistent basis. Indicators of performance at this level include outcomes that exceed Fully Successful level standards, for critical elements described in the annual performance plan, and as measured by appropriate assessment tools. Examples include:

- Innovations, improvements, and contributions to management, administrative, technical, or other functional areas that impact outside the work unit and facilitate organizational recognition;
- Increases in office and/or individual productivity;
- Improved customer, stakeholder, and/or employee satisfaction, resulting in positive evaluations, accolades, and recognition; methodology is modeled outside the organization;
- Flexibility and adaptability in responding to changing priorities, unanticipated resource shortages, or other obstacles;
- Initiation of significant collaborations, alliances, and coalitions;
- Leadership on 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; and/or
- Consistent demonstration of the highest level of ethics, integrity, and accountability in achieving specific HHS, OPDIV, and/or program goals; making recommendations that foster clarification, and/or influence, improvements in ethics activities.

Fully Successful (FS)

The employee met all critical elements, as described in the annual performance plan, and as measured by appropriate assessment tools. Examples include:

- Planned, well-organized, and complete work assignments that reflect requirements;
- Decisions and actions that demonstrate organizational awareness including

knowledge of mission, function, policies, technological systems, and culture;

- Independent follow-up of actions and improvements that impact the immediate work unit;
- Strong relationships with employees and/or clients: their priorities are understood; their interests are balanced with organizational demands and requirements; and necessary actions are effectively communicated to them. Employee/customer satisfaction is conveyed;
- When serving on teams and workgroups, contributions are substantive and completed according to standards;
- Resolution of operational challenges and problems without assistance from higher-level staff;
- Acquires new skills and knowledge through traditional and other means, to meet assignment requirements; and/or
- Demonstration of ethics, integrity and accountability that achieve HHS and agency goals.

Minimally Successful (MS)

The employee had difficulties in meeting expectations. This is the minimum level of acceptable performance for retention on the job. Improvement is desirable. Examples include:

- Occasionally fails to meet assigned deadlines;
- Work assignments occasionally require major revisions or often require minor revisions;
- Application of technical knowledge to completion of work assignments in not reliable in many cases;
- Occasionally fails to adhere to required procedures, instructions, and/or formats in completing work assignments;
- Occasionally fails to adapt to changes in priorities, procedures, or program direction; and/or
- The employee has minimal impact on program performance, productivity, morale, organizational effectiveness and/or customer satisfaction.

Unacceptable (U)

The employee failed to meet expectations. Immediate improvement is essential for job retention. Examples include:

- Consistently fails to meet assigned deadlines;
- Work assignments often require major revisions;
- Consistently 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; and/or
- Frequently fails to adapt to changes in priorities, procedures or program direction.

IV. PLANNING AND COMMUNICATING PERFORMANCE

An individual employee performance plan is established annually for each employee. The HHS Employee Performance Plan (located at <http://intranet.hhs.gov/forms/HHS/HHS-704B.pdf>) will be the format used for all covered employees.

At the beginning of the appraisal period, the rating official and the employee shall discuss the organization's desired program and management outcomes as well as the individual performance objectives toward which the employee should be focusing his/her efforts, and will be held accountable for, during the upcoming appraisal period. The discussion should also focus on the development of performance metrics that are quantifiable and results-based for each individual performance objective that clearly define expectations and differentiations in performance levels. The performance metrics should define what is expected at the Fully Successful Level and the Exceptional level.

In developing the performance plan, the rating official shall review and consider the HHS Strategic Plan, OPDIV objectives, and any other important goals and measures, such as those identified by customers/stakeholders. Each rating official will ensure that broad HHS and OPDIV goals have been explained and cascaded to subordinate staff throughout his/her portion of the organization. These cascaded goals will impact organizational activity as well as individual performance expectations.

Each employee should actively participate in developing his/her performance plan for the appraisal period. The final authority for establishing the performance plan rests with the rating official. Written performance plans are provided to the employee within 30 days of the beginning of the appraisal period, which runs from January 1 to December 31. If an employee enters a position after the start of the appraisal cycle, a performance plan must be established within 30 days of the date the employee enters on duty. This system does not require a second level review of the performance plan. However, at the discretion of the OPDIV Head, a second level review may be conducted. The supervisor and the employee will sign and keep a copy of the performance plan.

A tip for establishing the performance plan is to use the term **SMART**:

- **Specific:** Goals and expectations are clearly stated and direct.
- **Measurable:** Outcomes are being achieved in comparison to a standard.
- **Attainable:** Goals or results/outcomes must be achievable and realistic.
- **Relevant:** Goals have a bearing on the overall direction of the organization, including the HHS Strategic Plan,
- **Timely:** Results are measured in terms of deadlines, due dates, schedules, or cycles.

The HHS Employee Performance Plan

The HHS performance plan has two categories of critical elements: (1) Administrative Requirements; and (2) Individual Performance Outcomes, which include specific individual management and program outcomes that will contribute to the success of the OPDIV's and Department's strategic plans. The Administrative Requirements (Part III of the Performance Plan) will constitute one critical element. Each outcome/result in the Performance Outcomes section (Part IV of the Performance Plan) will be a critical element. It is expected that there will be between three (3) and five (5) outcomes/results listed for each employee in the Performance Outcomes section.

Administrative Requirements:

The Administrative Requirements critical element describes successful performance in responsibilities that are common to most supervisory and non-supervisory employees. The following areas are covered by this critical element (NOTE: Supervisors should determine which of these areas applies to each position under his/her supervision. Not every position will include responsibility for every one of these areas.):

Ethics and Integrity

Includes the responsibility for maintaining a high standard of integrity in the discharge of official duties, and adherence to Government-wide and HHS Standards of Ethical Conduct.

Performance Management

Performance management includes the process by which an employee is involved in improving organizational effectiveness in the accomplishment of agency mission and goals. For supervisors and team leaders, performance management encompasses planning work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically evaluating and/or rating performance, rewarding excellent performance, and addressing poor performance.

EEO/Diversity

Includes support for EEO and diversity in the workplace, and fostering a cooperative environment where diverse opinions are encouraged and conflicts are resolved at the earliest stage possible.

Employee Development

Includes management and employee efforts to enhance individual or staff performance, as well as obtaining skills, knowledge, and abilities for projected assignments, and/or potential future career advancement.

Workforce Activity

Includes planning, organizing, assigning, and/or performing work; allocating resources (if supervisory); adjusting to change; and participating in improvements leading to attainment of organizational goals.

Customer Service

Includes responsiveness to customers consistent with Department and OPDIV expectations and standards.

Recovering Improper Payments

Applies to staff having recovery responsibilities related to grants, procurement, and financial payments.

Individual Performance Outcomes

This critical element category identifies those key individual performance outcomes and specific end-results that contribute to the success of HHS and the OPDIV. These results-oriented outcomes should be consistent with strategic planning initiatives, such as the HHS Strategic Plan and OPDIV program goals and objectives. Managers should limit

the number of outcomes to the most important aspects of the employee's position, usually three to five.

Performance plans must include one or more outcomes that include or track back to the HHS Strategic Plan. This cascade approach should ensure that performance plans for all employees support the organizational goals of the agency. The "cascade" element should be identified in the following way under the appropriate outcome in the performance plan: "This element also relates to and supports objectives in the HHS Strategic Plan, specifically [cite the specific objective]."

Each objective 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 and clearly distinguish between Exceptional and Fully Successful performance. Metrics should address significant program outcomes and improvements such as: enhanced quality of services and healthcare, new knowledge and insight from research, increased level of performance, and/or improvements in customer satisfaction. All objectives must be achievable by the end of the rating period. If numeric information on performance will not be available by the end of the rating period, it must be clear how success will be measured. Data sources for all metrics must exist currently, or must be on schedule to be available in time to meet the reporting deadline. For metrics that are expressed as comparisons to past performance (e.g., "increase production by 10%"), baseline data must be available.

These Requirements must be aligned and directly contribute to the Department's goals and priorities established by the HHS Strategic Plan, Annual Plan, approved budget, and/or OPDIV/STAFFDIV goals and objectives.

V. MONITORING PERFORMANCE

Progress Reviews

There should be continuous feedback between the employee and his/her supervisor. At a minimum, one formal, progress review shall be held between the supervisor and the employee, at approximately midpoint in the rating cycle. Ratings are not assigned for progress reviews. A written narrative is not required, unless performance is less than Fully Successful. Along with providing an interim assessment of performance, this provides an opportunity for supervisors to discuss and document evolving priorities or other organizational changes impacting employee work assignments. The supervisor will:

- Discuss and, as appropriate, document areas needing improvement.
- Discuss with the employee and document any changes to performance goals that may be necessitated by such factors as new program requirements, changes in resource levels, etc.
- Consider any guidance provided by the Office of the Assistant Secretary for Administration and Management (ASAM) and/or the OPDIV Head.
- Obtain employee performance feedback from other agency managers and staff, when appropriate. Examples of when obtaining feedback is important include: the employee was part of a workgroup headed by another agency manager or staff lead, or the employee was on a rotational assignment or a detail.
- Provide written documentation if performance on any element is less than Fully

Successful, including specific deficiencies and steps needed to bring performance to Fully Successful including reference to unsuccessful efforts made during the performance period if appropriate. (See Section VII for required action if the employee's performance is determined to be Unacceptable.)

The supervisor and the employee will sign and retain a copy of the progress review.

Employee Assistance for Less than Fully Successful Performance

Assistance will be provided to improve an employee's performance if he/she is rated below the Fully Successful level on any element. Such assistance may include, but is not limited to, formal training, on-the-job training, counseling, mentoring, and closer supervision. Assistance may also be provided to employees with higher ratings who seek help to improve or enhance their performance.

VI. RATING PERFORMANCE AT THE END OF THE APPRAISAL PERIOD

At the conclusion of the appraisal cycle, the OPDIV, in consultation with the ASAM Office of Human Resources (OHR) will issue guidance and timelines for the completion of the annual employee evaluations and the submission of performance award nominations. Appraisal process guidance issued by the OPDIV will be consistent with all instructions, procedures, and requirements set forth in these instructions and will not place quantitative limits on the number of ratings at any given rating level. The OPDIV appraisal process guidance will be communicated to all OPDIV staff.

Between January 1 and February 15 of each year, the rating official will meet with the employee to discuss the rating of record and, if applicable, any needed improvement assistance.

Summary Rating

The rating official provides his/her own assessment of the employee's performance during the rating period under the written performance plan and requirements. The rating official rates each element, unless the employee did not have a reasonable opportunity to perform a particular element for the minimum period (90 calendar days) during the rating period (in which case the element will be marked "Not Applicable").

A written narrative may be prepared, but is not required, for Fully Successful and Exceptional ratings. For rating below Fully Successful, the rating official must prepare a written assessment of an employee's overall performance, in support of the rating of record, including identification of specific performance deficiencies. Page 3 of the form will be used for this purpose. If an employee's performance is Unacceptable, the supervisor must, at a minimum, give written notice to the employee of his or her failure to demonstrate acceptable performance and give the employee an opportunity to demonstrate acceptable performance under a Performance Improvement Plan (PIP). Supervisors will consult with the servicing Human Resources Center or Office for assistance in dealing with unacceptable performance. See Section VII below for further information.

This system does not require a second level review of the rating. However, at the discretion of the OPDIV Head, the rating official may submit the rating to the reviewing

official for concurrence prior to providing the rating to the employee. A second-level review is required if the rating is Unacceptable.

When the appraisal form is presented to the employee, the rating official will conduct a performance discussion. The employee will be asked to sign and date the appraisal form. Signing does not mean that the employee agrees with its content. In those instances where the employee declines to sign the appraisal form upon receipt of the rating of record, the rating official will indicate such in the appropriate section of the form. The employee will be provided with a copy of the complete final summary rating.

Method for Deriving Summary Ratings

Each employee'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 the performance standards that constitute the performance plan. The rating official must also consider guidance provided by the Assistant Secretary for Administration and Management concerning the impact of organizational assessments on individual performance ratings.

The following guidance will be followed in determining an overall summary rating:

A rating will be assigned to each critical element (Administrative Requirements and the individual critical elements under the Individual Performance Outcomes). This rating will be based upon the extent to which the employee's performance met one of the rating level definitions (Exceptional, Fully Successful, Minimally Successful, and Unacceptable).

The rating level definitions will be assigned a numerical score as follows:

Exceptional: 5 points
Fully Successful: 3 points
Minimally Successful: 2 points
Unacceptable: 1 point

After rating and assigning a score to each critical element, the rating official will total the points and divide by the number of critical elements, to arrive at an average score (up to one decimal place). This score will be converted to a summary rating based on the following point values:

Exceptional: 4.4 to 5 points
Fully Successful: 3 to 4.3 points
Minimally Successful: 2 to 2.9 points
Unacceptable: 1 to 1.9 points

Exceptions to the mathematical formula:

If an employee receives Minimally Successful on one or more critical elements, he/she cannot receive a summary rating of higher than Fully Successful, regardless of the average point score.

A summary rating of Unacceptable must be assigned to any employee who is rated Unacceptable on any critical element.

Rating of Record

A summary rating prepared at the end of the appraisal period will become the rating of record. A summary rating may also be prepared prior to the end of the appraisal cycle, e.g., where the employee is reassigned to another position or when the supervisor leaves his/her position. This summary rating will be considered by the rating official in preparing an end-of-the-cycle rating of record. If there are less than 90 days prior to the end of the appraisal cycle, this summary rating will become the rating of record.

Extending the Appraisal Period

The rating period will be extended if the employee has performed for more than 45 days, but less than 90 days, under a plan (i.e., one-half the minimum appraisal cycle) prior to the end of the appraisal cycle. For example, if a performance plan is established for an employee on November 1, there would be more than 45 days left in the appraisal cycle, which ends on December 31. In this case, the appraisal period would be extended until January 31, to allow for a full 90-day period on which to base the appraisal.

The rating period will not be extended if the employee has performed less than 45 days under a plan (i.e., one-half the minimum appraisal cycle) prior to the end of the appraisal cycle. For example, if a performance plan is established for an employee after November 15, there would be less than 45 days prior to the end of the appraisal cycle, December 31. In this case, the employee would not receive a rating for that cycle.

If the employee was issued a summary rating for another position within HHS, or under another supervisor within HHS, earlier in the performance year, that summary rating will become the rating of record if the employee has not worked under a performance plan in the new position for at least 90 days.

See Exhibit 2 of this Guide for additional information on ratings for non-standard situations.

Disagreement with the Rating

Employees are encouraged to discuss disagreements with the supervisor/rating official and the reviewing official (if required by the OPDIV Head) in an attempt to resolve the issue informally. If the employee disagrees with the rating of record, the rating official must advise the employee of his/her right to respond in writing to the rating. This response will be attached to the rating form, but it will not change the rating assigned by the rating official. An employee may also file a grievance through the HHS or OPDIV grievance procedures, as applicable. An employee may pursue EEO complaint procedures, if he/she believes the rating is based on prohibited discrimination.

VII. USING PERFORMANCE RESULTS

Impact of Performance Outcomes and Results

Successful individual employee accomplishments and contributions enable organizations to meet goals, and will be considered when determining and assigning final ratings, conferring recognition and rewards, identifying potential training and developmental needs, and planning future assignments.

Actions Based on Exceptional or Fully Successful Performance

Performance awards are an integral part of the performance appraisal process. As such, they are tied to the rating of record, and submitted and considered for approval only at the conclusion of the rating period. Employees whose summary rating is Exceptional (E) will receive a performance award payment of between 2.5% and 5% of salary, including locality payment or special rate supplement (as of the last day of the rating period- December 31), subject to funds availability within the OPDIV. Employees may request to convert the cash award amount of the performance award into time-off equivalent, not to exceed an aggregate calendar year total of 40 hours time off. Any remaining cash balance will be paid out in cash. Employees receiving an Exceptional rating are also eligible for a Quality Step Increase (QSI). However, employees will not receive both a QSI and a cash award for the same performance.

Employees whose performance is Fully Successful may be eligible for a performance award, at the discretion of the OPDIV, of up to 2% of salary, including locality payment or special rate supplement (as of the last day of the rating period- December 31), subject to funds availability. However, all employees rated Exceptional must be paid “in full” first. Employees may choose to convert the cash award amount of the performance award into time-off equivalent, not to exceed an aggregate calendar year total of 40 hours time off. Any remaining cash balance will be paid out in cash.

Employees who receive Fully Successful ratings are not eligible for a Quality Step Increase, since performance must be rated at the highest rating available (i.e., Exceptional) and exhibit performance at a sustained level which is significantly above the Fully Successful level. Employees who receive Minimally Successful or Unacceptable ratings are not eligible for performance rating-based cash awards or Quality Step Increases.

NOTE: OPDIV's may also exercise existing authorities to provide employee recognition for short-term accomplishments using other award types, including, but not limited to, Special Act/Special Service Awards, and Time-Off Awards, as appropriate.

Actions Based on Minimally Successful Performance

The Minimally Successful level describes performance that is adequate for retention in the position. Supervisors are strongly encouraged to closely monitor an employee who is rated Minimally Successful and to offer any assistance needed to bring the employee's performance to the Fully Successful level. Employees who receive a Minimally Successful rating are not eligible to receive a within-grade increase. Supervisors should consult with the servicing Human Resources Center or Office for assistance in dealing with Minimally Successful performance.

Actions Based on Unacceptable Performance

If performance on any critical element is determined to be Unacceptable at any time during the rating period, the supervisor will provide assistance to help the employee improve performance to an acceptable (Minimally Successful) level. The supervisor must, at a minimum, give written notice to the employee of his or her failure to demonstrate acceptable performance and give the employee an opportunity to demonstrate acceptable performance under a Performance Improvement Plan (PIP). This written notification must include the following:

1. The specific element(s) on which the employee's performance is determined to be Unacceptable, including specific examples of how the employee's performance fails to meet this level of performance;
2. The performance requirement(s) that must be met;
3. The specific assistance that will be provided to help the employee improve performance;
4. The specific period of time the employee will be given to demonstrate acceptable performance; and
5. Notification that actions may be initiated to reassign, reduce in grade, or remove the employee if performance does not improve to the Minimally Successful level.

Supervisors will consult with the servicing Human Resources Center or Office for assistance in dealing with unacceptable performance.

VIII. TRAINING

Every rating official should be trained in the practical application of the Performance Management Appraisal Program in order to assure its effective administration. Training in developing performance plans, conducting progress reviews, assigning ratings and using appraisals as a key factor in making other management decisions will be provided to managers and supervisors. Training will be designed to assure that the performance management process operates effectively. Information sessions will also be held for employees on key aspects of the performance management process. Rating officials are expected to explain the system to subordinate employees in a manner that should enable them to understand the specific aspects of their performance plan and the supervisor's performance expectations.

IX. RECORDKEEPING AND RECORD USES

As part of monitoring performance, supervisors may make notes on significant instances of performance so that the instances will not be forgotten. Such notes are not required by, and will not be under the control of, the Department or any of its OPDIVs. Such notes are not subject to the Privacy 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.

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 employee's Official Personnel File when the employee transfers to a new organization in DHHS or to another agency.

X. MONITORING AND EVALUATING THE PROGRAM

The Performance Management Steering Committee, in conjunction with the ASAM OHR, has responsibility for the ongoing review of the operation of performance management (including performance awards) throughout the Department and for suggestion and implementation of improvements as needed. Each OPDIV has the responsibility for monitoring and evaluating its own performance management process (including performance awards) within the framework of these guidelines and for providing advice to the Steering Committee related to improvements, as needed.

DHHS PERFORMANCE PLAN INSTRUCTIONS

Performance Plan

All elements of the performance plan are critical. Established requirements must support the HHS Strategic Plan.

All employees will be rated on the Administrative Requirements critical element (Part III of the plan). In addition, the supervisor, with input from the employee, will develop and establish specific outcomes in support of Agency strategic initiatives to be included as critical elements in the Individual Performance Outcomes section (Part IV of the plan).

Each objective 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 and clearly distinguish between Exceptional and Fully Successful performance.

The performance plan should be signed and dated by the supervisor and the employee in Part I.A. prior to implementation.

Progress Review

Supervisors will conduct at least one progress review, at approximately the midpoint in the appraisal cycle. The supervisor must provide written documentation if performance on any element is less than Fully Successful. The supervisor and the employee should sign and date Part I.B. after a progress review is conducted. If the employee refuses to sign, the supervisor should annotate the form, "Employee declined to sign. Progress review conducted on [date.]"

Performance Appraisal

The supervisor will assign a rating to each critical element (Administrative Requirements and the individual critical elements under the Program Work Plan). The rating level definitions will be assigned a numerical score as follows:

Exceptional: 5 points
Fully Successful: 3 points
Minimally Successful: 2 point
Unacceptable: 1 point

After rating and assigning a score to each critical element, the rating official will total the points and divide by the number of critical elements, to arrive at an average score (up to one decimal place). This score will be converted to a summary rating based on the following point values:

Exceptional: 4.4 to 5 points
Fully Successful: 3 to 4.3 points
Minimally Successful: 2 to 2.9 points
Unacceptable: 1 to 1.9 points

Exceptions to the mathematical formula:

If an employee receives Minimally Successful on one or more critical elements, he/she cannot receive a summary rating of higher than Fully Successful, regardless of the average point score.

A summary rating of Unacceptable will be assigned to any employee who is rated Unacceptable on any critical element.

If required by the OPDIV Head, the supervisor will submit the rating to the reviewing official for concurrence. The supervisor will conduct a performance discussion with the employee. The supervisor and employee should sign and date Part I.C. The employee will be provided with a copy of the complete final rating of record. If the employee refuses to sign, the supervisor should annotate the form, "Employee declined to sign. Rating discussed and copy provided on [date]."

A copy will be provided to the employee and the original forwarded to the designated individual within the OPDIV.

GUIDE 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 90 days, e.g., employee returning from long-term training.	Establish plan immediately.	If there are more than 45 days left in the appraisal cycle, extend the rating period. If there are less than 45 days, the employee will not receive a rating for that cycle.
Employee moves from one position (A) to another position (B) within 90 days of end of appraisal period.	Establish plan for new position under option (2).	(1) If employee was in position A for at least 90 days, rate employee prior to the position change. This rating will become the final rating of record for the appraisal period; OR (2) If employee was not in position A for at least 90 days, or was not under a plan for 90 days in position A, extend the rating period to allow for 90 days in position B and rate the employee at that time, IF there are more than 45 days left in the appraisal cycle.
Within 90 days of the end of the appraisal period, employee is hired from outside the Government.	Establish plan	If there are more than 45 days left in the appraisal cycle, extend appraisal period until 90 day minimum rating period is reached; then rate employee based on the plan for that period. If less than 45 days, the employee will not receive a rating until the next cycle.
Employee changes positions within HHS during the appraisal period.	Establish plan for new position.	At time of each position change, rate employee, if the plan has been in effect for at least 90 days. The rating of record for the appraisal period must consider all ratings made during the entire appraisal period.
Employee is detailed or temporarily assigned to another position in HHS, 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.	Rate at time of position change if a plan had been in place for at least 90 days. Also rate at end of temporary assignment (or detail) if it lasted at least 90 days. Consider all ratings made during the appraisal period in preparing the annual summary rating.
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 90 days.	Make reasonable effort to see that a plan is given the employee while in the outside entity.	Rate at time of position change if a plan had been in effect for at least 90 days. Also, the rating official will make a reasonable effort to obtain performance information from that outside assignment, especially if employee was not on a HHS plan for at least 90 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 HHS rating official will consider all ratings made during the appraisal period in preparing the rating of record.
Before the end of the appraisal period, employee goes on long-term training and does not return by the end of the appraisal period.	N/A.	Rate at time employee goes on training based on established plan if it had been in effect for at least 90 days.
Employee transfers from HHS to a new agency after serving under a plan for at least 90 days.	N/A.	Rate employee and submit rating as required by OPDIV.

NOTE: Whenever a supervisor leaves his/her position, he/she shall provide a written assessment about his/her employees' performance, up to the time of the departure, so that the gaining supervisor will have information to consider when preparing a final rating at the end of the annual rating period, and so that the employee will be properly credited for work accomplished during the entire rating period while under the same performance plan.