

HHS Transmittal 86.21  
Personnel Manual  
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Material transmitted

Instruction 430-4, Employee Performance Management System:  
Performance Appraisal (pages 1-25)

Exhibit 430-4-A, Employees Excluded from the Requirements of this  
instruction (page A-1)

Exhibit 430-4-B, Delegation of Authorities for Performance Appraisal  
Provisions Under the Employee Performance Management System (EPMS)  
(pages B-1 and B-2 )

Exhibit 430-4-C, Summary Ratings and Ratings of Record (pages C-1 and  
C-2)

Exhibit 430-4-D, Office of Personnel Management Letter of Approval of  
Department's Performance Management System Plans (page D-1)

Material superseded

Instruction 430-4, Department Employee Performance Management System  
(page 1-13: 81.4, 82.7, and 85.15)

Exhibit 430-4-A, Employees Excluded from the Requirements of this  
Instruction (page 1: 81.4)

Exhibit 430-4-B, Department Employee Performance Management System:  
Performance Appraisal Summary Data (pages 1-3: 81.4)

Exhibit 430-4-C, Delegation of Authority to Take Certain Actions to  
Manage Employee Performance (pages 1-2: 81.8)

Exhibit 430-4-D, Letter from the Office of Personnel Management dated  
March 31, 1981 (pages 1-2: 85.15)

Background

Instruction 430-4 publishes Department policies and procedures on the  
planning, reviewing, and appraising of the performance of all  
employees except Senior Executive Service, PMRS personnel, and other  
designated exclusions. The policies and procedures are a result of  
new regulations published March 11, 1986 at pages 8396-8425 of the  
Federal Register and represent extensive changes from the Instruction  
to be superseded.

This Instruction is effective January 1, 1987 if the calendar year  
appraisal cycle is used, or October 1, 1987 if the fiscal year  
appraisal cycle is used. However, changes in conditions of  
employment for bargaining unit employees must be implemented  
consistent with 5 U.S.C. Chapter 71 and provisions of negotiated  
agreements.

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Filing instructions

File new materials. Change Table of Contents (Instruction 002-1) for the Personnel Manual to reflect change. Post receipt of this transmittal to the HHS Check List of Transmittals and file this transmittal in sequential order after the checklist.

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Thomas S. McFee  
Assistant Secretary for  
Personnel Administration

Personnel Manual

HHS Transmittal 86.21 (12/2/86)

Subject: EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM: PERFORMANCE APPRAISAL

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Exhibit 430-4-A Employees Excluded from the Requirements of this Instruction

Exhibit 430-4-B Delegation of Authorities for Performance Appraisal Provisions Under the Employee Performance Management System

Exhibit 430-4-C Summary Ratings and Ratings of Record

Exhibit 430-4-D Office of Personnel Management Letter of Approval of Department's Performance Management System Plans

#### 470-4-00 PURPOSE AND AUTHORITY

- A. This Instruction states the policies, requirements, and recommendations that govern performance appraisal for employees under the Employee Performance Management System (EPMS). This Instruction incorporates by reference the statutory authorities and the regulations established by the Office of Personnel Management (OPM). This Instruction is also part of the Department's Performance Management System Plans approved by OPM.
  
- B. The purpose of performance appraisal of EPMS employees in the Department is:

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Responsible office: Division of Pay and Performance Programs, Office of the Assistant Secretary for Personnel Administration, HHS (FTS 475-0087)

1. To improve individual and organizational effectiveness through the integration of the performance planning, review, and appraisal process with basic management functions; and,
2. To be used to execute basic management and supervisory responsibilities, to communicate goals and objectives, to identify individual accountability, to evaluate and improve individual and organizational accomplishments, and to base personnel actions on appraisal results.

#### 430-4-10 COVERAGE

This Instruction covers all General Schedule and prevailing rate employees in the competitive and excepted services within the Department except those in the following categories:

- A. The Senior Executive Service, and GS-16-18 and equivalents;
- B. Supervisors and management officials, GM-13 through 15, who are covered by the Performance Management and Precognition System;
- C. Employees excluded under 5 U.S.C. 4301 ; and
- D. Certain other employees (see Exhibit 430-4-A).

#### 430-4-20 REFERENCES

- A. U.S. Code, Chapter 43 (performance appraisal)
- B. CFR Parts 293, 430 [Sections 101, 201(a), and 501], 451 (Section 101) and 531 (Sections 401 and 501) and corresponding HHS Instructions

#### 430-4-30 DEFINITIONS

- A. "Appraisal" means the act or process of reviewing and evaluating the performance of an employee against the described performance standard(s).
- B. "Appraisal period" means the period of time established by an appraisal system for which an employee's performance will be reviewed.
- C. "Appraisal system" means a performance appraisal system established by an agency or component of an agency under subchapter I of chapter 43 of title 5, U.S.C., and 5 CFR, Subpart 430.201, which provides for identification of critical and noncritical elements, establishment of

performance standards, communication of elements and standards to employees, establishment of methods and procedures to appraise performance against established standards, and appropriate use of appraisal information in making personnel decisions.

- D. "Appraisal year" means the annual appraisal cycle, October 1 to September 30 or a calendar year cycle if approved by ASPER (see 430-4-50A).
- E. "Appraising official" means the supervising official who is ordinarily the employee's immediate supervisor and does the initial rating of the employee's performance.
- F. "Critical element" means a component of a position that consists of one or more duties and responsibilities that contribute toward accomplishing organizational goals and objectives and is of such importance that unacceptable performance on the element would result in unacceptable performance in the position.
- G. "Manner of Performance" means the way an employee behaves or acts on the job in order to produce results and is one of the two basic parts of performance (the results are the other part). While not as important as results, manner of performance is important enough to be represented in a performance plan and rating. For instance, an employee might have produced a good report (result) but forgot to coordinate its release with another office. Standards (see definition of "Performance Standards") for appraising manner of performance describe behaviors or actions involving work relationships, like the example just mentioned, personal or technical work habits (e.g., actions which reflect initiative or resourcefulness), and any other job element or part of it in which manner of performance needs to be included.
- H. "Non-critical element" means a component of an employee's position that does not meet the definition of a critical element but is of sufficient importance to warrant written appraisal.
- I. "Performance" means an employee's accomplishment of assigned work as specified in the critical and non-critical elements of the employee's position. The Department also views performance as having two parts, manner (see 430-4-G) and results (see 430-4-Q).
- J. "Performance Appraisal System" (see Appraisal System! .
- K. "Performance Management Plan" means the description of the Department's methods that integrate performance, pay, and awards systems

with its basic management functions for the purpose of improving individual and organizational effectiveness in the accomplishment of agency mission and goals.

- L. "Performance plan" means the aggregation of all of an employee's written critical and non-critical elements and performance standard(s).
- M. "Performance standard" means a statement of the expectations or requirements established by management for a critical or non-critical element at a particular rating level. A performance standard may include, but is not limited to, factors such as quality, quantity, timeliness, and manner of performance.
- N. "Progress review" means a review of the employee's progress toward achieving the performance standards and is not itself a rating.
- O. "Rating" see Summary Rating.
- P. "Rating of record" means the summary rating required at the time specified in this Instruction or at such other times as it specifies for special circumstances. There is ordinarily only one rating of record in an appraisal year (see Exhibit 430-4-C for an exception), and it is usually required at the end of the appraisal year (see 430-4-80B.2 for an exception). A rating of record will ordinarily reflect as many summary ratings as were made during the appraisal year (see 430-4-90A for exceptions).
- Q. "Result" means any output produced by the employee and is the more important of the two basic parts of performance (manner of performance is the other part). An example of a result would be a written report. Standards (see definition of "performance Standard") for appraising results usually include indicators of quality, quantity and timeliness. For example, an indicator of quality of a report would be its degree of technical perfection.
- R. "Reviewing Official" means an official with review and approval authority at a level higher in the organization than that of the appraising official. Reviewing officials are ordinarily two supervisory levels above the employee. (For approval of ratings of record that are the basis for proposing a performance award, the official with final approval authority must be the official responsible for managing the performance awards budget.)
- S. "Summary Rating" means the written record of the appraisal of each critical and non-critical element and the assignment of a summary rating level. Not all summary ratings are ratings of record, but all ratings of record are summary ratings.

430-4-40 BASIC RESPONSIBILITIES

- A. The Assistant Secretary for Personnel Administration shall:
  - 1. Establish requirements for appraisal systems developed within the Department for EPMS employees;
  - 2. Delegate authority to establish and implement appraisal systems (See delegation in Exhibit 430-4-B);
  - 3. Consult with national unions which have consultation rights, as appropriate.
  - 4. Review, approve, and submit to OPM for approval any proposed exceptions to the required provisions in this Instruction;
  - 5. Provide guidance and advice; and
  - 6. Monitor and evaluate the effectiveness of the appraisal systems.
  
- B. Heads of OPDIVs, including the Assistant Secretary for Management Budget for the Office of the Secretary, shall:
  - 1. Determine the specific appraisal system configuration to be used within their organizations; obtain ASPER approval of any proposed exceptions to the Department's requirements; and, through ASPER, obtain OPM approval of such exceptions;
  - 2. Establish procedures to implement and administer the systems, assuring that performance plans, progress reviews, summary ratings, performance-related actions, such as awards are done on time; that required records are maintained; and that the systems are administered equitably;
  - 3. Provide orientation and training for supervisors and employees in the purpose and procedures of the systems;
  - 4. Integrate the performance appraisal system into an overall performance management system and other management systems in the organization;
  - 5. Assure that Administration, Department, and organizational goals and objectives are reflected in appropriate performance plans;

6. Provide positive, timely reinforcement to those managers and supervisors who are effective in managing employees' performance, who deal effectively with employees who meet and exceed performance standards, and who take action with those who do not;
  7. Deal appropriately with managers and supervisors who are not effective in managing their employee's performance.
  8. Fulfill any bargaining obligations with exclusively recognized unions.
  9. Monitor and evaluate the appraisal systems as they are administered, taking appropriate action to insure changes where needed and securing approval where required for the changes; and
  10. Provide copies of systems and related guidance to all Regional Personnel Offices (RPOs), which service employees covered by the systems.
- C. Servicing Personnel Officers shall:
1. Provide training as requested and needed;
  2. Establish procedures to assure that managers and supervisors complete EPMS performance plans, progress reviews, and summary ratings when they are due;
  3. Maintain files of all required performance documents in accordance with HHS Instruction 293-3 and enter all necessary data into the Department's personnel/payroll system;
  4. Transfer all performance documents for transferring, or separating employees; and
  5. Actively support managers and supervisors by providing guidance and assistance as necessary or as requested.
- D. Appraising officials shall:
1. Prepare performance plans for employees, encouraging their participation in the process as appropriate;
  2. Secure the approval of employee performance plans from approving officials;



3. Provide performance plans for employees on internal details and temporary promotions and, when feasible, for external details and assignments;
  4. Monitor performance to clarify expectations, identify progress and problems, conduct and document progress review(s), modify performance plans when warranted, secure approval of modifications when required, and maintain whatever records are necessary;
  5. Whenever performance ratings are required, rate employee's performance in comparison to their performance plans;
  6. For ratings of record, take into consideration any earlier ratings during the appraisal period;
  7. Secure approval of ratings of record where required;
  8. Communicate approved ratings of record and any other ratings during the appraisal period to employees and furnish them with signed copies;
  9. Take appropriate action with subordinates whose performance is Fully Successful or better (e.g., recommending performance awards or other forms of recognition);
  10. Take appropriate action with subordinates whose performance is less than Fully Successful including assisting them in improving their performance and providing them with a reasonable opportunity to demonstrate Fully Successful performance; and
  11. Maintain records and submit relevant forms and other material as required.
- E. Reviewing officials shall:
1. Review and approve employee performance plans;
  2. Review and approve changes in elements or standards where required;
  3. Review and approve ratings of record, documenting any changes; and
  4. Secure approval of ratings of record and award determinations from the official who manages the performance awards budget.

- F. Employees shall:
1. As required, participate in the development of their performance plans;
  2. Perform against expectations in their performance plans to the best of their abilities;
  3. Advise their supervisors of changes in circumstances or conditions that may affect performance; and
  4. Review their own performance in preparation for meetings with supervisors to discuss progress and document performance.

430-4-50 APPRAISAL YEAR AND APPRAISAL PERIOD

- A. The appraisal year is based on the fiscal year - October 1 to September 30. OPDIVs may request approval from ASPER for a calendar year cycle. There can be one or more appraisal periods during the appraisal year, but the minimum appraisal period shall never be less than 120 days unless a rating is transferred from an outside agency that has a minimum period of a different length under a Plan that was approved by OPM.
- B. The time period covered by any particular summary rating begins when the employee is given the written, final performance plan.
- C. Ratings of record will normally be prepared as soon as practical after the end of the appraisal year except in special circumstances (see 430-4-80B.2 and Exhibit 430-4-C, page 1, item 1). Summary ratings that are not ratings of record will be prepared as soon as practical following the end of their appraisal periods.

430-4-60 PLANNING PERFORMANCE AND COMMUNICATING PERFORMANCE EXPECTATIONS

- A. The Planning Process
1. Preferably at the beginning of the appraisal period, but normally no later than 30 days afterwards, written, final performance plans will be given to all employees.
  2. Key activities usually carried out in the development of performance plans include (but need not be limited to): reviewing the employee's official duties and responsibilities and the tasks needed to carry them out, reviewing organizational goals and objectives, and reviewing the employee's current accomplishments and immediate goals for the future.

3. While final authority for establishing performance plans rests with the appraising officials, there should be joint participation of the employee and the appraising official in developing the plan. How an employee participates in the process may vary including, but not limited to, the following variations:
  - a. Employee and supervisor discuss and develop the plan together;
  - b. Employee provides to supervisor a draft plan;
  - c. Employee comments on draft plan prepared by supervisor; or
  - d. Plan is drafted by a group of employees occupying similar positions, with supervisor's approval.
4. Before a plan can become final, it must be reviewed and approved by an official (i.e., the reviewing official) at a higher level in the organization than the appraising official except for the situation listed in 430-4-80A.11a. (NOTE: The "organization" means here SSA, HCFA, FSA, each health agency in PHS and each Staff Division in OS). Following the review, including the making of any adjustments, the reviewing official should explain any changes and must sign, date, and return the plan to the appraising official. The appraising official, in turn, must sign and date the plan and give a copy to the employee. Also, the appraising official should explain any changes made by the reviewing official and retain a copy.
5. The employee should sign and date the final plan upon receiving it, which signifies only that the employee has received a copy of it. If the employee declines to sign, the appraising official must note this in the plan and the date the employee was given a copy.

#### B. Performance Plans in Non-Standard Situations

1. For permanent position changes during the appraisal year, a performance plan must be developed for each position occupied if days or more remain in the appraisal year, including extended appraisal years when required (see 430-4-8CB.2). If less than 120 days remain and extension is precluded, the development of a plan is optional, although encouraged. The intent here is for employees to know what is expected of them even when a summary rating is precluded.

(430-4-60B continued)

2. For details, temporary promotions, and IPA assignments expected to last 120 days or longer and to end on or before the appraisal year:
  - a. If the assignment is within the Department, a separate performance plan covering the assignment must be developed and given to the employee as soon as possible, but no later than calendar days after the beginning of the assignment (whenever possible, performance plans should be put into effect on the effective date of the assignment in order to allow for no less than the minimum appraisal period of 120 days) .
  - b. If the assignment is outside the Department, the supervisor of record must make a reasonable effort to see that the employee is given a separate performance plan.
  - c. The performance plan for the position of record must either be closed or kept open depending on when the employee returns and whether the plan remains applicable. Closing a plan means either preparing a summary rating based on the plan if the minimum appraisal period was met or inactivating the plan if a summary rating based on it is not possible. Keeping a plan open means allowing for the employee to resume performance under it until a summary rating is due (assuming the plan remains applicable).
3. For details, temporary promotions, and IPA assignments expected. to last 120 days or longer and the first 120 days to overlap two appraisal years:
  - a. A separate performance plan overlapping the two years must be developed and given to the employee (or a reasonable effort to see that it happens must be made by the supervisor of record if the assignment is outside the Department).
  - b. The performance plan for the position of record must be closed (assuming the assignment does overlap the appraisal years).
4. For details, temporary promotions, and IPA assignments expected to last less than 120 days.
  - a. A separate performance plan covering the assignment is optional unless the employee cannot be rated based on a performance plan within the Department for the appraisal year in which the assignment started but is expected to serve the minimum appraisal period in an outside agency for which the

(430-4-60B.4a continued)

period is less than 120 days. If this situation occurs, the supervisor of record must make a reasonable effort to see that a separate plan is developed and given to the employee.

- b. The performance plan for the position of record must either be closed or kept open depending on when the employee returns and whether the plan remains applicable.
5. All performance plans developed within the Department for the non-standard situations described above and any others must also meet the requirements of 430-4-60A and 430-4-60C.

### C. Content of Performance Plans

1. Employee performance plans must contain one or more critical elements that meet the definition given in 430-4-30F. Critical elements must be based on the requirements of the employee's position and need to reflect appropriate organizational objectives toward which the employee can be expected to contribute results.
2. Employee performance plans may also contain one or more non-critical job elements that meet the definition given in 430-4-30H (if just one critical element is used, one or more non-critical elements must be included). Non-critical elements must also be based on the requirements of the employee's position.
3. More weight must be given both individually and collectively to critical elements than to non-critical elements in deriving the summary rating. For example, a plan with four critical elements, each with a weight of 15 (for a total of 60), and with four non-critical elements, each with a weight of 10 (for a total of 40), would meet this requirement.
4. It is Department policy not to mandate Departmentwide inclusion of particular job elements in each and every employee's performance plan because job responsibilities and circumstances vary among positions.
5. There must be five different levels for rating performance on each job element. Intermediate levels or fractional values (e.g., 4.5) must not be used. The names of the levels and their definitions are these:
  - a. Outstanding: Outstanding performance is the highest level of performance. If this level of performance occurs, its very nature makes it stand out above performance that should be rated Excellent. For performance to be rated Outstanding on a critical element, the performance must be of a rare

(430-4-60C.5a continued)

nature. Performance on a critical element should not be rated Outstanding solely on the basis of quantity or timeliness criteria.

- b. Excellent: Performance rated Excellent is one level above performance rated Fully Successful. Excellent performance is distinctive, although it does not stand out like performance at the highest level. Performance rated Excellent clearly exceeded one or more of the requirements in the Fully Successful standard and fully met the remaining ones.
  - c. Fully Successful: The Fully Successful level is the level of performance needed to accomplish the job element completely by fully meeting all of the requirements specified in the Fully Successful standard. Fully Successful performance is essential and important to the Department because organizational goals and objectives cannot be attained efficiently and effectively unless the job elements in employee performance plans are fully met.
  - d. Marginally Successful: Performance rated Marginally Successful is one level below performance rated Fully Successful. Marginally Successful performance means the requirements in the Fully Successful standard were only partially met or were met fully only through unusually close supervision and assistance required because of deficiencies in the employee's performance.
  - e. Unacceptable: Unacceptable performance is the lowest level of performance. Performance is rated Unacceptable when it did not meet the requirements in the Fully Successful standard even in a marginally successful way.
6. The names and definitions above must be used Departmentwide and must be made available to employees.
  7. A performance standard based on requirements of the employee's position must be written at the Fully Successful level for rating performance on each job element in the plan. To the maximum extent feasible, this standard must be:
    - a. Objective, i.e., free from personal feelings or opinions that might bias the rating of actual performance;
    - b. Explicit, i.e., clearly written and free of ambiguities;

- c. Observable or measurable, i.e., specifies discernible conditions, characteristics, and the like that allow for differentiating between levels of performance; and
  - d. Attainable, i.e., barring unexpected circumstances beyond the employee's control, the expectations will most likely be met because they are commensurate with the level of the employee's job responsibility and with what would-be typically expected of employees occupying similar positions. Thus this standard must be neither too easy nor too difficult but instead state what is normally expected in order for the job element to be fully met.
- 8. The Fully Successful standard for each critical element must refer to a requirement for some result. The quality of the result needed (see 430-4-30Q) must be specified in at least one critical element.
  - 9. Manner of performance (see 430-4-30G) must be included in the Fully-Successful standard for one or more critical or non-critical elements.
  - 10. The provision of performance standards at the other levels, particularly just above and below the Fully Successful level, is encouraged but not required. However, if an employee's performance is determined to be Unacceptable on one or more critical elements, a performance standard at the Marginally Successful level must be written and given to the employee at the beginning of the opportunity period (see 430-4-90A.2).

#### 430-4-70 CONDUCTING PROGRESS REVIEWS AND UPDATING PERFORMANCE PLANS

- A. A formal progress review must be held with the employee at least once about mid-way through the period covered by the employee's performance plan. The formal progress review, which should normally include a face to face meeting, must:
  - 1. Provide for and document an assessment of progress in performance relative to the job elements and performance standards in the performance plan, any problems encountered or anticipated, and any corrective actions taken or warranted; and
  - 2. Provide for and document any changes in the performance plan due to changes in work assignments or to unanticipated changes in the work situation, including those beyond the control of the subordinate.

- B. Both supervisor and subordinate must sign and date a copy of the progress review. If the employee declines to sign and date it, the supervisor must note this on the progress review and indicate the employee was given a copy.
  
- C. Updating Performance Plans
  - 1. Performance plans may be changed as warranted during the appraisal period. Any additions or modifications to the original job elements or performance standards made in the plan must be initialed and dated by the supervisor and also by the employee, and a copy must be given to the employee.
  
  - 2. Anytime during the appraisal period a substantive change like adding new elements and standards is made, the change must be approved (initialed and dated) by the reviewing official except for the situation listed in 430-4-80A.11a. Any changes made during the last 120 days of the appraisal period must be approved (initialed and dated) by the reviewing official except for the situation listed in 430-4-80A.11a.
  
  - 3. If a plan is revised to include new elements and standards, they become effective at the time they are given to the employee. The employee must not be rated on an "entirely new element that has been in effect less than 120 days or on an element that has been deleted before being in effect for 120 days.

#### 430-4-80 RATING PERFORMANCE

- A. The Rating Process
  - 1. Before rating an employee's performance, the supervisor should assemble and review, wherever possible, documentation on the employee's performance for the period. In this process, the supervisor should determine from the employee if there is any additional relevant information that should be considered.
  
  - 2. The supervisor must rate the employee's performance on each job element in the employee's official performance plan on which the employee has had a chance to perform. The rating must be done by comparing the employee's performance to the written standard for the element. The absence of a written standard at a given level, however, shall not preclude the assignment of a rating at that level.



(430-4-80A continued)

3. If the performance is determined to be Fully Successful or one level above it ("Excellent"), the supervisor must indicate that rating level on the form but is not required to describe the actual performance.
4. If the performance is determined to be at any one of the other levels, the supervisor must both indicate the rating level and describe in sufficient detail on the form the actual performance to show how it compares to the relevant standard. If performance accomplishments are documented elsewhere (e.g. in production reports), only the source document need be cited.
5. Five summary rating levels must be used Departmentwide:
  - 5 - Outstanding
  - 4 - Excellent
  - 3 - Fully Successful
  - 2 - Marginally Successful
  - 1 - Unacceptable
6. Summary ratings may be derived through scoring or through using operational definitions. Either procedure must conform to the following requirements:
  - a. The procedure must not require an employee to be rated Outstanding on all elements in order to be given a summary rating of Outstanding.
  - b. A summary rating of Marginally Successful must be applied to any employee who is rated Marginally Successful on one or more critical elements regardless of performance on the other elements.
  - c. A summary rating of Unacceptable must be applied to any employee who is rated Unacceptable on one or more critical elements regardless of performance on the other elements.
  - d. The procedure must ensure that more weight is given individually and collectively to critical elements than to non-critical elements.
7. A scoring procedure is preferred and encouraged because its use of elements weights is helpful in developing and carrying out the performance plan and because no interpretation is required to produce the score.

(430-4-80A continued)

8. If scoring is used, the procedure must be the same for all EPMS employees in an OPDIV or health agency. Additionally, the individual job elements must be given weights as part of the approved performance plan, the weights must be used as multipliers of the performance rating levels for the elements, and the products must be summed to give a summary rating score. Each summary score must then be put into one of the five summary rating levels with each level of scores representing a higher level of summary performance than levels of scores below it.
9. If scoring is not used, the following operational definitions based on the critical elements must be used Departmentwide:

Outstanding: Rated Outstanding on all but one critical element and no less than Excellent on the remaining one. If just one critical element is used, must be rated Outstanding on that element.

Excellent: Rated no less than Excellent on all critical elements.

Fully Successful: Rated no less than Fully Successful on all critical elements.

Marginally Successful: Rated Marginally Successful on one or more critical elements regardless of ratings on any other elements.

Unacceptable: Rated Unacceptable on one or more critical elements regardless of ratings on any other elements.

If there are non-critical elements, ratings on them must also be considered in deriving a summary rating. It is suggested that an initial rating be derived based just on the critical elements. Then, the initial rating should be adjusted, if appropriate, based on the non-critical element ratings.

In arriving at the summary rating based on both critical and non-critical elements, the appraising official must ensure that the summary rating conforms to the definitions immediately above and to the requirements in 430-4-80A.6.

10. There must be no management action, such as prescribing a fixed distribution of ratings, which prevents a fair rating of performance in relation to the performance standards. However,

(430-4-80A. 10 continued)

there must be procedures established, such as reviews of standards and ratings for difficulty and strictness of application, to ensure that only those employees whose performance exceeds normal expectations are rated at levels above Fully Successful.

11. With the exception listed in subsection a below, ratings of record and performance-based personnel actions shall be reviewed and approved by an official (i.e., the reviewing official) at a higher level in the organization than the appraising official. Ratings of record must be issued in writing and given to employees as soon as practicable after the end of the appraisal year but may not be communicated to employees prior to approval by the final reviewer. This does not preclude communication about appraisal of performance between a supervisor and an employee prior to the determination of the rating of record. With the exceptions listed in subsections b and c below, ratings of record must also be approved by the official with the responsibility for managing the performance awards budget.
  - a. Situations in which the official immediately above the appraising official is outside the health agency, the OPDIV, or the Staff Division in OS;
  - b. Situations in which the rating of record is prepared only for WIGI determination; or
  - c. Situations in which awards are not proposed based on the rating of record.
12. Any summary rating made for an appraisal period during the appraisal year must also be issued in writing, signed at least by the appraising official, and given to employees as soon as practical. Higher level review of a summary rating is not required if that rating is not the rating of record.
13. Employees who wish to comment on their summary ratings may record their comments on the form itself or as an attachment to it.
14. Employees who disagree with their ratings of record and wish to file a grievance may do so in accordance with HHS Personnel Instruction 771-3 or an applicable negotiated grievance procedure. Summary ratings that are not ratings of record are also grievable.

B. Summary Ratings in Certain Circumstances (see also Chart 1 in Exhibit 430-4-C)

1. An employee is considered to be rateable during an appraisal year if he or she has performed under at least one EPMS or PMRS performance plan covering 120 days or more during that year.
2. If an employee would otherwise be unrateable for an appraisal year, the year must be extended until 120 days are reached, and a rating of record must be prepared at the end of the extended year. The year must not be extended if any rating was made earlier in the year for another EPMS or PMRS position.
3. If an employee permanently changes positions during the appraisal year and has performed under a performance plan for at least 120 days in the previous position, the employee's performance in that position must be rated. This summary rating and any other summary ratings given throughout the appraisal year must also be taken into consideration in deriving the rating of record for the appraisal year (lack of any rating, however, will not invalidate the rating of record based on the other rating[s]).
4. If an employee is detailed or temporarily promoted to another position within the Department and is issued a written approved plan of elements and standards covering 120 days or longer in that position, the employee's performance on the critical elements (and non-critical elements if in the plan) established for that position must be rated and a summary rating prepared. This summary rating along with any other applicable summary ratings, if one can be prepared for the position of record) must be considered in deriving the employee's next rating of record.
5. If an employee, after having served 120 days or longer under a performance plan in the Department, goes on a detail or IPA assignment outside the Department, the employee must be given a summary rating for the position of record when the summary rating is due. Also, a reasonable effort must be made to obtain appraisal information from the outside agency based on the separate performance plan if applicable for the assignment. If the information is obtained, a summary rating must be prepared by the supervisor of record and must be considered in deriving the employee's next rating of record.
6. If an employee has not served under a performance plan in the Department for 120 days or longer in the appraisal year before going on an outside detail or IPA but has served for the minimum appraisal period of and in the outside agency, the supervisor of record must make a reasonable effort to prepare a summary rating

based on the separate performance plan for the assignment and appraisal information obtained from the outside agency. If prepared, the summary rating must be considered in deriving the employee's next rating of record.

7. When details, temporary promotions, and IPA assignments meeting or exceeding the minimum appraisal period overlap two appraisal years, the appraisal year to which the summary rating for the assignment applies depends on whether the employee would otherwise be unrateable for the appraisal year in which the assignment started:
  - a. If unrateable, the summary rating becomes the rating of record for the first appraisal year extended.
  - b. If rateable, the summary rating applies to the second appraisal year.
8. When an employee moves to a different organization in the Department or to a federal agency outside the Department at any time during the Department's appraisal year, the current performance ratings of record must be transferred as required in 5 CFR Part 293, including the summary rating that must be made at the time of the position change if the performance plan was in effect for at least 120 days. For moves within the Department, this last summary rating must be taken into consideration when preparing the rating of record for that appraisal year.
9. When an employee moves into the Department from a federal agency outside the Department at any time during the Department's appraisal year, the summary rating prepared at the time of the transfer and forwarded by the outside agency must be taken into consideration when preparing the rating of record for that appraisal year.
10. If there is a new supervisor while the employee remains in the same position, the leaving supervisor should provide, in writing, information about the employee's performance up to the time of the change so that the information can be considered in preparing a summary rating when it is due.
11. The method used for deriving the rating of record from multiple summary ratings must be documented on the rating of record. Only EPMS or PMRS summary ratings are to be considered in deriving the EPMS rating of record for the employee.

12. The performance appraisal and resulting rating of a disabled veteran may not be lowered because the veteran has been absent from work to seek medical treatment as provided in Executive Order 5396.

#### 430-4-90 USING PERFORMANCE RATINGS

##### A. Actions Based on Less-Than-Fully Successful Performance

1. An employee given a summary rating below Fully Successful must be provided assistance in an effort to raise the performance to the Fully Successful level. Such assistance may include but is not limited to: formal training, on-the-job training, counseling, and closer supervision. Supervisors are encouraged not to delay giving assistance until the rating is made.
2. Except with respect to employees occupying positions in Schedule C as authorized by 5 CFR Section 213.3301, the following requirements must be followed if an employee's performance is determined to be Unacceptable any time during or at the end of the appraisal year:
  - a. The employee must be given written notice that states:
    - (1) His or her performance is at the Unacceptable level
    - (2) The critical element(s) on which the employee's performance is Unacceptable
    - (3) How the employee's performance is Unacceptable
    - (4) The performance standard(s) that must be reached in order to be retained (i.e., the Marginally Successful level)
    - (5) The specific assistance or at least a summary of the specific assistance (e.g., formal training, on-the-job training, counseling, and closer supervision, or a combination of the foregoing) that will be given to help the employee improve his or her performance (It is recommended that this written plan of assistance be made part of the written notification. However, it may be given to the employee separately)
    - (6) A specific period of time (it is preferable to state dates) in which the employee must perform at least at the Marginally Successful level on the critical element(s) for which the employee's performance was Unacceptable.

(The period of time must be sufficient to provide the employee with a reasonable opportunity to demonstrate acceptable performance)

(7) That if at the conclusion of the opportunity period the employee's performance is at the Marginally Successful level but not at the Fully Successful level on the critical element(s) identified above in section 2a.(2), the employee may be reassigned

(8) That if at the conclusion of the opportunity period the employee's performance is still Unacceptable on the critical element(s) identified above in section 2a.(2), action must be initiated to reassign, reduce in grade, or remove the employee

- b. The written notice required above in section 2a must not be in the form of a summary rating unless the determination is made at the end of the appraisal year.
  - c. The assistance and opportunity period specified in the written notice required above in section 2a must be provided to the employee.
  - d. If at the conclusion of the opportunity period the employee's performance is at least at the Marginally Successful level on the critical element(s) identified above in section 2a.(2), the improved performance must be considered in preparing the rating of record for the appraisal year.
  - e. If at the conclusion of the opportunity period the employee's performance is still Unacceptable on the critical element(s) identified above in section 2a.(2), the employee must be notified in writing (but not in the form of a summary rating, unless the end of the opportunity period coincides with the end of the appraisal year) that his or her performance is Unacceptable; and reassignment, reduction in grade, or removal action must be initiated in accordance with 5 U.S.C. 4303 and HHS Instruction 432-1 or 752-1 as may be appropriate.
3. If the opportunity period ends when the appraisal year ends, the employee must be given a rating of record according to the following requirements:
- a. If the performance is determined to be Unacceptable, the rating of record must be Unacceptable regardless of any summary ratings earlier in the appraisal year.





(430-4-90B.2c continued)

issuance of a specific RIF notice, must be taken into account in determining the employee's retention standing.

#### 470-4-100 ORIENTATION AND TRAINING

- A. Every supervisor must be trained in the practical application of the Employee Performance Management System in order to assure its effective administration. Training will address the provisions covering performance appraisal, performance awards, superior accomplishment awards, within-grade increases, and quality step increases. In turn, supervisors are expected to explain the system to subordinate employees in a manner that should enable them to understand the system.

#### 430-4-110 FORMS AND RECORDKEEPING

- A. Each OPDIV must design and use its own form(s) for employee performance plans, progress reviews, and appraisals- At a minimum, forms must contain identifiable space for:
1. Documenting job elements, including designation of them as critical or noncritical;
  2. Documenting elements' numerical weights (if used);
  3. Documenting performance standards and their element rating levels;
  4. Documenting one or more progress reviews;
  5. Documenting individual element ratings;
  6. Documenting the summary rating level;
  7. Documenting any employee comments (see 430-4-80A.13);
  8. Documenting whether the summary rating is the rating of record, whether the rating of record is based on two or more summary ratings, and what those ratings were, along with the method used to derive the rating of record from the multiple summary ratings; and
  9. All appropriate signatures and dates.
- B. Forms must also state that at least a Fully Successful summary rating is required for an acceptable level of competence determination for granting a within-grade increase.

- C. Forms should not be larger than 8 1/2 "X 11" for filing convenience.
- D. As a part of monitoring performance, supervisors may make notes on significant instances of performance so that they will not be forgotten. Such notes will not be required by or be 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, in describing on the rating form actual performance, bases the description in part or in full on specific information from such notes, then that information will be recorded on or attached to the rating form. Information on or attached to the form will be subject to the Privacy Act.
- E. The maintenance, accessibility, transfer, or disposal of official, performance-related documents will be in accordance with Office of Personnel Management regulations and Department Instructions in the and 297 chapters of the HHS Personnel Manual.

#### 430-4-120 EVALUATION

- A. The Assistant Secretary for Personnel Administration (ASPER) has responsibility for the ongoing review of the operation of EPMS (including performance awards, within-grade increases, and quality step increases) throughout the Department and to implement improvements as needed. Each OPDIV also has a responsibility for monitoring and evaluating its own operation of EPMS (including performance awards, within-grade increases, and quality step increases), within the framework of the Department requirements and implementing instructions, and to implement improvements as needed.

Each year the ASPER schedules and conducts an assessment of personnel programs and their operation, including the area of performance management. A variety of assessment procedures are used. They include employee/supervisory questionnaires, statistical indicators, on-site assessments, special studies, and self assessments. A department guide, "Guide for Reviewing Performance Management Program Operation," is followed in monitoring conformance to statutory, regulatory, and policy requirements.

The agencies annually submit data generated by the performance management cycle through the Departmentwide personnel system. The data are then analyzed and compiled into reports. EPMS reports will include information such as rating distributions, performance award distributions, and expenditures.

The Assistant Secretary for Personnel Administration must approve any exceptions to the policies in this Instruction. Approval by the Office of Personnel Management is also required when exceptions involve matters under its purview.

EMPLOYEES EXCLUDED FROM THE REQUIREMENTS OF THIS INSTRUCTION

1. All employees appointed under Schedule A authorities O, P, Q, and V whose appointment is limited to 1 year or less;
2. Administrative Law Judges appointed under section 3105 of title 5 United States Code;
3. Patient employees;
4. Experts and consultants serving in an individual capacity and members of advisory committees;
5. Fellows appointed under Section 207(g) of the Public Health Service Act, as amended;
6. Persons serving under an appointment in the excepted service having a time limit of less than 120 days;
7. Employees in military service;
8. Residents, interns, and other student employees who receive stipends under title 5, United State Code 5352;
9. Personnel on detail to a public international organization; and
10. Presidential appointees.

Personnel Manual

HHS Transmittal 86.21 (12/2/86)

DEPARTMENT OF HEALTH & HUMAN SERVICES      Office of the Secretary**Memorandum**

Date                    December 2, 1986

From                    Assistant Secretary for  
Personnel AdministrationSubject                Delegation of Authorities for Performance Appraisal Provisions Under the  
Employee Performance Management System (EPMS)To                        Heads of Operating Divisions  
Assistant Secretary for Management and Budget

1. Under the authority vested in the Assistant Secretary for Personnel Administration (ASPER) by memorandum from the Secretary dated January 24, 1983, I hereby delegate the authorities indicated in this memorandum for managing the performance of employees covered by the Employee Performance Management System to Heads of Operating Divisions, including the Assistant Secretary for Management and Budget for employees of the Office of the Secretary at headquarters and in the regions.
2. The following authorities may not be redelegate, except by the Assistant Secretary for Health, who may redelegate them to health agency heads without authority to redelegate:
  - a. Develop and administer performance appraisal systems in accordance with the requirements of HHS Employee Performance Management System: Performance Appraisal.
  - b. Request ASPER approval, contingent upon subsequent approval by the U.S. Office of Personnel Management where required, for exceptions to the requirements referred to in HHS Instruction 430-4.
3. For the employees under their supervision, I hereby delegate to immediate supervisors, through the officials in the supervisory line above them, the authorities of an appraising official as set forth in HHS Instruction 430-4.
4. For the employees under their supervision, I hereby delegate to all second line supervisors, through the officials in the supervisory line above them, the authorities of a reviewing official as set forth in HHS Instruction 430-40 This includes the authority to finalize ratings of record except as indicated in paragraphs 5 and 6 below. However, there is no requirement for a reviewing official in any instance in which the Secretary, an Office of the Secretary Staff Division Head, an Operating Division Head, or the head of a health agency within the Public Health Service is the appraising official.

Page 2 - Heads of Operating Divisions

Assistant Secretary for Management and Budget

5. I hereby delegate to officials with the responsibility for managing performance awards budgets the authority to finalize ratings of record when awards are proposed based on the rating of record. (Within-grade increase determinations are not awards for the purpose of this delegation.)
6. Regional Personnel Officers have the authority to concur in final ratings for the personnel staff of each Indian Health Service Area that has its Area Office in their respective regions. The Regional Personnel Officer, Region VI, has the authority to concur in final ratings for the personnel staff of the Gillis W. Long Hansen's Disease Center.
7. The ASPER retains the authority to:
  - a. Establish Departmentwide requirements for performance appraisal systems; and
  - b. Approve exceptions to the Department's requirements, contingent upon subsequent approval by OPM where required.
8. Requirements and instructions for exercising the authorities cited above are contained in HHS Instruction 430-4.
9. All redelegations must be in writing and in accordance with HHS Instruction 250-3, Delegation of Personnel and EEO Authority and Headquarters/Regional Office Relationships.
10. This delegation is effective January 1, 1987, for calendar year appraisal cycles and October 1, 1987, for fiscal year appraisal cycles. It supersedes the ASPER delegation memorandum of June 30, Subject: Delegation of Authority to Take Certain Actions to Manage Employee Performance. However, existing redelegations made under that memorandum that are consistent with the provisions of this delegation will continue in effect until new redelegations are made under the authority of this memorandum

Thomas S. McFee

### SUMMARY RATINGS AND RATINGS OF RECORD

1. A rating of record is always a summary rating. An EPMS employee can have only one rating of record for an appraisal year except in certain situations pertaining to WIGI determinations (see 531-4).
2. There may be occasions in which an employee will have more than one summary rating in an appraisal year. Occasions that require a summary rating are provided in Chart 1 and in 430-4-8OB. To determine whether any other occasions not included there require a summary rating, consult with the Department's Division of Pay and Performance Programs.
3. All EPMS and any PMRS summary ratings in the appraisal year must be considered when deriving the EPMS rating of record for the year except in certain situations involving Unacceptable performance (see 430-4-90A) .
4. In deriving a rating of record from two or more summary ratings, any variations in length of performance plans, complexity of assignments, or any other relevant factors may need to be considered. Because there can be so many variations in such factors, appraising and reviewing officials have discretion in determining whether and how the factors under consideration will contribute to the derivation.

Chart 1

Some Occasions for Preparing  
a Summary Rating

Status of the Summary Rating

- |   |   |
|---|---|
| <p>1. At the end of the appraisal year, and there were no earlier summary ratings in the year (this is the usual situation) .</p> <p>2. At the end of the appraisal year, and there were one or more earlier summary ratings in the year (if there has not been a performance plan in place for at least 120 days for the position in the Department held at the end of the appraisal year, a summary rating must not be prepared for that position in this particular situation).</p> <p>3. At the end of an extended appraisal year to allow an employee to be rated who had not been rated earlier in the year (the only occasion permitting an extension of the appraisal year).</p> <p>4. At the time an employee changes positions after having served at least 120 days under a performance plan for the position being vacated.</p> <p>5. At the time an employee's performance is determined to have changed significantly enough to result in a different WIGI determination or at the time a determination is made that the employee has demonstrated sustained performance at an acceptable level of competence after having been denied a within-grade increase (see 531-4).</p> | <p>1. The one summary rating is the rating of record for the appraisal year.</p> <p>2. The summary rating made for the position held at the end of the appraisal year is considered along with the earlier summary rating(s) in deriving the rating of record for the appraisal year.</p> <p>3. The one summary rating is the rating of record for the appraisal year.</p> <p>4. The summary rating made at the time of the position change is considered along with any earlier and subsequent ratings in the appraisal year in deriving the rating of record for the year.</p> <p>5. The summary rating is a new rating of record even when the determination is made before the end of the appraisal year (at which time in such a case another rating of record must be prepared taking into consideration performance subsequent to the determination) .</p> |
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Personnel Manual

HHS Transmittal 86.21 (12/2/86)

United States

**Office of**

**Personnel Management**

Washington, D.C. 20415

SEP 3 1986

Mr. Thomas S. McFee  
Assistant Secretary for  
Personnel Administration  
Office of the Secretary  
Department of Health and Human Services  
Washington, D. C. 20201

Dear Mr. McFee

The purpose of this letter is to approve the Performance Management System (PMS) Plans required under section 430.103(b) of Title 5, Code of Federal Regulations.

The following plans for the Department of Health and Human Services are approved:

Performance appraisal plan for GS and Prevailing Rate employees (required at 5 U.S.C. 4302 and 4304).

Performance Awards plan (required under 5 CFR Part 430, Subpart E).

Plan for making within-grade increase and quality step increase determinations (required under 5 CFR Part 531, Subparts D and E).

Superior Accomplishment Awards plan (required under Part 451, Subpart A).

Any proposed changes to the PMS plan(s) must be submitted to this office for prior approval if the change would affect a provision of the plan covered by regulation or law. Any other changes also should be sent to us in order that we are assured of maintaining updated copies of your plans in our files

Sincerely,

Barbara L. Fiss  
Acting Assistant Director  
for Performance Management/PSO