

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

DEPARTMENTAL PERSONNEL MANUAL SYSTEM

Published in advance
of incorporation in
DPM Chapter 540
Retain until superseded

DPM LETTER: 540-7

SUBJECT: Department of Transportation's Performance
Management and Recognition System Plan

DATE: JUL 25 1991

Attached is the final Department of Transportation Performance Management and Recognition System (PMRS) directive. This directive is effective August 1, 1991, when it replaces the PMRS policy and instructions contained in DPM Letter 540-3, *Combined Performance Management and Recognition System and Performance Management Plan System*, dated March 18, 1987. The PMRS policy and instructions contained in DPM Letter 540-3 will still govern the completion of performance appraisal, pay and award actions based on the PMRS cycle ending July 31, 1991. The policy and instructions in DPM Letter 540-3, pertaining to the Performance Management System are unchanged and still in effect. Any questions should be directed to the Labor and Employee Relations Division, M-17, on 366-9440.



Director of Personnel

Attachment

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Distribution: All FPM Subscribers

OPI: M-17/STOKES/69440

DEPARTMENT OF TRANSPORTATION



PERFORMANCE MANAGEMENT

AND

RECOGNITION SYSTEM

AUGUST 1, 1991

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DEFINITIONS

Appraisal. The act or process of reviewing and evaluating an employee's performance of duties and responsibilities against prescribed performance standards.

Appraisal Period. That portion of the year during which employee performance and accomplishments are evaluated to determine the employee's rating of record--generally August 1 through July 31.

Appraisal System. 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 this subpart 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.

Cash Award. An award authorized by 5 U.S.C. 5407 to reward PMRS employees for superior or especially meritorious suggestions, inventions, accomplishments or special acts or services in the public interest in connection with or related to the employee's Federal employment. Cash awards are a one-time cash payment.

Coverage Determination. The decision to include or exclude a position under the PMRS based on the definitions for supervisor and management official contained in 5 U.S.C. 7103.

Critical Element or Critical Job Element (CJE). A component of an employee's position consisting of one or more duties and responsibilities which contributes toward accomplishing organizational goals and objectives and is of sufficient importance that performance below the minimum standard established by management requires remedial action and may be the basis for removing or reducing the grade level of that employee. Such action may be taken without regard to performance on other components of the job. These components are assigned weights of 10 to 100 percent.

General Pay Increase. The increase in the pay rates of the General Schedule authorized by the President in accordance with 5 U.S.C. 5305 or in the special pay rates of eligible employees in accordance with 5 U.S.C. 5303 and based on performance.

Performance Pay Decision. The determination of the total amount of the general pay increase, merit increase, and performance award to be granted an employee.

Performance Plan. The aggregation of all of an employee's written critical and noncritical elements and performance standards.

Performance Standard. A statement of the expectations or requirements established by management for critical and noncritical elements at a particular rating level. Performance standards may include, but are not limited to, elements such as quantity, quality, timeliness, and manner of performance.

Consolidated Personnel Management Information System (CPMIS). The automated record system which contains Departmental personnel data and which will be used to compute general pay increases and merit increases.

PMRS Employee. An individual occupying a position covered under the PMRS in accordance with the coverage definitions of this directive.

PMRS Pay Plan. PMRS positions are designated by the separate pay plan code "GM."

Position Description. The official record which describes the duties and responsibilities assigned a position and upon which the classification of the position is based.

Progress Review. A review of the employee's progress toward achieving the performance standards, generally occurring in the middle of the performance cycle. A progress review is not in itself a rating.

Rate of Basic Pay. The rate of pay fixed by law or administrative action for the position held by an employee before any deductions and exclusive of additional pay of any kind.

Rating Official. The employee's immediate supervisor (first level supervisor).

Rating of Record. A summary rating level which is designated at a specified time in the performance management plan or because of the special circumstances under which it is prepared, e.g., at the end of the appraisal period, and is used as the basis for pay and personnel decisions, including the written notice at any time that the employee's performance is Unsatisfactory on one or more critical elements.

Reference Rate. The first reference rate is the sum of the minimum rate of the grade and one-third of the difference between the maximum and the minimum rate for that grade.

CHAPTER 1

INTRODUCTION

PERFORMANCE MANAGEMENT AND RECOGNITION SYSTEM (PMRS)

SECTION 1 - BACKGROUND

1. Purpose. This directive establishes the Department of Transportation (DOT) Performance Management and Recognition System (PMRS) applicable to supervisors and management officials in grades 13, 14, and 15. The PMRS provides for the periodic appraisal of job performance and seeks to recognize and reward able performance.
2. Policy.
 - a. Congressional Intent. In establishing the PMRS, Congress provided for a system which would:
 - (1) within available funds, use performance appraisals as the basis for determining adjustments in basic pay (i.e., general pay increases and merit increases) and one-time cash payments (i.e., performance awards);
 - (2) within available funds, provide for training to improve accuracy, objectivity, and fairness in the evaluation of performance;
 - (3) regulate the costs of performance awards by establishing funding level requirements;
 - (4) provide the means to reduce or withhold certain pay increases for less than fully successful performance; and
 - (5) provide cash awards for suggestions, inventions, cost savings, superior accomplishments, and special acts or services.
 - b. DOT Policy. The PMRS establishes a uniform plan to ensure that the performance appraisal is used as a tool for executing basic management and supervisory responsibilities by:

- c. Title 5, Code of Federal Regulations (CFR), Parts 293, 351, 430, 451, 530, 531, 536, 540, and 550;
- d. DOT 1100.60, DOT Organization Manual;
- e. DPM Chapter 451, Incentive Awards; and
- f. FPM Chapters 293, 351, 430, 451, 530, 531, 536, 540, and 550 and related Office of Personnel Management guidance.

SECTION 2 - PMRS COVERAGE.

1. **Employees Covered.** The PMRS shall apply to all supervisors and management officials, as defined below, who occupy a position in grades 13, 14 and 15 of the general schedule. Positions covered by the PMRS shall be identified by the pay plan identifier "GM".
 - a. **A supervisor** is an individual employed by an agency having authority in the interest of the agency to hire, direct, assign, promote, reward, transfer, furlough, lay off, recall, suspend, discipline, or remove employees; to adjust their grievances; or to effectively recommend such action, if the exercise of the authority is not merely routine or clerical in nature but requires the consistent exercise of independent judgment, except that, with respect to any unit which includes firefighters or nurses. The term "supervisor" includes only those individuals who devote a preponderance of their employment time to exercising such authority (5 U.S.C. 7103(a)(10)).
 - b. **A management official** is an individual employed by an agency in a position of which the duties and responsibilities require or authorize the individual to formulate, determine, or influence the policies of the agency (5 U.S.C. 7103(a)(11)). This includes those individuals who: (1) create, establish or prescribe general principles, plans or courses of action for an agency; (2) decide upon or settle upon general principles, plans or courses of action for an agency; or (3) bring about or obtain a result as to the adoption of general principles, plans or courses of action for an agency.
 - c. **Exclusions** The following employees identified in 5 U.S.C. 4301(2) and 5 CFR 430.403 are excluded from PMRS performance appraisal requirements:
 - (1) employees outside of the United States who are paid in accordance with the prevailing wage rates applicable to local nationals; and

- c. Details. The detail of an employee does not affect his/her coverage under or exclusion from the PMRS.
 - d. Temporary/Term Promotions. Employees on temporary/term promotions to a PMRS position are in the PMRS for the duration of that promotion. For example, an employee on temporary/term promotion to a PMRS position on the effective date of a merit increase will receive a merit increase. Employees not in a PMRS position on the effective date of a merit increase will not receive a merit increase.
 - e. Consistency of Coverage Determinations. Positions with the same title, series, grade, and major duties and responsibilities should receive the same coverage determination.
 - f. Training. The absence of an employee to attend a formal training program does not affect his/her coverage under, or exclusion from, the PMRS.
3. Coverage Identification. Operating Administrations shall establish procedures in their implementing instructions for identifying specific positions and employees covered by the PMRS and the level of responsibility or the authority for final coverage determinations. Procedures shall include a system for ensuring consistency of coverage determinations among like positions and for reconsideration of coverage determinations upon the request of the affected employee. Procedures shall also include a statement of the administrative grievance procedure for coverage or noncoverage determinations, if different from the normal grievance procedure. The method for notifying employees of coverage must also be indicated.
 4. Vacancy Announcements. Vacancy announcements for positions covered by the PMRS shall include a statement stipulating such coverage.

CHAPTER 2
PERFORMANCE APPRAISAL
UNDER THE
PERFORMANCE MANAGEMENT AND RECOGNITION SYSTEM (PMRS)

SECTION 1 - BACKGROUND.

This chapter sets forth the procedures for the operation of the performance appraisal system for PMRS employees. This chapter explains the requirements for developing performance plans including the development of job elements and performance standards; how ratings are assigned; the process for determining ratings; the responsibilities of participants under the system; and other operational procedures.

SECTION 2 - DEVELOPING THE PERFORMANCE PLAN.

At the beginning of each appraisal period, a written performance plan shall be developed for each employee. The plan shall be based on the requirements of the employee's position and include the establishment of job elements and performance standards. Joint participation of the supervisor and employee in the development of the performance plan, such as the development of a work plan by the employee or the assignment of weights to job elements, is required for PMRS employees. Organizational objectives should be reflected in performance plans of PMRS employees by incorporating objectives, goals, program plans, work plans or other similar documents that account for program results. The DOT Performance Appraisal Form is to be used to record the plan (Appendix B).

A performance plan will also be developed and provided to the employee no later than 30 days after the employee enters into a new position through such actions as reassignment, promotion, and demotion, etc.

1. Before the performance plan becomes final, the plan will be reviewed and approved by the second level supervisor for consistency with plans established for similar positions, to assure plan uniformity within the organization, and for conformance with overall organizational goals. The supervisory officials have final authority over the content of the plan. Operating Administrations may describe unique situations where exceptions to second level supervisory review and approval of performance plans may be appropriate.

(e) maintenance of a cost-effective system of internal controls to assure that Federal programs and administrative activities are efficiently managed, as provided in OMB Circular A-123, to achieve the goals of the agency.

4. All supervisory positions shall have a distinct and separate CJE covering supervisory responsibilities.
5. Noncritical job elements may be used when there are components of an employee's job which do not meet the definition of a CJE, but are of sufficient importance to warrant appraisal and the assignment of an element rating.
6. There shall be a written performance standard only at the Proficient level. The absence of written standards at other given rating levels shall not preclude the assignment of a rating at one of those levels. However, ratings at levels other than the Proficient shall require a narrative describing the performance that resulted in the assignment of a rating at the higher or lower rating level. In addition, if an employee is performing below the Proficient level, the information contained in the performance improvement plan (PIP) describing such performance shall constitute a definition of performance at the Needs Improvement or Unsatisfactory level.
7. At its discretion, an Operating Administration may display the relative importance of job elements by assigning them weights. If weights are used, the total percentages assigned must equal 100. No CJE may receive a weight less than 10 percent. A noncritical job element must receive a weight ranging from 1 to 5 percent to minimize noncritical elements having more weight in the summary rating procedure than critical elements.
8. In order to facilitate equitable treatment of all employees, similar job elements and performance standards shall be used where both of the following factors exist for a particular category of positions:
 - a. the work performed is substantially similar in terms of duties, responsibilities, and skills required; and
 - b. there are no substantial variations in the working environment which would lead to differences in performance expectations.

SECTION 5 - PERFORMANCE INFORMATION WHILE ON DETAIL OR TEMPORARY ASSIGNMENT.

Information about the performance of employees detailed or temporarily assigned to different positions shall be obtained and given appropriate consideration in making personnel decisions.

1. The performance of employees within the Department while on detail, temporary/term promotion or special assignment for a period of 120 calendar days or longer during the appraisal period must be appraised separately upon completion, or at the end of the employee's normal appraisal period, if the assignment continues beyond the end of the appraisal period.
 - a. Performance plans detailing the elements and standards upon which the employee's performance will be appraised must be prepared by the gaining organization no later than 30 days after the start of the detail or temporary assignment.
 - b. Ratings on job elements must be prepared by the gaining organization and forwarded to the official immediate supervisor, who must consider the evaluation in completing the rating of record and/or in making personnel decisions. The supervisor of the gaining organization shall be responsible for the completion of the employee's rating of record in situations involving details, temporary or special assignments, or temporary/term promotions, which cover the entire appraisal period, or which occur at the end of the appraisal period.
2. When employees are detailed outside the Department, the losing organization must make a reasonable effort to obtain appraisal information from the outside organization.
 - a. If an employee has served the minimum appraisal period in his/her official employing organization, the employee must be rated, taking into consideration information from the borrowing organization.
 - b. If an employee has not served in the employing organization for the established rating period, but has served for the minimum period outside the employing organization, the employing organization must make a reasonable effort to prepare an appraisal using information from the borrowing organization.

- c. Proficient - This is a range of performance of which the minimum level fully meets the expectations of the rating official. The employee has responded positively in accomplishing assignments. Since this describes good sound performance, the majority of employees should be expected to perform in this range, and a sizeable spread can be expected between the highest and lowest levels within this range.
- d. Needs Improvement - The employee's performance only partially meets the standard of Proficient, has shown deficiencies, and needs improvement to meet Proficient.
- e. Unsatisfactory - The employee's work products do not meet minimum requirements of the Proficient level and contain major deficiencies.

NOTE: Examples of what constitute Meritorious and Distinguished performance are provided below. Unsatisfactory or Needs Improvement performance in any CJE will result in an overall summary rating of Unsatisfactory or Needs Improvement. Further, any employee who is rated below the Proficient level must be placed on a PIP (see Section 8 of this directive).

4. Summary Performance Ratings.

After all individual job elements are rated, the following criteria will be used to establish the summary performance rating.

- a. Distinguished - Individual job elements constituting at least 70 percent of performance must be rated Distinguished and all critical elements rated at least Meritorious.
- b. Meritorious - Individual job elements constituting at least 70 percent of performance must be rated Meritorious and all critical elements rated at least Proficient.
- c. Proficient - All individual job elements rated at least Proficient.

Although 71 percent of the adjective ratings are Distinguished, the assignment of weights to the job elements causes the total weighted rating score to be 60 percent Distinguished; i.e., although 71 percent of the job elements were rated at the Distinguished level, only 60 percent of performance was rated Distinguished, causing the overall rating to be lowered. In this case, use of the weighted scoring method results in a summary rating of Meritorious.

5. The immediate supervisor forwards the rating of record to the second level supervisor for review and approval. Any disagreements with the appraisal by the second level supervisor are discussed with the immediate supervisor. The second level supervisor can change the rating and must document the performance based reason for the change either on the appraisal form or on an attachment to the form.
6. Following appropriate reviews and approvals, the rating official will discuss the rating of record with the employee as soon as practical after the end of the appraisal period. The supervisor and employee will sign and date the appraisal form to indicate that the discussion took place. The employee will have an opportunity to respond orally and/or in writing on the appraisal document to the rating official's assessment of performance. Any written comments shall become part of the official record. The employee's signature does not indicate agreement with the rating, and the rating does not require the employee's signature to be official. The employee will be provided a copy of the final appraisal document.
7. The outcome of the performance appraisal rating process shall be reviewed and approved by the official responsible for managing the performance award budget. This official shall ensure equitable application of performance standards and treatment of employees by the rating process (See Chapter 3, Section 1).
8. Operating Administrations shall prescribe due dates for the receipt of performance appraisals by their Personnel Office. The due dates shall not be later than 45 days after the end of the appraisal period. For employees whose appraisal period must be extended in accordance with Section 4, paragraph 3, performance appraisals must be received no later than 30 days after the end of the extended rating period.

SECTION 7 - RESOLVING DISAGREEMENTS OF THE RATING.

Wherever possible, disagreement concerning the performance rating should be resolved in an informal manner between the employee and the supervisor. However, upon formal request, an employee's rating shall be reconsidered. The employee must be given the right to reconsideration in accordance with the Operating Administration's grievance procedures.

- c. If an employee performs at or higher than the Proficient level in the critical element(s) that caused placement on the PIP for at least 1 year from the beginning date of the PIP, and performance is then again determined to be below Proficient, another PIP must be afforded before determining whether to take a performance based action as described above.
 - d. Information concerning the procedures to be followed when taking a performance based action is found in 5 CFR 432.107.
3. **Training**. The results of performance appraisals may be used as one means for determining the training needs of the employee. When performance is less than Proficient, the employee should be provided with closer supervision, corrective counseling, and if appropriate, training to improve those skills, knowledge and abilities necessary to meet the established performance standard at the Proficient level or higher. The DOT Performance Appraisal form should clearly identify those areas where training or other assistance should be provided. The changing organizational needs, available resources, and other factors may influence the type and amount of training needed. While the performance appraisal is a useful tool to determine training needs, things such as changes in an Administration's mission, employee career goals and employee morale also should be used to determine necessary training needs.
4. **Reduction-In-Force (RIF)**. The results of performance appraisals will be used in reduction-in-force in accordance with 5 CFR Part 351.
 - a. Additional service credit for RIF purposes shall be given based on an employee's last three annual performance ratings of record received during the 3-year period prior to the date of issuance of specific RIF notices.
 - b. Credit shall be given only for those ratings which are pre-scheduled and are given annually at the end of the PMRS rating period. An employee will be given an assumed rating of Proficient for RIF purposes only in the following instances: (1) after demotion or reassignment due to less than Proficient performance where the employee has not received an annual rating of record in the current position as of the date of the specific RIF notice is issued; or (2) if an employee has not received three annual ratings during a 3-year period, credit will be given for an assumed rating(s) of Proficient to bring the employee's ratings up to three.

CHAPTER 3
COMPENSATION
UNDER
THE PERFORMANCE MANAGEMENT AND RECOGNITION SYSTEM (PMRS)

SECTION 1 - GENERAL.

1. Performance Incentive Pay. The PMRS provides four types of incentive pay.
 - a. Two types of incentive pay are granted as increases to basic pay.
 - (1) General Pay Increase. The adjustment in the pay rates of PMRS employees authorized by the President under 5 U.S.C. 5305 (or 5 U.S.C. 5303 for special salary rates) and provided in accordance with 5 U.S.C. 5403.
 - (2) Merit Increase. An increase in a PMRS employee's rate of basic pay authorized by 5 U.S.C. 5404 and based on the employee's performance appraisal rating of record and position in the rate range for his/her grade level. The merit increase is an amount equal to a full within grade increase, a fraction thereof or zero within grade increase.
 - b. Two types of incentive pay are granted as one-time cash payments.
 - (1) Performance Award. An award authorized by 5 U.S.C. 5406 to reward a PMRS employee for performance reflected in his/her rating of record.
 - (2) Superior Accomplishment Award. An award authorized by 5 U.S.C. 5407 to reward PMRS employees for superior or especially meritorious suggestions, inventions, or accomplishments.
2. Performance Incentive Pay Official. In order to properly manage the PMRS, each Operating Administration and each subordinate organization allocated a performance award budget shall identify a performance incentive pay official.

2. Computation of General Pay and Special Salary Rate Increases.

a. General Pay Increase. General pay increases for employees with Proficient or higher ratings shall be determined as follows:

- (1) Subtract the minimum rate of the employee's rate range in effect on the day immediately preceding the effective date of the increase from the employee's rate of basic pay on the same date.
- (2) Subtract the minimum rate of the rate range in effect immediately preceding the effective date of the increase from the maximum of the rate range on that date.
- (3) Divide the result of paragraph 2.a.(1) by the result of paragraph 2.a.(2) of this section.
- (4) Subtract the minimum rate of the new rate range for the grade from the maximum rate of that range.
- (5) Multiply the quotient from paragraph 2.a.(3) by the difference from paragraph 2.a.(4).
- (6) Add the product from paragraph 2.a.(5) to the minimum of the new rate range and round to the next higher whole dollar amount.

Note: The salary of an employee whose rate of basic pay is less than the minimum rate of the rate range of the employee's position, and whose performance is rated Proficient or above, will be adjusted by multiplying the employee's rate of basic pay on the day immediately preceding the pay adjustment period by the full amount of the general increase applicable to the rate range of the grade of the employee's position for such pay adjustment period.

b. Special Salary Rate Increase. Employees on special salary rates may be considered for an increase equal to the general pay increase under 5 U.S.C. 5305 in accordance with OPM procedures. Additionally, the rate ranges for their grades are increased when required by special salary rate surveys. When a special rate range becomes initially applicable to, or increased for a position occupied by a PMRS employee with a Proficient or

- d. The increase for employees with a Needs Improvement rating, including employees with a rate of pay less than the minimum rate for their grade, shall be computed by multiplying the employee's rate of pay on the day immediately preceding the effective date of the adjustment by one-half of the full adjustment and rounding to the next higher whole dollar amount.
 - e. An employee receiving retained pay under 5 U.S.C. 5363(a) will receive one-half of the general pay increase regardless of his/her rating of record.
3. Effective Date. The general pay increase for which a PMRS employee is eligible shall be effective on the same date as the General Schedule pay increase. The special salary rate increase for which a covered PMRS employee is eligible also is usually effective on the same date as the General Schedule pay increase. Furthermore, based on the results of special rate surveys, additional special salary rate pay increases may be effective on the date specified by the Office of Personnel Management for that specific rate.
 4. Documentation. General pay increases shall be documented with a Notice of Personnel Action, SF-50.

SECTION 3 - MERIT INCREASES.

1. Basis for Merit Increases. Each merit increase must be based on a current rating of record. Individuals without a current rating of record shall be treated in accordance with paragraph 3 of this section.
2. Merit Increases for Employees With a Current Rating of Record. An employee who occupies a PMRS position on the first day of the first pay period beginning on or after October 1, shall receive a merit increase (the equivalent of a within grade increase at the corresponding General Schedule grade) based on the actual PMRS rating of record received for the current performance appraisal period as follows:

- a. For an employee who cannot be rated for the current appraisal period under his/her elements and standards because (1) the employee has been under PMRS elements and standards for less than the 90-day minimum appraisal period (for instance, due to detail or promotion within or into the PMRS); or (2) the employee cannot be rated because the supervisor has left and a higher level supervisor cannot reasonably appraise the performance of the employee; or (3) the employee is on long-term training; or (4) the employee is detailed to an Intergovernmental Personnel Act (IPA) assignment under sections 3371 through 3376 of title 5, United States Code, the employee's merit increase shall be granted using one of the following rules in the order specified:
- (1) the employee's appraisal period is extended to provide a minimum appraisal period (such an extension shall not exceed September 30 of the same year);
 - (2) the employee's transferred summary rating is used when the employee is assigned to another organization between June 30 and July 31. (See Chapter 3, Sec. 3, Paragraph 4);
 - (3) the employee's last rating of record under the PMRS, provided it was given no earlier than the previous PMRS appraisal period, is extended and the appropriate increase is granted; or
 - (4) the employee shall receive an increase equivalent to that granted for a Proficient rating of record.
- b. Except as provided in paragraph 3.c. and d. below, when an employee who cannot be rated returns to a pay status after an approved absence which would be creditable service under 5 CFR 531.406 which included one or more general pay increases and merit increases, the employee's rate of basic pay shall be set at the sum of:
- (1) the employee's rate of basic pay immediately before the interruption of his/her employment with the agency; and, if appropriate,
 - (2) the general pay increase for a Proficient rating of record that would have been required, if the employee's service had not been interrupted; and
 - (3) the merit increases received by an employee rated at the Proficient level.

- (1) the employee's rate of basic pay immediately before the effective date of the LWOP; and as appropriate,
 - (2) the general pay increases that would be required by 5 U.S.C. 5403 for a Proficient rating of record, if the employee had not been on LWOP; and
 - (3) under these circumstances, no merit increase shall be granted for the current appraisal period for which merit increases are being granted, nor will the employee be granted a performance award.
4. Consideration of Transferred Summary Ratings. When a PMRS employee is assigned from another agency or organization after June 30, but before July 31, the summary rating which is transferred with the employee shall be considered the rating of record for the purpose of granting general increases and merit increases. In addition, transferred summary ratings from within DOT shall also be used as the basis for performance awards.
5. Movement Into the PMRS. An employee moving into the PMRS on or before the effective date of the merit increase who has received an increase to base pay (i.e., promotion, within grade increase, quality step increase) within 90 calendar days of the effective date shall not receive a merit increase for that fiscal year. An increase occurring on the effective date of the merit increase is considered to be within this 90-day period. Promotion within the PMRS is not subject to this restriction. Actions covered by this rule include:
- (1) conversion to the PMRS;
 - (2) reassignment to the PMRS from another Federal pay system;
 - (3) promotion to the PMRS; and
 - (4) temporary promotion to the PMRS.
6. Computation of Merit Increases. Merit increases shall consist of the equivalent of a full step at the corresponding General Schedule grade (one-ninth of the difference between the maximum and minimum rates of the grade) or the appropriate fraction thereof. When merit increases reflecting a fraction of a step increase are calculated, they shall be rounded to the next higher dollar.

- b. Operating Administrations may seek exception from the performance award budget funding requirement as a result of budgetary constraints. Requests for exceptions should be submitted to the Office of Personnel, Office of the Secretary, not later than September 1. Exceptions will be authorized upon approval of the Assistant Secretary for Administration.
- c. Operating Administrations may further allocate funds to subordinate organizational groups, provided the PMRS units contain a sufficient number of employees to ensure a reasonable performance award budget. If adopted, these PMRS units and their composition shall be documented. In addition, Operating Administrations shall ensure for each organization for which a separate performance award budget is established that the aggregate of general increases, merit increases, and performance awards does not exceed any percentage limitation established by the Office of Personnel Management and/or the Department.
- d. Each Operating Administration shall report to the Office of Personnel, Office of the Secretary, the performance award budget for each separate PMRS unit established. This information shall be forwarded to the Office of Personnel Management, as required.

3. Performance Award Requirements. An employee is eligible for a performance award if he/she is in a PMRS position on the last day of the appraisal period for which performance awards are being paid. Performance awards shall be based on the employee's rating of record received within DOT for the current Department of Transportation PMRS appraisal period.

a. Unusually Outstanding Performance Awards. Only considered for unusually outstanding performance awards. Performance awards for unusually outstanding performance shall exceed 10 percent but not 20 percent of the nominated employee's annual rate of basic pay.

- (1) Individuals considered for an unusually outstanding performance award shall have:
 - (a) made significant contributions to mission accomplishment;
 - (b) demonstrated leadership in program administration such that their performance is clearly noteworthy; and
 - (c) established a record of accomplishments.

set forth in paragraph 3., of this section. Once the award amount is determined, it must be documented with a Notice of Personnel Action, SF-50. In addition, Unusually Outstanding performance awards shall have the performance appraisal and additional justification for the award placed in the employee's Official Personnel Folder or Employee Performance File.

5. Eligibility Date. An employee shall be eligible for performance awards if he/she is in a PMRS position on the last day of the appraisal period for which performance pay decisions are being made.
6. Prohibition Against Performance Awards. An employee shall not be granted a performance award when:
 - a. the PMRS employee is newly appointed to the Government within 90 days of the end of the Department's appraisal period; or
 - b. the employee was on leave without pay (LWOP) and;
 - (1) was not in a pay status for at least the minimum 90-day appraisal period; and
 - (2) returns to a pay status between either of the following and the effective date of the merit increases:
 - (a) a period which is less than the Department's 90-day minimum appraisal period; or
 - (b) after the end of the Department's appraisal period.
7. Employee Grievances. Performance awards are final and are not subject to appeal or grievance.

SECTION 5 - SUPERIOR ACCOMPLISHMENT AWARDS

Superior Accomplishment Awards, which include suggestions, inventions, superior accomplishments and special acts or services, will be granted in accordance with the incentive award program described in appropriate DPM Chapter 451 directives.

- c. An employee moving into the PMRS on or before the effective date of the merit increase who has received an increase to base pay (i.e., promotion, within grade increase, quality step increase) within 90 calendar days of the effective date, shall not receive a merit increase for that fiscal year. An increase occurring on the effective date of the merit increase is considered to be within this 90-day period. Promotion within the PMRS is not subject to this restriction. Actions covered by this rule include:
- (1) conversion to the PMRS;
 - (2) reassignment to the PMRS from another Federal pay system;
 - (3) promotion into the PMRS; and
 - (4) temporary promotion into the PMRS.
- d. A PMRS employee shall not be eligible for a merit increase or performance award if newly appointed to the Government within 90 days of the effective date of the merit increase.
- (1) Reinstatement is considered a new appointment for merit increase purposes.
 - (2) Reemployment under a reemployment priority list (5 CFR 351, Subpart J) is not considered a new appointment for merit increase purposes.
 - (3) Reemployment or reinstatement without a break in service of one or more work days is not considered a new appointment under this subparagraph.

SECTION 3 - ACQUISITION AND LOSS OF PMRS STATUS.

1. **Pay Adjustment on Acquiring PMRS Status.** When an employee acquires PMRS status, the employee shall receive his/her existing rate of basic pay plus any of the following adjustments that may be applicable, in the order specified:
 - a. the amount of any general pay increase made on that date, or in the case of an employee subject to special pay rates, the amount of any special salary rate adjustment made on that date under section 5303 of title 5, U.S.C.;
 - b. the amount of any within grade or quality step increase to which the employee otherwise would be entitled on that date; and

3. Equivalent Increase Determinations. A PMRS merit increase, like a PMS within grade pay increase, is considered to be an equivalent increase for pay determination purposes. Therefore, an employee who receives a full, one-half, one-third, or zero merit increase is considered to have received the equivalent of a full within grade increase and would start a new waiting period on the effective date of the increase, if the employee moves into a Performance Management System position at an equivalent or lower grade.
4. New Appointments. Employees appointed to a PMRS covered position on the general pay increase, date whose pay is set in accordance with the new pay range for their grade, are not considered to be covered by the PMRS on that date for the purposes of granting a general pay increase, merit increase, or performance award.

SECTION 4 - PROMOTIONS AND DEMOTIONS.

1. Promotions.
 - a. On promotion from the General Schedule into the PMRS, the employee shall receive the rate of basic pay in the grade to which promoted which equals the rate he/she would have received if the promotion had been to a General Schedule position--the two step promotion rule.

Note: Promotion actions for individuals on pay retention shall be governed by 5 U.S.C. 5332(b).
 - b. On promotion within the PMRS, the employee shall receive the greater of:
 - (1) a 6 percent increase in pay; or
 - (2) the amount necessary to raise the employee's rate of pay to the minimum rate of the grade to which promoted.
2. Demotions. Unless otherwise amended, pay setting for demotion out of, into, and within the PMRS will be administered in the same manner as is established for General Schedule positions.

CHAPTER 5
GENERAL PROGRAM ADMINISTRATION
UNDER THE
PERFORMANCE MANAGEMENT AND RECOGNITION SYSTEM (PMRS)

SECTION 1 - BACKGROUND.

This chapter sets forth the general PMRS program responsibilities concerning training, communication of the plan to employees, maintenance of records, reports, evaluations and approvals.

SECTION 2 - COMMUNICATION TO EMPLOYEES.

Each Operating Administration shall communicate the purpose and operation of the PMRS to its employees.

SECTION 3 - TRAINING.

Each Operating Administration is charged with the responsibility to train employees covered by the PMRS, as well as employees responsible for its operation, in the specific details of the system. Individuals requiring training include employees and their supervisors as well as rating and reviewing officials (e.g., SES, military officers, etc.). Training will cover performance appraisal, performance awards, superior accomplishment awards, and merit increase programs.

SECTION 4 - EVALUATION.

Each Operating Administration and the Office of the Secretary have responsibility to evaluate the operation of the PMRS. These responsibilities are divided as follows:

1. **Operating Administration Evaluation.** Each Operating Administration is required to establish such means and methods as are necessary to evaluate the effectiveness of the PMRS within its organization. Implementing directives shall describe the general methods and procedures to be used to conduct the periodic self-evaluations. Such methods and procedures shall include

- (2) review the ratings and make recommendations to the Secretary or his/her designee on improving the equitable application of standards, but shall not recommend any distribution of ratings. Such reviews shall be conducted after ratings of record have been prepared and communicated;
 - (3) study the feasibility of an awards program based on the collective performance of organizations or groups of employees;
 - (4) provide technical assistance with respect to any demonstration project on performance appraisal; and
 - (5) prepare an annual report to the Secretary concerning its activities.
- b. The staff of the Departmental Office of Personnel shall provide administrative support to the Board in carrying out its responsibilities. Each Operating Administration shall provide such information as requested by the Board.

SECTION 5. RECORDS MAINTENANCE.

1. Retention Schedule. Except as provided in 2. below, performance ratings or documents supporting them are generally not permanent records and shall be retained as follows:
 - a. performance ratings of record, including the performance plans on which they were based and supporting documentation, shall be retained for 3 years;
 - b. performance records superseded (e.g., through an administrative or judicial procedure) are to be destroyed and not retained for 3 years;
 - c. performance related records pertaining to a former employee are not to be retained but forwarded to the National Personnel Records Center as provided in 2. below;

**U.S. DEPARTMENT OF TRANSPORTATION
PERFORMANCE APPRAISAL FORM**

This form shall be used for employees covered by the Performance Management and Recognition System (PMRS) (GM-13 through 15). Please refer to your organization's implementing instructions if further guidance is required.

INSTRUCTIONS TO RATING OFFICIAL

1. Beginning of the Appraisal Period.

- a. List the most important job elements in Section G, "Job Element Rating" (DOT Form 3430.8A). Use one page for each job element (use attachments if necessary).
- b. If required, establish the relative importance of each job element by indicating the appropriate weight (no critical job element may receive a weight of less than 10% and the weight for non-critical job elements must range from 1-5%).
- c. Describe the Proficient performance standard for each element in accordance with your organization's implementing instructions.
- d. Attach the completed Performance Plan to the "Performance Appraisal Form" (DOT Form 3430.8) and forward to your supervisor for higher level management approval.
- e. Following the management approval process and discussion with the employee, provide a copy of the appraisal form to the employee.
- f. In order to protect the privacy of the employee, keep this form in a secured place.

2. Progress Review.

- a. The DOT Performance Appraisal System requires a mid-point appraisal period progress review to inform the employee of his/her performance against the elements and standards, to review the accuracy of the elements and standards and to reflect changes in the performance plan. Additional reviews may be necessary. Section B of the form must be used to document completion of the mid-point progress review. Change to the Performance Plan and comments, if any, should be stated in Section E, "Remarks."
- b. Any revision to the plan must be approved by your supervisor.

3. The Conclusion of the Appraisal Period.

- a. To document employee performance, complete Section G, "Job Element Rating" in accordance with your organization's implementing instructions.
- b. Check the appropriate rating for each job element in the block provided in Section G and provide description of performance above or below the Proficient level in the space provided.
- c. Use Section C to determine the summary rating. Approval of the rating of record must be obtained prior to discussing the rating of record with the employee.
- d. Certification by the rating official, approving official and employee should be recorded in Section C. Comments, if any, should be stated in Section E, "Remarks."
- e. Use Section F to identify training to assist the employee in approving job performance.
- f. When completed, transmit the original performance appraisal form to the Personnel Office and provide a copy of the completed form to the employee.

**U.S. DEPARTMENT OF TRANSPORTATION
PERFORMANCE APPRAISAL FORM**

Last Name—First Name—Middle Initial	Social Security No.	Appraisal Period	
		From	To
Title, Series and Grade		Organizational Unit and Location	

A CERTIFICATION OF INITIAL DISCUSSION AND APPROVAL OF PERFORMANCE PLAN

_____ Signature of Supervisor	_____ Title	_____ Signature of Employee
_____ Signature of Approving Official	_____ Title	_____ Date of Discussion

B SEMI-ANNUAL PROGRESS REVIEW

_____ Signature of Supervisor	_____ Signature of Employee	_____ Date of Discussion
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C SUMMARY PERFORMANCE RATING DETERMINATION

- DISTINGUISHED**—Rated Distinguished on critical elements constituting at least 70 percent of the performance plan, with no critical element rated below Meritorious.
- MERITORIOUS**—Rated Meritorious and above on critical elements constituting at least 70 percent of the performance plan with no critical element rated below Proficient.
- PROFICIENT**—Rated at least Proficient on all critical elements.
- NEEDS IMPROVEMENT**—Rated Needs Improvement on one or more critical elements, with no critical elements rated below Needs Improvement.
- UNSATISFACTORY**—Rated Unsatisfactory on one or more critical elements.

Reason for rating:

- End of annual cycle
- Employee reassigned
- Employee leaving agency
- Other (Specify)

Signature of Reviewing Official (if required) Date

I have reviewed the completed performance document and it has been discussed with me. This does not necessarily mean that I agree with all the information in it or that I forfeit any rights of review. (Comments may be entered in "Remarks")

Signature of Supervisor Date

Signature of Approving Official Date

Signature of Employee Date

D FOR OPERATING ADMINISTRATION USE

G **JOB ELEMENT RATING**

JOB ELEMENT No. ____ of ____	Check one <input type="checkbox"/> Critical <input type="checkbox"/> Noncritical	Weight (if required)
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JOB ELEMENT:

PROFICIENT PERFORMANCE STANDARD:

RATING:

Distinguished* Meritorious* Proficient Needs Improvement** Unsatisfactory**

* Describe specific examples of performance above the Proficient level.
** Describe specific examples of performance below the Proficient level.

EXPLANATION OF PERFORMANCE ABOVE OR BELOW PROFICIENT LEVEL