

**U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY**

DEPARTMENTAL PERSONNEL MANUAL SYSTEM

DPM LETTER NO. 920-24

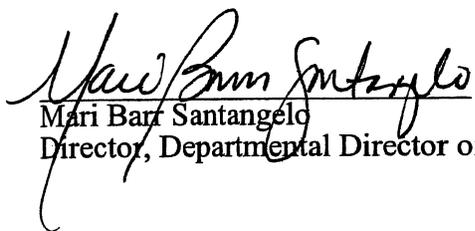
DATE: JUN 10 2002

SUBJECT: Senior Executive Service (SES) Performance Management System

This Letter replaces DPM Letter 920-20, dated October 18, 1995. This plan is effective immediately and applies to the FY 2002 rating period (10-01-2001 to 9-30-2002).

It is the policy of the Department of Transportation that:

- Excellence in executive performance is expected from all SES members;
- Members of the SES are held accountable for attaining the organizational goals of the Department as well as their individual performance objectives;
- Accountability for achievement of the agency's performance goals will cascade from the highest levels of management through the SES corps;
- Achievement of the objectives and agenda of the current Administration will be given high priority in establishing and measuring performance objectives; and
- Individual performance will be evaluated using measures that balance organizational results with customer, employee, and other perspectives.



Mari Barr Santangelo
Director, Departmental Director of Human Resource Management

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**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Memorandum

Subject: Senior Executive Service (SES) Performance Management

Date: JUN 11 2002

From: 
Melissa Allen
Assistant Secretary for Administration

Reply to
Attn. of:

To: Departmental Officers
Heads of Operating Administrations

Never has there been more emphasis on the importance of executive performance and accountability than there is now. Our senior executives must be held accountable for both organizational and individual performance as the Department works to accomplish its mission and achieve the goals set forth in the DOT Strategic Plan and Performance Plan.

Attached is a revision to the Performance Management Plan for members of the SES. While similar to the previous plan, it differs in several key areas:

- It adds language stressing executive accountability, and includes requirements to tie SES Performance Objectives to your performance agreement with the Secretary.
- It adds references to, and requirements concerning, use of balanced measures in evaluating executive performance.
- It adds references to, and requirements concerning, measuring achievements of the Administration's agenda (for example, the President's Management Agenda).
- It changes the minimum rating period from 120 days to 90 days.
- It changes the typical number of Performance Objectives from 3-5 to 4-6.
- It adds a mandatory management objective, and identifies that objective as a critical objective.

These changes are effective immediately, and affect the performance plans of all SES members for the appraisal period that ends on September 30, 2002. Implementation requirements are minimal, with the exception of the addition of the mandatory management objective. However, since many SES members' performance plans already contain such an objective, we do not anticipate a major workload burden on your staff. Please review the current performance plans of all your SES members immediately, and make any necessary adjustments. Because of the new 90-day rating period, those changes should be in place by July 1, 2002.

An advance copy of this revised policy has been provided to your director of human resources. If you have any questions, please call me or Mari Barr Santangelo, the Departmental Director of Human Resource Management.

Attachment

SES PERFORMANCE MANAGEMENT SYSTEM

PLAN SUMMARY

FOCUS: The Department of Transportation SES performance management system focuses on executive accountability for organizational and individual results, not behaviors and characteristics. It provides a linkage between individual performance results and required outcomes of organizational performance, customer satisfaction, and employee feedback.

CYCLE: October 1 through September 30.

MINIMUM EVALUATION PERIOD: 90 days

PLAN CONTENTS: Each executive's performance plan consists of four to six performance objectives, each of which contains more specific performance targets, with at least three objectives designated critical. A performance objective is the desired end-result related to the executive's work that the executive and the organization are trying to achieve.

PERFORMANCE TARGETS: Performance targets are the activities and results for which the executive is accountable by the end of the performance period. Performance targets contribute to the attainment of, or sufficient progress toward, attainment of the performance objective. The performance target shall include the impact of its expected accomplishment on attainment of organizational goals.

PROGRESS REVIEWS: As a minimum, one progress review, generally no later than 6 months from the start of the rating period, shall be held between the rating official and the executive.

RATING LEVELS: Each performance objective is assessed individually and a summary rating is derived based on those individual ratings. The following three ratings levels are used for the individual performance objective assessments, as well as the summary rating: Achieved Results, Minimally Satisfactory, and Unsatisfactory. A written rationale is required for a Minimally Satisfactory or an Unsatisfactory individual performance objective rating. Although not required, narrative feedback is recommended for an Achieved Results rating.

SECOND-LEVEL REVIEW: Second-level review of both plans and ratings is desirable, but not required unless specifically requested by the executive.

PERFORMANCE REVIEW BOARD (PRB): The PRB will review the complete evaluation record and make a recommendation to the final rating authority.

FINAL RATING: The final rating authority (Deputy Secretary, Heads of Operating Administrations, Departmental Officers, Inspector General), acting on behalf of the Secretary, will assign the final rating for executives within their organizations, based on the complete performance evaluation record and the recommendations of the Performance Review Board.

AWARDS: A final rating of Achieved Results is required for eligibility for performance awards.

TABLE OF CONTENTS

PART I - OVERVIEW

- A. Purpose of the SES Performance Management System
- B. Focus on Results

PART II - PERFORMANCE PLANNING

- A. Preliminary Planning
- B. Source Documents
- C. Performance Objectives
- D. Performance Targets
- E. Review of Performance Planning and Timing
- F. Progress Review

PART III. PERFORMANCE EVALUATION

- A. Annual Evaluation Period
- B. Exceptions
- C. Transfer of Rating
- D. Reassignments
- E. Details and Temporary Assignments
- F. Initial Rating Process
- G. Deriving Summary Ratings
- H. Performance Awards

PART IV - PERFORMANCE REVIEW BOARD AND THE FINAL RATING

- A. Background
- B. Qualifications of Members
- C. Identification of Members
- D. Appointments to PRB
- E. Responsibility of the PRBs
- F. Final Rating
- G. Performance Below "Achieved Results"

PART V. GENERAL PROGRAM ADMINISTRATION

- A. Program Evaluation
- B. Records of SES Performance
- C. Training

APPENDIX I - Evaluation Form

PART I OVERVIEW

A. Purpose of the SES Performance Management System. In accordance with *Title 5, Chapter 43, U.S.C. 4311-4315 and Title 5, Part 430, Subpart C*, the system has been developed to encourage and recognize excellence in performance of all SES appointees (including career, noncareer, and limited appointments); to communicate and clarify organizational goals and objectives; to identify individual accountability for desired results, both individual and organizational; to permit the systematic and accurate evaluation of performance (at least annually) based on criteria related to the organizational goals and objectives, customer satisfaction, and employee feedback; and to use the evaluation results as a basis for adjusting base pay, training, rewarding, reassigning, retaining, and removing executives. The evaluation system provides a linkage between individual performance results and required outcomes of organizational performance.

B. Focus on Results. The system is designed to support the mandates of the Government Performance and Results Act (GPRA) of 1993 by focusing on strategic planning and desired results as well as managerial accountability. Each executive's performance plan shall contain performance objectives that are directly linked to the DOT mission, goals and strategies. For each performance objective, clearly-defined performance targets shall be developed for which the executive is accountable during the rating period. Due consideration is to be given to extenuating circumstances in evaluating achievement of results.

PART II PERFORMANCE PLANNING

A. Preliminary Planning. At or before the beginning of a rating period, the rating official and the executive shall discuss the organization's desired outcomes as well as the individual performance objectives that the executive should be focusing his/her efforts toward, and will be held accountable for, during the upcoming rating period. Each executive should actively participate in developing his/her performance objectives and performance targets for the rating period. The final authority for establishing the performance plan rests with the rating official.

B. Source Documents. In developing performance objectives, the rating official and the executive shall use guidance provided by the White House, the Office of Management and Budget, the Office of Personnel Management, and other Administration entities; the DOT and/or the organization's strategic plan and performance plan; the Secretary's performance agreement with the President (if available); the appropriate Departmental Officer/Inspector General/Head of Operating Administration's performance agreement with the Secretary (if available); the performance plan of the executive's immediate supervisor if that individual is other than the Departmental Officer/Inspector General/Administrator; and any other relevant documents (e.g., business plan) that contain the Department's and the organization's objectives, desired outcomes, program plans, work plans or a discussion of desired program results. Consideration must also be given to sources to be used for measuring customer feedback and employee satisfaction.

C. Performance Objectives

1. A performance objective is a desired end-result that the executive and the organization are accountable for achieving.
2. Performance objectives will be based on a "cascade" approach, beginning with the performance goals contained in the Departmental Officer's/Inspector General's/Head of Operating Administration's performance agreement with the Secretary. Those goals must be incorporated into the performance objectives of the appropriate senior executives who report directly to them. The performance goals of those executives must then be incorporated, where appropriate, into the performance objectives of the next level of senior executives who report to them. This cascade must continue down to include every senior executive.
3. The performance plan will typically contain from four to six performance objectives (sometimes referred to as job elements) that are directly related to the executive's work responsibilities. Performance objectives must be designated as either critical or non-critical. At least three of the performance objectives shall be designated as critical performance objectives. The use of non-critical performance objectives is optional.
4. A critical performance objective is an objective of such importance that unsatisfactory performance related to the objective would result in unsatisfactory performance in the position. A non-critical performance objective is an objective that does not meet the critical definition, but is of sufficient importance to warrant written evaluation.
5. One of the three critical performance objectives for every SES member will be a management performance objective, with performance targets that, at a minimum, address the following: achievement of the management initiatives of the current Administration; internal management of the SES member's organization; and diversity accomplishments and the improved management of the diversity of the workforce.
6. Because of the long-term nature of some performance objectives, it may only be possible to demonstrate progress toward the achievement of the performance objective, as opposed to completion of the objective, during the rating period.
7. There are three performance objective rating levels, based on success in achieving the performance target(s) for the objective: Achieved Results, Minimally Satisfactory, or Unsatisfactory. Each performance objective shall be written at the Achieved Results level of performance and accountability.

D. Performance Targets.

1. The performance plan shall also contain performance targets for each performance objective. Performance targets shall detail the activities and results that should be accomplished by the executive to contribute to attainment of, or sufficient progress toward, attainment of the performance objective. The performance target shall include the impact of the expected accomplishment.
2. Performance targets should be as specific as possible -- so specific that both the rating official and the executive shall be able to easily determine when the target has been met or sufficient progress has been made. They may be adjusted during the rating period to account for constraints that arose that were out of the executive's control. (See paragraph II-F)
3. There are three performance target rating levels: Achieved Results, Minimally Satisfactory, and Unsatisfactory. Each performance target shall be written at the Achieved Results level of performance to clearly define what is required to fully meet the performance requirements. The absence of a written performance target at the minimally satisfactory and unsatisfactory rating- levels shall not preclude the assignment of a rating at those levels. Performance targets should be within the executive's ability to achieve, and they should be clearly related to the performance objective, i.e., the organizational goal to which the executive is expected to contribute.
4. If there is more than one performance target for a performance objective, the executive normally must be at the Achieved Results level for each performance target in order to be rated Achieved Results for the performance objective.
5. Due consideration is to be given to extenuating circumstances in evaluating achievement of results.

E. Review of Performance Planning and Timing. All performance objectives and performance targets shall be discussed by the executive and the rating official prior to the start of the rating period. Written performance plans, using the Executive Performance Appraisal Record (see Appendix II), shall be written normally within 30 days after the beginning of the evaluation period, which runs from October 1 to September 30. A second level of review of the performance plan is not required but may be helpful to ensure consistency with organizational outcomes and objectives.

F. Progress Reviews. There should be continuous feedback between the executive and his/her supervisor. As a minimum, one Progress Review (generally no later than 6 months from the start of the rating period) shall be held between the rating official and the executive. Along with providing an interim assessment of performance, this provides an opportunity to document changes to the performance plan that reflect changing organization mission and priorities, as well as changing assignments of the executive. Any additions or deletions to the performance plan shall be initialed and dated

PART III PERFORMANCE EVALUATION

A. Evaluation Period. Performance evaluation, including a written rating of record, must be done on an annual basis. The evaluation period for the SES shall run from October 1 to September 30. The minimum evaluation period is 90 calendar days.

B. Exceptions.

1. For an executive who cannot be rated under his/her current performance objectives and performance targets because those performance objectives and performance targets were not established for the minimum time required or for some other reason, the evaluation period shall be extended for the amount of time necessary to meet the minimum 90-day evaluation period, at which time a rating of record shall be prepared.
2. In the case of career appointees, an evaluation may not be made within 120 days after the beginning of a new Presidential Administration.
3. The evaluation period may be terminated in any case in which the operating administration or departmental office making the evaluation determines that an adequate basis exists on which to appraise and rate the executive's performance and the minimum evaluation period has been met.

C. Transfer of Rating. If an executive moves to a new agency or organization at any time during the evaluation period, the executive's current rating of record must be transferred to the gaining agency or organization as required by 5 CFR 293.405. If the executive meets the minimum evaluation period, a summary rating must be prepared by the losing organization and must be taken into consideration by the gaining organization when determining the next rating of record. In cases where the executive has served the minimum evaluation period in the position from which he/she has moved, the rating period shall not be extended. The summary rating shall comprise the principal input for the next rating of record.

D. Reassignments. An executive who is reassigned during the evaluation period shall have a summary rating of his/her performance prepared for each assignment in which he/she served for at least the minimum evaluation period. The summary ratings shall be considered in determining the rating of record at the conclusion of the evaluation period.

E. Details and Temporary Assignments. Information about the performance of executives detailed or temporarily reassigned to different positions shall be obtained and given appropriate consideration in determining the rating of record. The performance of executives within the Department while on detail or temporary reassignment for a period of 90 calendar days or longer during the evaluation period must be appraised separately upon completion or as of September 30, if the assignment continues beyond the evaluation period.

1. Performance plans reflecting the performance objectives and performance targets upon which the executive's performance shall be appraised must be prepared by the gaining organization no later than 30 days after the start of the detail or temporary reassignment.

2. Ratings on performance objectives must be prepared by the gaining organization and forwarded to the official's immediate supervisor who must consider the evaluation in completing the rating of record and/or in making personnel decisions.

3. When executives are detailed outside the Department, the losing organization must make a reasonable effort to obtain evaluation information from the outside organization. If an executive has served the minimum evaluation period in his/her official employing organization, the executive must be rated, taking into consideration information from the borrowing organization. If an executive 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 evaluation using information from the borrowing organization.

F. Initial Rating Process. At the end of the evaluation period the rating official rates the executive's performance under each critical and non-critical performance objective in the executive's performance plan, unless the executive has had insufficient opportunity to demonstrate performance, and derives an overall summary rating using the Executive Performance Appraisal Record in Appendix I.

1. Ratings shall be based on a comparison of performance against the written performance targets. (See paragraph G.) At the option of the rating official, the executive may develop a written self-evaluation for each performance objective. Such self-evaluation will become part of the official record attached to the rating of record.
2. If the executive has had insufficient opportunity to demonstrate performance of a performance objective, a rating shall not be assigned.
3. The rating official must attach a written rationale for performance objective ratings of either minimally satisfactory or unsatisfactory. Although not required, narrative feedback is recommended for an achieved results rating.
4. The rating official shall provide a copy of and discuss the evaluation and overall performance rating with the executive.
5. The executive shall have an opportunity to respond in writing to the rating official's evaluation of performance. He or she may also request that the rating be reviewed by a higher level official, unless there is no one at a higher level. In some circumstances, the review may be made, with the executive's consent, by a commissioned officer in the uniformed services serving on active duty at a higher level in the agency. Reviews shall be made before the rating is reviewed by the Performance Review Board (PRB) (see Part IV) and becomes final. Any written response of the executive and that of the reviewing official, if any, shall become part of the official record available to the PRB along with the evaluation prepared by the rating official. If the executive elects to provide a written response, it must be within 7 calendar days of the meeting with the rating official. Copies of any written comments made by the executive and/or official reviewing the rating shall be provided to the executive, the rating official, and the PRB.
6. At the option of the organization, the reviewing official may review all initial ratings under his or her jurisdiction to ensure consistency among ratings and with organizational requirements. However, there shall not be any pre-established distributions of expected levels of performance that interfere with the evaluation of actual performance. If an executive requests a higher-level review, (see paragraph F.5.), his or her entitlement to such review may be satisfied during the overall review of ratings. The reviewing official shall be made aware of the executive's specific request.
7. Initial ratings along with written comments shall be forwarded to the PRB no later than October 31 of each year.

G. Deriving Summary Ratings.

1. Assessment of Performance Objective. Each performance objective shall be assessed at one of the three levels of achievement (ratings) as defined below.

Achieved Results (Level 3)	Performance fully meets, exceeds, or demonstrates sufficient progress toward the attainment of the objective as defined by the performance targets. This rating level meets the "Fully Successful" rating level defined in statute.
Minimally Satisfactory (Level 2)	Performance only partially meets or only partially demonstrates sufficient progress toward the attainment of the objective as defined by the performance targets. Remedial action should be taken.
Unsatisfactory (Level 1)	Performance fails to meet or demonstrate sufficient progress toward the attainment of the objective as defined by the performance target. Corrective action must be taken.

2. **Summary Rating.** The rating official shall determine the summary rating based on the individual performance objective assessments, taking into account that more weight should be given to critical performance objectives than to non-critical. The table below describes the process to be used in determining the summary rating.

Achieved Results	All critical objectives must be assessed Achieved Results. No more than one non-critical objective can be assessed Minimally Satisfactory and none can be rated Unsatisfactory. This rating meets the "Fully Successful" rating level defined in the statute.
Minimally Satisfactory	One or more critical objectives or two or more non-critical objectives have been assessed Minimally Satisfactory, or one or more non-critical objectives have been assessed Unsatisfactory.
Unsatisfactory	Unsatisfactory on any critical objective.

3. **Exception.** There may be rare cases, when the rating official believes that a higher rating is justified than that allowed by the process above, (e.g., when the process indicates that a Minimally Satisfactory rating is warranted due to Minimally Satisfactory performance on two non-critical performance objectives and the rating official believes that overall performance merits Achieved Results). In these instances, the specific performance-related reasons for the adjusted summary rating shall be documented.

H. Performance Awards. Any career executive receiving a rating of Achieved Results may be given a performance award.