

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

DEPARTMENTAL PERSONNEL MANUAL SYSTEM

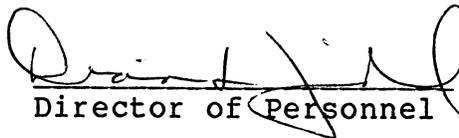
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Performance Appraisal System

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The Office of Personnel Management approved the Department of Transportation (DOT) Executive Performance Appraisal Plan on September 24, 1986. The plan becomes effective beginning with the Fiscal Year 1987 rating period (10-1-86 to 9-30-87). It supersedes DOT Order 3430.1, Executive Performance Appraisal System, dated February 7, 1980. A copy of the approved plan is attached.


Director of Personnel

Attachment

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CHAPTER 1

INTRODUCTION

EXECUTIVE PERFORMANCE APPRAISAL SYSTEM

SECTION 1 - BACKGROUND.

1. **PURPOSE.** This letter establishes the performance appraisal system for executives in the Department of Transportation (DOT) who are members of the Senior Executive Service (SES). The system is designed to encourage and recognize excellence in performance and for the systematic and accurate evaluation of performance, at least annually, based on both individual and organizational effectiveness. The purpose of integrating the appraisal system with basic management functions is to improve individual and organizational effectiveness in the accomplishment of agency mission and goals.
2. **SCOPE.** This performance appraisal system applies to all executives in positions within the Department as follows:
 - a. **Employees covered.**

All SES appointees, whether serving in SES career, SES noncareer, or SES limited appointments.
 - b. **Exclusions.**
 - (1) Presidential appointees filled by and with the advice and consent of the Senate;
 - (2) Positions filled by Noncareer Executive Assignments under Part 305 of Title 5, Code of Federal Regulations (CFR);
 - (3) Administrative Law Judges employed under authority of 5 United States Code (U.S.C.) 3105; and
 - (4) All other positions above the GS-15 level.
3. **AUTHORITY.** This directive reflects the requirements in:
 - a. Title 5, Chapter 43, U.S.C. 4311-4315
 - b. Title 5, Part 430, Subpart C (5 CFR 430.301 - 310).

4. **OBJECTIVES.** Performance appraisals provide a basis for identifying individual accountability for organizational goals leading to accurate evaluation of performance based on clearly defined performance elements and standards which are understood by both the executive and the rating official. The performance appraisal is a mechanism for communicating and clarifying organizational goals and objectives and evaluating and improving individual and organizational accomplishments. It also provides the basis for compensation determinations and related personnel decisions, such as eligibility for retention or removal from the SES, placement, reassignment, promotion, and performance awards/Presidential ranks.

CHAPTER 2

PERFORMANCE APPRAISAL UNDER THE EXECUTIVE

APPRAISAL SYSTEM

SECTION 1 - BACKGROUND.

This chapter sets forth the procedures for the operation of the Executive Performance Appraisal System, including the requirements for developing performance plans, job elements, and performance standards; the process for determining initial ratings; and other operational procedures.

SECTION 2 - DEVELOPING PERFORMANCE PLANS.

1. After consultation between the rating official and each executive at or before the beginning of the appraisal period (which runs from October 1 to September 30, except as provided in Section 7 of this chapter), job elements and performance standards shall be communicated to the executive. Written performance plans shall be developed and distributed normally within 30 days after the beginning of the appraisal period.
2. The Executive Performance Appraisal Record, DOT Form 3430.5, will be used to record individual and organizational job elements and performance standards.

SECTION 3 - JOB ELEMENTS AND PERFORMANCE STANDARDS.

In developing the job elements and performance standards for the performance plan, the following must be taken into account.

1. Job elements shall be based on both individual and organizational performance, and take into account, as appropriate, such factors as:
 - a. improvements in efficiency, productivity, and quality of work or service, including any significant reduction in paperwork;
 - b. cost efficiency;
 - c. timeliness of performance;
 - d. other indications of the effectiveness, productivity, and performance quality of the employees for whom the executive is responsible;

- e. meeting affirmative action goals and achievement of equal employment opportunity requirements; and
- f. internal management control to safeguard against fraud, waste, and abuse.

Additionally, the Secretary may express from time to time other specific elements to be reflected in the Executive Performance Appraisal process.

2. The optimum number of job elements which should be established during the appraisal period is between five and seven. At least two of the job elements must be Critical Job Elements (CJE).
3. Noncritical Job Elements (NCJE) may be used when there are components of an executive's job which do not meet the definition of a critical job element, but are of sufficient importance to warrant appraisal and the assignment of an element rating.
4. The identification and establishment of individual job elements shall relate to specific aspects of the executive's position and reflect those elements of performance over which the executive has control.
5. The identification and establishment of organizational performance elements should be related to those aspects of organizational performance over which an executive can be reasonably expected to have an important impact. This includes the accomplishment of major goals or portions of long-range goals of the organization managed by the executive. Organizational objectives are established, based on those factors which result in program accomplishment, through interaction with others and for which the manager can be reasonably held accountable.
6. There are five job element rating levels: Outstanding, Exceptional, Fully Successful, Minimally Satisfactory, and Unsatisfactory. For each job element, a performance standard shall be written at the Fully Successful level of performance. Written standards may also be prepared above and/or below the Fully Successful level. The absence of a written standard at a given rating level shall not preclude the assignment of a rating at that level.

7. All job elements and standards shall be discussed by the executive and the rating official prior to the start of the rating period. Performance standards should be stated in terms of specific results expected and include a delineation of the major actions required to ensure achievement of anticipated end results.
8. The reviewing official, who is the next higher level of management above the executive's supervisor, shall review proposed elements and standards, and any substantive changes thereto, for consistency with overall organizational objectives and make final resolution of any continuing disagreement with regard to the elements and standards.

NOTE: In cases when the reviewing official is a Deputy Assistant Secretary, Deputy Administrator, or higher, these reviews are optional. However, it is the reviewing official's responsibility to ensure that these principles and procedures are followed in their organizations.

SECTION 4 - GENERIC JOB ELEMENTS AND STANDARDS.

Generic job elements and standards can be very useful. However, it may not be feasible for Department-wide application because of varied missions and functions. For this reason, the Department will make broadly constructed generic elements and standards available to the Operating Administration personnel offices for optional use, together with instructions as to their application.

SECTION 5 - PROGRESS REVIEWS.

There should be continuous feedback between the executive and his or 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. This provides an opportunity to incorporate new responsibilities or delete responsibilities which may no longer be essential, to discuss progress towards planned objectives, and to provide interim assessments on performance. Higher-level review (as described in paragraph 3.8. of this Chapter) is required if changes in responsibilities result in different time frames or other substantive changes.

SECTION 6 - EXECUTIVE APPRAISAL ASSIGNMENT.

The following explains who is assigned an appraisal rating, when those ratings are given, and how ratings are determined under certain special circumstances.

1. Performance appraisals shall be accomplished on at least an annual basis. The appraisal period shall run from October 1 to September 30. The minimum appraisal period shall be 120 calendar days.
2. A written rating of record shall be made on an annual basis.
3. For an executive who cannot be rated under his/her current elements and standards, the appraisal period shall be extended for the amount of time necessary to meet the minimum 120-day appraisal period at which time a rating of record shall be prepared.
4. Once the minimum appraisal period has been met, the rating period may be terminated at any point at which an adequate basis exists on which to appraise and rate an executive, except as provided in paragraph 6.5.
5. In the case of career appointees, an appraisal may not be made within 120 days after the beginning of a new Presidential Administration.
6. Executive's reassigned during the appraisal period shall have a summary rating of their performance prepared for each assignment in which they served for at least the minimum appraisal period. The summary ratings shall be considered in determining the rating of record at the conclusion of the appraisal period.
7. If an executive moves to a new agency or organization at any time during the appraisal period, the executive's current rating of record must be transferred to the gaining agency or organization as required by 5 CFR, Section 293.405. If the executive meets the minimum appraisal period, a summary rating must be prepared by the losing organization and must be taken into consideration by the gaining organization when deriving the next rating of record.

NOTE: In cases where the executive has served the minimum appraisal period in the position from which he/she has changed, the rating period will not be extended. The summary rating will comprise the principal input for the next rating of record.

SECTION 7 - 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 making personnel decisions. The performance of executives within the Department while on detail or temporary reassignment, for a period of 120 calendar days or longer during the appraisal period, must be appraised separately upon completion or on September 30, if the assignment continues beyond the appraisal period.

1. Performance plans reflecting the job elements and standards, upon which the executive'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 reassignment.
2. 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.
3. When executives are detailed outside the Department, the losing organization must make a reasonable effort to obtain appraisal information from the outside organization.
 - a. If an executive has served the minimum appraisal period in his/her official employing organization, the executive must be rated, taking into consideration information from the borrowing organization.
 - b. 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 appraisal using information from the borrowing organization.

SECTION 8 - THE INITIAL RATING PROCESS.

1. **General.** At the end of the appraisal period the rating official assesses the executive's performance under each job element performed and derives an overall summary rating. The Executive Performance Appraisal Record, DOT Form 3430.5, will be used to: record individual and organization performance elements, record the summary rating, compare actual performance against job elements and standards to be achieved, and record the degree to which job elements were or were not met.

- a. Performance appraisals are the responsibility of the rating official, who will be responsible for determining and appraising the executive's actual performance against the established job elements and standards of the position. At the option of the rating official, the executive may develop a self-appraisal for each job element performed. This assessment can then be recorded on DOT Form 3430.5 for use by the rating official. Actual achievements will be documented by the rating official on each element under which the executive had the opportunity to perform, along with any other significant accomplishments. Ratings will be based on a written comparison of performance against written standards as described in this Section. The rating official will discuss the evaluation and overall performance rating with the executive and prepare a narrative summary which will provide the rationale for the summary rating, a copy of which will be provided to the executive.
- b. The executive will 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 an employee in a higher level than that of the rating 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) 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 appraisal 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 comments made by the executive and/or employee reviewing the rating shall be provided to the executive, the rating official, and the PRB.
- c. At the option of the organization, the reviewing official may review all initial ratings under his or her jurisdiction to assure consistency among ratings and with organizational requirements. However, there shall not be any preestablished distributions of expected levels of performance that interfere with the appraisal of actual performance. The reviewing official shall ensure that only those executives whose performance exceeds normal expectations are rated at levels above "Fully Successful."
- d. Initial ratings along with written comments will be forwarded to the PRB no later than October 31 of each year.

- e. Each executive shall receive a copy of the following documents at the time they are prepared:
- (1) the initial rating along with notification of the right to respond in writing and to request a higher-level review before the rating becomes final;
 - (2) any comments and recommended changes by a higher-level executive;
 - (3) the final rating; and
 - (4) all other appropriate performance appraisal documents.

2. **DERIVING SUMMARY RATINGS.**

The first step in determining the summary rating is to rate the individual job elements. Each job element will be assigned one of the five levels of ratings as defined below. In addition, examples of actual achievements and the manner of performance shall be described to support the rating.

- a. The following job element rating levels shall be used to rate executives under this system:
- (1) Outstanding - (Level 5) - Performance which is substantially higher than the level of performance expected at the Exceptional level and represents a level of performance which only a few employees could be expected to achieve. Performance is appraised by the rater as being Outstanding because of extraordinary levels of achievement and commitment in terms of time, technical knowledge and skill, ingenuity, creativity, and initiative.
 - (2) Exceptional - (Level 4) - Performance that is consistently and significantly above that required to meet the standard for Fully Successful.
 - (3) Fully Successful - (Level 3) - Performance that fully and consistently meets the requirements and expectations of the job laid out in the Fully Successful standard. It should be descriptive of the great majority of the work accomplished in most organizations.

(4) Minimally Satisfactory - (Level 2) - Performance at this level only partially meets the standard set for Fully Successful. This may be evidenced by the need for greater review, discussion, and correction than is necessary at the Fully Successful level. When performance falls below Fully Successful, remedial action should be taken.

(5) Unsatisfactory - (Level 1) - Performance fails to meet the standard for Fully Successful. When performance is Unsatisfactory on a critical element, corrective action must be taken.

- b. Ratings must be based on how the executive performed on the identified critical and noncritical elements. The rating official should determine the summary rating based on the individual element rating, taking into account that more weight should be given to critical elements than to noncritical elements. The table below describes the process to be used in determining the summary rating.

Outstanding - Consistently performs in a superior manner which far exceeds acceptable standards. (Virtually all CJEs should be rated Outstanding. No CJE can be rated below Exceptional. No NCJE can be rated below Fully Successful.)

Exceptional - Consistently performs in a manner which is considerably above acceptable standards. (The majority of CJEs must be rated Exceptional or Outstanding. No individual CJE or NCJE can be rated less than Fully Successful.)

Fully Successful - Consistently performs in a manner which meets acceptable standards. (All CJEs must be rated Fully Successful or higher. No more than one NCJE can be rated Minimally Satisfactory and none can be rated Unsatisfactory.)

Minimally Satisfactory - Performs in a manner which minimally meets acceptable standards but does not instill confidence in continuing successful performance. (One or more CJEs or two or more NCJEs rated Minimally Satisfactory, or one or more NCJEs rated Unsatisfactory.)

Unsatisfactory - Performs in a manner which falls below acceptable standards. (Unsatisfactory rating on any CJE.)

In rare cases, when the rating official believes that a higher rating is justified than that allowed by the process above, the specific performance-related reasons for the adjusted summary rating should be documented. An executive who fails to meet the Minimally Satisfactory level of performance on a critical job element must be rated Unsatisfactory.

CHAPTER 3

PERFORMANCE REVIEW BOARDS

AND FINAL RATING

SECTION 1 - BACKGROUND.

The law requires that one or more PRBs will be established in the Department for the purpose of reviewing the immediate supervisor's appraisal of an executive's performance and making a recommendation to the final rating authority.

SECTION 2 - QUALIFICATIONS OF MEMBERS.

Members may include all types of Federal executives from within or outside the agency, military officers, or representatives of a professional association, etc. Generally, members should be in positions equivalent to SES positions. Federal members should:

1. have received Fully Successful performance ratings for their most recent review, or the equivalent of this rating, in other rating systems;
2. consistently have applied agency appraisal systems effectively in their own organizations;
3. possess a thorough knowledge and understanding of the Department's appraisal system gained through experience and/or training; and
4. not be a direct subordinate of the executive whose performance is under review, or the initial rating official.

Similar standards should be applied to non-Federal members. In addition, appropriate safeguards should be taken to preclude the inclusion of any non-Federal members where a conflict of interest may exist in their reviewing the performance of a Departmental executive.

SECTION 3 - IDENTIFICATION OF MEMBERS.

Heads of Operating Administrations and Secretarial Officers will annually, no later than June, select candidates to serve as members of PRBs. These nominations (with the exception of those from the Office of the Inspector General (OIG) which is responsible for identifying and approving OIG PRB members) will be subject to the approval of the Departmental Executive Resources Review Committee (ERRC) on behalf of the Secretary. All names of selected PRB members, including OIG, will then be published in the Federal Register in July. Generally, nominees will be at or above the Associate Administrator level in the Operating Administrations and the Office Director level in the Office of the Secretary.

SECTION 4 - APPOINTMENTS TO PRB.

1. Annually during the month of July, the Departmental ERRC will review the roster of members for the purpose of selecting and assigning members to a specific PRB. The ERRC may add other names in addition to those nominated. The assignments will be made in such a manner as to assure consistency, stability, and objectivity in the performance appraisal process. All PRB members' names will then be published in the Federal Register.
2. A minimum of five members will be assigned to each Board, but no more than three members need participate in any one review. The assignments will be made to provide diverse functional or subject expertise and to satisfy the requirement for a majority of career members when a career executive's appraisal is reviewed. The five-member minimum will also enable a supervisory official who made an initial appraisal of an executive to withdraw as a member of a PRB considering such appraisal.
3. Individual PRB members will not take part in any PRB deliberations involving their own appraisals.

SECTION 5 - RESPONSIBILITY OF THE PRBs.

1. The PRBs have as their basic responsibility to review the appraisal of an executive and to render a written recommendation to the final rating authority. The complete record of the executive's appraisal shall be considered by the PRBs, including but not limited to the written initial appraisal; the senior executive's response, if any; the written review by a higher-level executive, if such a review was made; any additional records and statements the PRBs consider appropriate; and they may call witnesses in order to resolve conflicts or discrepancies in the record. The written recommendation should consider equity and consistency among the ratings of executives as well as the accuracy, fairness, and effectiveness of individual ratings.
2. The PRBs shall be responsible for including recommendations concerning basic compensation, individual performance awards, Presidential ranks, executive development, mobility assignments, etc., to the final rating authority.
3. The PRBs shall have as an additional responsibility the critical analysis of the entire appraisal process in order to make such recommendations and comments as they deem appropriate to the final rating authority.

SECTION 6 - FINAL RATING.

1. The appointing authority will assign a final written rating based upon the complete appraisal record; the recommendation of the PRB and any guides of the Departmental ERRC which relate the performance appraisal to other personnel actions. These include compensation, retention in the SES, recognition and awards, executive development, mobility assignments, or disciplinary actions. This rating shall serve as the required annual written rating of record.
2. Although the performance appraisal may influence, necessitate, or be the basis for a personnel action, the assignment of a final rating will not automatically effect such an action.
3. The executive may not appeal any appraisal and rating under this Letter with the exception of allegations of prohibited personnel practices such as discrimination, political motivation, or retaliation, taken in conjunction with performance evaluation. Allegations of this nature are subject to investigation by the Special Counsel of the Merit Systems Protection Board.

SECTION 7 - PERFORMANCE BELOW "FULLY SUCCESSFUL."

1. Executives who receive performance ratings at a level below "Fully Successful" will be assisted in improving performance. Such assistance may include, but is not limited to, formal training, counseling, and closer contact with the rating official.
2. For SES members who are subject to the requirements of 5 CFR Part 359, Subpart E, which relates to the removal of SES members holding career appointments, the following is required:

<u>Rating of Record</u>	<u>Action</u>
One Unsatisfactory.	Removal from position or SES.
Two Unsatisfactory ratings within 5 consecutive rating years.	Removal from SES.
Two ratings below Fully Successful with 3 consecutive rating years.	Removal from SES.

CHAPTER 4

GENERAL PROGRAM ADMINISTRATION

SECTION 1 - ROLE OF THE DEPARTMENTAL EXECUTIVE RESOURCES BOARD.

It will be the responsibility of the ERRC of the Departmental Executive Resources Board to monitor the implementation of this Letter and resolve any questions which may arise.

SECTION 2 - RECORDS OF EXECUTIVE PERFORMANCE.

Operating Administrations and the Office of the Secretary must establish and implement procedures for the retention and disposition of performance appraisal records. SES performance-related records must be retained for 5 years. If an executive moves to a new agency at any time during the appraisal period, the employee's current rating of record and all appropriate documentation must be transferred to the gaining agency as required by 5 CFR, Section 293.405.

SECTION 3 - PROGRAM EVALUATION.

It is the Department's responsibility to evaluate the operation of the Executive Performance Appraisal System. Periodically, the Director, Office of Personnel, OST, will evaluate the system's effectiveness so that any appropriate adjustments and improvements can be initiated.

SECTION 4 - TRAINING AND INFORMATION.

1. The results of performance appraisals should be used as a basis for determining the training needs of the executive. Executive development and training are mechanisms for adding to the contribution that executives give to the organization.
2. All supervisors and senior executives will be informed and trained on the appraisal process within 60 days of the effective date of this letter. Information packages highlighting changes to the existing appraisal system will be distributed to all senior executives and to their supervisors. Briefings will be held as appropriate.

APPENDIX I - DEFINITIONS.

The following terms and their definitions apply to the Executive Performance Appraisal System:

Appointing Authority - the final rating authority, who will be the Secretary, the Deputy Secretary, Departmental Officers, Heads of Operating Administrations, or the Inspector General.

Appraisal - the act or process of reviewing and evaluating the performance of the executive against the described performance standard(s).

Appraisal period - the period of time established by an appraisal system for which the senior executive's performance will be reviewed. In DOT, the appraisal period is from October 1 - September 30.

Appraisal system - a performance appraisal system established under Subchapter II of Chapter 43 of Title 5, U.S.C. It provides for identification of critical and noncritical elements, establishment of performance standards, communication of elements and standards to senior executives, establishment of methods and procedures to appraise performance against established standards, and appropriate use of appraisal information in making personnel decisions.

Critical job element - a component of a position consisting of one or more duties and responsibilities which contributes toward accomplishing organizational goals and objectives. It is of such importance that unsatisfactory performance of the element would result in unsatisfactory performance in the position.

Final rating - the rating of record assigned by an appointing authority after considering the recommendations of a PRB.

Initial rating - the summary rating made by the senior executive's supervising official and provided to the PRB.

Noncritical job element - a component of an executive's position which does not meet the definition of a critical element, but is of sufficient importance to warrant written appraisal. Noncritical elements are optional.

Performance - the senior executive's accomplishment of assigned work as specified in the critical and noncritical elements of the executive's position.

Performance appraisal - (see Appraisal).

Performance Appraisal System - (see Appraisal system).

Performance plan - the aggregation of all of the senior executive's written critical and noncritical elements and performance standard(s).

Performance requirement - performance standard.

Performance standard - a statement of the expectations or requirements established by management for a critical or noncritical element at a particular rating level.

Progress review - a review of the executive's progress toward achieving the performance standards (not in itself a rating).

Rating Official - senior executive's first-level supervisor.

Rating of record - the final rating.

Reviewing Official - next higher level of management above the executive's supervisor.

Summary rating - the written record of the appraisal of each critical and noncritical element and the assignment of a summary rating level.