

**DEPARTMENT OF THE NAVY
HUMAN RESOURCES
IMPLEMENTATION GUIDANCE**

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SUBJECT: Guidance on Implementing Performance Management Programs in the Department of the Navy

REFERENCES: SECNAVINST 12430.4, Department of the Navy Performance Management Programs

FEATURES OF THIS GUIDE:

1. Provides procedures for establishing and implementing two-level performance management programs throughout the Department of the Navy.
 2. Defines program objectives, assigns responsibilities, outlines performance appraisal requirements, etc.
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INTRODUCTION

For a number of years, there has been growing dissatisfaction throughout the Department of the Navy with the existing 5-level performance system. This dissatisfaction was at an all time high when the Office of Personnel Management issued a new Government-wide directive to increase performance management flexibility. Recognizing the need for change, the Department of Defense passed to the components the flexibility to design their own performance appraisal programs. In close collaboration with a broad cross-section of Commands, activities and labor organizations, the Department of the Navy has designed a performance management program that meets our requirements and our unique culture.

The following pages describe a performance management framework that focuses on individual and team performance, continuous improvement, and two-way communication. It should be noted that the procedures set forth in this Guide are not policy per say, but rather are intended to ensure some consistency in approach throughout the Department. They provide a framework or starting point for Commands and activities to implement mission-specific programs and Command specific rating plans. Also annotated in the text, for the convenience of those using this Guide, are requirements of law, regulation, or policy, which must be followed.

The cooperation and invaluable assistance of the Department's Human Resources Management community is gratefully acknowledged.

TABLE OF CONTENTS

	<u>Page</u>
1. Purpose	1
2. Policy and Program Objectives	1
3. Coverage	2
4. Responsibilities	2
a. Echelon 1 and 2 Commands	2
b. Activity Heads	2
c. Managers, Supervisors, and Team Leaders	3
d. Employees	3
e. Human Resources Offices	4
f. Human Resources Service Centers	4
5. Definitions	4
6. Performance Appraisal Requirements	6
a. Appraisal Period	7
b. Performance Plans	7
c. Monitoring Performance	8
7. Unacceptable Performance	10
8. Grievances and Appeals	11
9. Performance Recognition	11
a. Awards	11
b. Quality Step Increases	11
10. Relationship to Other Personnel Actions	12
a. Within-Grade Increases	12
b. Promotions	12
c. Probationary Period	13
d. Removal, Demotion, and Reassignment	13

e.	Reduction-in-Force	13
f.	Training and Development	14
11.	Transfer of Rating	14
12.	Savings Provision	14

Appendixes

	<u>Page</u>	
A.	Additional Performance Requirements	A-1
1.	Purpose	A-1
2.	DOD Performance Evaluation Requirements	A-1
B.	Element Rating Conversion Chart Examples	B-1
C.	Performance Management Program Questions and Answers	C-1

**GUIDANCE ON IMPLEMENTING
PERFORMANCE MANAGEMENT PROGRAMS IN
THE DEPARTMENT OF THE NAVY**

1. Purpose

This Guide provides procedures for establishing and implementing performance management programs throughout the Department of the Navy (DON), as required by SECNAVINST 12430.4. These procedures comply with the requirements of the Department of Defense (DoD) Performance Appraisal System. (DoD 1400.25-M, Subchapter 430, E.2. and Appendix A, D.1.b.)

2. Policy and Program Objectives

In the DON, performance management is used to involve employees, as individuals and as members of a group, in improving organizational effectiveness. In achieving this objective, performance management programs should be designed to integrate management processes that:

a. Communicate and clarify mission and organizational goals, and objectives; (Title 5, Code of Federal Regulations (CFR) 430.102(b)(1))

b. Identify employee, team, and managerial accountability for the accomplishment of goals and objectives; (5 CFR 430.102(b)(2) and DoD 1400.25-M, Subchapter 430, B.)

c. Involve employees in improving organizational effectiveness and in assessing employee, team, and organizational effectiveness and performance; (5 CFR 430.104(b)(4) and DoD 1400.25-M, Subchapter 430, B.)

d. Use appropriate measures of performance to recognize and reward employees and use the results of performance appraisal as a basis for appropriate personnel actions; (5 CFR 430.102(b)(5) and (b)(6))

e. Involve employees and their representatives in program development and implementation; (DoD 1400.25-M, Subchapter 430, B.)

f. Encourage employees to take responsibility to continuously improve, support team endeavors, develop professionally, and perform at their full potential. (DoD 1400.25-M, Subchapter 430, B.)

3. Coverage

Performance management programs cover appropriated fund employees of the DON (including senior-level and scientific and professional employees paid under Section 5376 of Title 5, United States Code (USC)). These programs do not apply to the following: Civil Service mariners of the Military Sealift Command; individuals in the Senior Executive Service; nonappropriated fund employees; employees outside the United States paid in accordance with local national prevailing wage rates for the area in which employed; individuals appointed by the President; employees occupying excepted service positions not expected to exceed the minimum performance period established in a consecutive 12-month period; individuals who are serving in positions under a temporary appointment for less than one year, who agree to serve without a performance evaluation, and who will not be considered for reappointment or for an increase in pay based in whole or in part on performance; and individuals excluded from coverage under other applicable law. (Title 5, USC, Section 4301(2), 5 CFR 430.202(2), and DoD 1400.25-M, Subchapter 430, Appendix A, B.2.)

4. Responsibilities

a. Echelon 1 and 2 commands may issue guidance and procedures to their subordinate activities for internal program management. Maximum flexibility is provided to permit the design of program structure and content which meet organizational needs. Programs developed for Command-wide implementation should be broad enough to allow labor-management partnership involvement at the local activity. All performance management programs used within DON will result in a final two-level summary rating which

appraises an employee's performance at either the "Acceptable" or "Unacceptable" level. (DoD 1400.25-M, Subchapter 430, D.9.a. and SECNAVINST 12430.4)

b. Activity heads are expected to:

(1) Establish activity organizational goals and objectives. (SECNAVINST 12430.4)

(2) Establish the annual, beginning and ending dates of the appraisal period. (5 CFR 430.206(a)(2) and DoD 1400.25-M, Subchapter 430, Appendix A, D.4.a.)

(3) Ensure coverage of employees under an implementing instruction consistent with these policies and procedures. (SECNAVINST 12430.4)

(4) Provide appropriate training to those involved in the program. (5 CFR 430.209(c) and SECNAVINST 12430.4)

(5) Determine the review and/or approval requirements for close-outs, progress reviews, and ratings of record. (SECNAVINST 12430.4)

c. Managers, Supervisors, and Team Leaders (where applicable) are obligated by the DOD Performance Appraisal System to:

(1) Develop a written, or otherwise recorded, performance plan for each covered employee based on work assignments and responsibilities covering the official appraisal period. Performance plans must include all critical elements and related performance standards. Each performance plan must have at least one critical element that addresses individual performance. (5 CFR 430.206(b)(3) and DoD 1400.25-M, Subchapter 430, Appendix A, D.2.)

(2) Encourage employee participation and ensure that covered employees are involved in the development of performance plans. Final responsibility for ensuring establishment of such plans rests with the first level supervisor. (5 CFR 430.205(d) and DoD 1400.25-M, Subchapter 430, Appendix A, D.3.)

(3) Provide employees with a copy of their performance plans within 30 days of the beginning of each appraisal period. (DoD 1400.25-M, Subchapter 430, Appendix A, D.2.b.)

(4) Conduct one or more documented progress reviews during the appraisal period. Progress reviews should be informative and developmental in nature and include discussions between first and second level supervisors and team leaders, where applicable. (5 CFR 430.207(b) and DoD 1400.25-M, Subchapter 430, Appendix A, D.8.)

(5) Prepare a rating of record for each covered employee. This includes a rating for each element and the assignment of a summary level. (5 CFR 430.208(b) and DoD 1400.25-M, Subchapter 430, Appendix A, D.9.a.)

(6) Provide a copy of the rating of record to each employee. (5 CFR 430.208(a) and DoD 1400.25-M, Subchapter 430, Appendix A, D.4.b.)

(7) Provide assistance to employees in improving their performance at any time during the appraisal cycle that performance is determined to be "Unacceptable" in one or more critical elements. (5 CFR 430.207(d)(1) and DoD 1400.25-M, Appendix A, D.14.b.)

(8) Recommend awards based on performance as appropriate. (5 CFR 451.104(a)(3) and DoD 1400.15-M, Subchapter 451, I.)

d. Covered employees are expected to:

(1) Participate in the development of their performance plan. (5 CFR 430.205(c) and DoD 1400.25-M, Subchapter 430, Appendix A, D.3.)

(2) Participate in a progress review(s).

(3) Provide input on their performance accomplishments at the end of the appraisal cycle and participate in the final appraisal discussion.

e. Human Resources Offices (HROs) currently served by an operational Human Resources Service Center (HRSC) are responsible for:

(1) Advising managers, supervisors, team leaders, and covered employees on program requirements and related performance management issues.

(2) Forwarding close-out ratings and ratings of record to the HRSC for data input to the Defense Civilian Personnel Data System (DCPDS).

f. Additionally, operational HRSCs and HROs not currently served by an operational HRSC are responsible for:

(1) Inputting employee performance rating data to the DCPDS. (5 CFR 430.209(e))

(2) Maintaining performance records and forms and making them available for pay, award, reduction-in-force, and other performance actions. (5 CFR 430.209(f))

(3) Processing awards and Quality Step Increases accurately and timely. (5 CFR 531.506)

5. Definitions

a. Acceptable Performance. Performance of an employee which meets the established performance requirement(s) or standards, at a level above "unacceptable", in all critical element(s) of an employee's position. (5 CFR 432.103(a))

b. Activity. A field installation, headquarters command, or office.

c. Additional Element. A dimension or aspect of individual, team, or organizational performance that is not a critical or non-critical element. Such elements are not used in assigning a summary level but, like critical and non-critical elements, are useful for purposes such as communicating performance expectations and serving as the basis for granting awards. Such elements may include, but are not limited to, objectives, goals, program plans, work plans, and other means of expressing performance. (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, Appendix A, C.1.)

d. Appraisal. The process under which performance is reviewed and evaluated against the described performance standard(s). (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, Appendix A, C.2.)

e. Appraisal Period. The established period of time for which performance will be reviewed and a rating of record prepared. 5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, Appendix A, C.3.)

f. Appraisal Program. The specific procedures and requirements established within the policies and parameters of the DoD Performance Appraisal System. (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, Appendix A, C.4.)

g. Appraisal System. A framework of policies and procedures established by an agency (e.g., DoD) for the administration of performance appraisal programs. (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, Appendix A, C.5.)

h. Award. Recognition for individual or team achievement that contributes to meeting organizational goals or improving the efficiency, effectiveness, and economy of the Government or which is otherwise in the public interest. (5 CFR 451.102, DoD 1400.25-M, Subchapter 430, D. and Subchapter 451, C.1.)

i. Close-out Rating. An appraisal conducted when an employee or first level supervisor leaves a position after the employee has been under established performance standards for 90 days or more but before the end of the appraisal cycle. Close-out ratings will be documented and used in deriving the rating of record and in some cases, may become the rating of record. (5 CFR 430.205(b) and 208(h))

j. Critical Element. A work assignment or responsibility of such importance that unacceptable performance on the element would result in a determination that an employee's overall performance is unacceptable. (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, Appendix A, C.6.)

k. Interim Appraisal. Any progress review or training appraisal conducted throughout the annual performance appraisal period.

l. Non-critical Element. Non-critical elements are not used in DON. (SECNAVINST 12430.4)

m. Performance. Accomplishment of work assignments or responsibilities. (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, Appendix A, C.8.)

n. Performance Plan. All of the elements that describe the expected performance of an individual employee. A plan must include all critical elements and their related performance standards. (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, Appendix A, C.9.)

o. Performance Rating. The result of a comparison between actual performance and the performance standard(s) for each critical element on which there has been an opportunity to perform for the minimum period. A performance rating will include the assignment of a summary level. (5 CFR 430.203 and 208(d) and DoD 1400.25-M, Subchapter 430, Appendix A, C.10.)

p. Performance Standard. The management-approved expression of the performance threshold(s), requirement(s), or expectation(s) that must be met to be appraised at a particular level of performance. A performance standard may include, but is not limited to, quality, quantity, timeliness, and manner of performance. (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, C.11.)

q. Progress Review. Communicating with the employee about performance compared to the performance standards of critical elements. (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, C.12.)

r. Rating of Record. The performance rating prepared at the end of an appraisal period for performance over the entire period including the assignment of a summary level as specified in paragraph 6d(5). The rating of record is the official rating for pay, performance award, and retention purposes. (5 CFR 430.203, 5 CFR 351.504, and DoD 1400.25-M, Subchapter 430, Appendix A, C.13.)

s. Summary Rating. The final result of the performance evaluation process. The summary rating is used to provide consistency in describing ratings of record. The two summary rating levels are: "Acceptable" (Level 3) and "Unacceptable" (Level 1). (5 CFR 430.208(d) and SECNAVINST 12430.4)

t. Training Appraisal. An appraisal conducted as part of a formal training program, lasting more than 90 days, and conducted under Civilian Personnel Instruction (CPI) 410. Training appraisals are interim appraisals and are not used as the annual rating of record.

u. Unacceptable Performance. Performance of an employee which fails to meet established performance standards in one or more critical elements. (5 CFR 432.103(h))

6. Performance Appraisal Requirements

In accordance with the DoD Performance Appraisal System, no employee may be concurrently covered by more than one performance

appraisal program. (DoD 1400.25-M, Subchapter 430, Appendix A, D.1.)

a. Appraisal Period

(1) An annual appraisal period is required for rating of record purposes. Activities are responsible for designating the beginning and ending dates of the appraisal period. (5 CFR 430.206(a) and DoD 1400.25-M, Subchapter 430, Appendix A, D.4.a.)

(2) To receive a rating of record, an employee must have served for a minimum appraisal period of 90 days under an approved performance plan in the same position and under the same first level supervisor. If necessary, the employee's rating period will be extended beyond the activity's fixed ending date to insure the minimum 90-day period. (5 CFR 430.207(a), DoD 1400.25-M, Subchapter 430, Appendix A, D.4.b. and D.7., and SECNAVINST 12430.4)

b. Performance Plans

(1) Each employee must have an approved written, or otherwise recorded, performance plan based on work assignments and responsibilities. The plans will cover the official appraisal period. (5 CFR 430.206(b)(3) and DoD 1400.25-M, Subchapter 430, Appendix A, D.2.a.)

(2) Performance plans should be provided to employees within 30 days after the beginning of each appraisal period, permanent assignment to a new position, and of each detail or temporary promotion expected to last 120 days or longer. Performance plans include all critical elements and related performance standards. (5 CFR 430.206(b)(2) and DoD 1400.25-M, Subchapter 430, Appendix A, D.2.b.)

(3) Each performance plan must have at least one critical element which addresses individual performance. In addition, the performance plans are to include the critical elements required for specific types of positions, such as safety, security, etc. Appendix A lists the additional performance evaluation requirements. (5 CFR 430.206(b)(4)(I) and DoD 1400.25-M, Subchapter 430, Appendix A, D.2.b.)

(4) Two summary rating levels must be used for the final performance rating, with one level being "Acceptable" and the other level being "Unacceptable". At a minimum, performance standards are established at the "Acceptable" level. (5 CFR

430.206(b)(6) and (7)(I)(A) and (B), DoD 1400.25-M, Subchapter 430, Appendix A, D.6. and D.9.a., and SECNAVINST 12430.4)

(5) At the time performance standards are set, supervisors should certify on the performance appraisal, the currency and accuracy of the employee's position description.

c. Monitoring Performance

(1) Progress Reviews

A review of an employee's performance is expected at least once midway through the appraisal period. At a minimum, employees should be informed of their level of performance by comparison with the performance elements and standards established. To the maximum extent possible, progress reviews will be informative and developmental in nature and will focus on future performance. Progress reviews do not require the assignment of a summary level, however, the first-level supervisor and employee must sign and date the performance appraisal to indicate that the review was conducted. (5 CFR 430.207(b), 5 CFR 351.504(a)(3), and DoD 1400.25-M, Subchapter 430, Appendix A, D.8.)

(2) Interim Appraisals

Interim appraisals should be conducted throughout the annual performance appraisal period. Interim appraisals are considered in determining the annual rating of record. (5 CFR 430.205(b) and DoD 1400.25-M, Subchapter 430, Appendix A, D.11)

(3) Training Appraisals

Training appraisals conducted under CPI 410 covering periods of at least 90 days should be considered in the annual performance rating process. Training appraisals do not serve as close-out ratings or as ratings of record. (DoD 1400.25-M, Subchapter 430, Appendix A, D.11.)

(4) Close-out Ratings

Close-out ratings must be conducted when:

(a) An employee completes a detail or temporary promotion of 120 days or longer under established performance standards. This requirement also applies to employees on "loan" from another activity/agency for 120 days or longer. (5 CFR

430.205(b), 430.208(h), and DoD 1400.25-M, Subchapter 430, Appendix A, D.11.)

(b) An employee changes positions, is promoted, or moves to a new agency/activity, after being under established performance standards a minimum of 90 days. (5 CFR 430.205(b), 430.208(h), and DoD 1400.25-M, Subchapter 430, Appendix A, D.11.)

(c) The first level supervisor leaves the position after the employee is under established performance standards for a minimum of 90 days. In this situation, the employee may continue under the same performance plan unless changed by the new supervisor. (5 CFR 430.205(b), 430.208(h) and DoD 1400.25-M, Subchapter 430, Appendix A, D.11.)

(d) Close-out ratings may become the rating of record if the following criteria are met: (5 CFR 430.205(b), 430.208(h), and DoD 1400.25-M, Subchapter 430, Appendix A, D.11.)

1. There is insufficient time (90 days) to establish a new performance plan and rate the covered employee in their assigned position before the end of the appraisal period.

2. The first level supervisor takes into consideration any other close-out ratings conducted during the appraisal period.

(5) Ratings of Record

(a) Normally within 30 days after the end of the appraisal period, a written, or otherwise recorded, rating of record will be given to each employee, unless the employee has not completed the 90-day minimum period of performance. (5 CFR 430.208(a) and DoD 1400.25-M, Subchapter 430, Appendix A, 4.b.)

(b) When a rating of record cannot be prepared at the time specified, the appraisal period will be extended to insure the minimum 90-day period. A rating of record should be prepared as soon as practicable once the necessary conditions have been met. (5 CFR 430.208(g) and DoD 1400.25-M, Subchapter 430, Appendix A, D.4.b.)

(c) The rating of record or performance rating for a disabled veteran will not be lowered because the veteran has been absent from work to seek medical treatment. (Executive Order 5396, 5 CFR 430.207(f), and DoD 1400.25-M, Appendix A, D.15.)

(6) Summary Level Rating

A summary level rating must be assigned when a performance rating is prepared as part of a rating of record. (5 CFR 430.203 and DoD 1400.25-M, Subchapter 430, Appendix A, D.9.)

(a) Ratings are based on a comparison of performance against written standards. Each critical element is rated at the level described in the performance plan. (5 CFR 430.207(b) and 430.208(b))

(b) Element ratings are then converted to one of two summary rating levels: "Unacceptable" as the lowest and "Acceptable" as the highest. (5 CFR 430.208(b) and DoD 1400.25-M, Subchapter 430, Appendix A, D.9.a.)

(c) An "Unacceptable" summary rating level is assigned if, and only if, performance on one or more critical elements is appraised as "Unacceptable". (5 CFR 430.208(b)(1))

(7) Recording the results

(a) The performance rating shall be signed and dated by the employee and immediate supervisor. The employee's signature does not necessarily constitute agreement with the rating; it merely signifies the employee has received it. (5 CFR 351.504(a)(3))

(b) Employees should be provided a copy of their rating of record within 90 days of the end of the annual appraisal cycle. (DoD 1400.25-M, Subchapter 430, Appendix A, D.4.b.)

7. "Unacceptable" Performance

a. At any time during the appraisal period that performance is determined to be "Unacceptable" in one or more critical elements, employees are to be formally notified in writing. The notice of unacceptable performance must include:

(1) The critical element(s) determined to be unacceptable; (5 CFR 432.104)

(2) The performance requirement(s) and "Acceptable" standard that must be attained to demonstrate acceptable performance; (5 CFR 432.104)

(3) A reasonable opportunity to demonstrate acceptable performance; (5 CFR 432.104)

(4) Assistance in improving performance which may include, but is not limited to, formal training, on-the-job training, counseling, close supervision or other appropriate measures; (5 CFR 430.207(d)(1), 432.104, and DoD 1400.25-M, Subchapter 430, Appendix A, D.14.a. and b.)

(5) Notice to the employee that unless performance in the critical element(s) improves to and is sustained at the acceptable level, the employee will be reduced in grade or removed. (5 CFR 432.104)

b. A rating of record of "Unacceptable" may not be assigned until the above requirement has been met. If, at the conclusion of the "opportunity" period, the employee's performance continues to be "Unacceptable", the activity must initiate reassignment, reduction in grade, or removal action. (5 CFR 430.207(d)(2) and 432.105(a))

c. A rating of record of "Unacceptable" shall be reviewed and approved by a higher level management official. (DoD 1400.25-M, Subchapter 430, Appendix A, D.14.b.)

8. Grievances and Appeals

Covered employees may raise issues relating to the performance appraisal process through either the administrative grievance procedure or, where applicable, a negotiated grievance procedure. Appealable issues may be submitted to the Merit Systems Protection Board (MSPB). Guidance on grievable/appealable matters is as follows: (Title 5, USC, Chapter 71, 5 CFR 1201.3(c), and CPI 771)

a. Contents of the individual performance plan are neither grievable nor appealable.

b. Failure to inform employees of critical elements and standards within the required time frame is grievable.

c. Ratings on individual elements and summary level ratings are grievable.

d. Performance-based demotions and removals may be grieved through the appropriate negotiated grievance procedure or appealed to the MSPB, but not both.

e. Awards are not grievable under administrative grievance procedures.

9. Performance Recognition

a. Awards

Awards may be used as tools to acknowledge and motivate employees by recognizing and rewarding significant individual, team, or organizational achievements or contributions. Examples of awards include, but are not limited to, Special Act awards, time-off, honorary and informal recognition awards. See "Guidance on Implementing Awards Programs in the DON" for awards procedures and requirements.

b. Quality Step Increases

The purpose of Quality Step Increases (QSI) is to provide appropriate incentives and recognition for excellence in performance by granting faster than normal step increases; therefore, careful consideration should be given before granting a QSI. An employee is eligible for only one quality step increase within any 52 week period. To be eligible for a QSI, General Schedule employees must meet the following criteria required by 5 CFR 531.504(b)(2):

(1) Received a rating of record of "Acceptable";

(2) Demonstrated sustained performance of high quality significantly above that expected at the "Acceptable" level (i.e., exceeded the "Acceptable" criteria depicting unusually good or excellent quality or high quantity of work provided ahead of schedule and with less than normal supervision); and

(3) Made a significant contribution to the organization's mission; and

In addition, there must be an expectation that the high quality performance will continue in the future.

10. Relationship to Other Personnel Actions

a. Within-Grade Increases

(1) Federal Wage System (FWS)

Employees receive within-grade increases, when eligible by time, if their performance is satisfactory. Satisfactory performance equates to an "Acceptable" rating of record. (5 CFR 532.417(a))

(2) General Schedule (GS)

Covered employees receive withing-grade increases, when eligible by time, if their performance is at an acceptable level of competence. Acceptable level of competence equates to an "Acceptable" rating of record. (5 CFR 531.404(a))

(3) FWS and GS

When a within-grade increase decision is not consistent with the employee's most recent rating of record, a more current rating of record must be prepared. The rating of record used as the basis for an acceptable level of competence determination for a within-grade increase must have been assigned no earlier than the most recently completed appraisal period. The notice of negative within-grade increase determination must state the "Acceptable" standard for any element evaluated at the "Unacceptable" level. (5 CFR 531.404(a)(1) and (2) and 409(e)(2)(I))

b. Promotions

(1) Career-Ladder Promotions

Performance appraisals are used as a basis for determining eligibility for career-ladder promotions. To be promoted, an employee is expected to be performing at the "Acceptable" level on all critical elements. However, the fact that an employee is rated "Acceptable" at the time he/she is eligible for a career-ladder promotion, does not mean that the promotion is automatic. (5 CFR 335.104 and DoD 1400.25-M, Subchapter 430, Appendix A, D.13.)

(2) Merit Promotion Actions

The rating of record should be used in merit promotion evaluations and by selecting officials to the extent it is relevant to the position to be filled. (5 CFR 335.103(b)(3) and DoD 1400.25-M, Subchapter 430, Appendix A, D.13.)

c. Probationary Period

(1) Initial Probationary Period

Evaluation of the employee's performance, as well as other considerations, should serve as a basis for the decision to retain or remove the employee from Federal Service during the

probationary period. (5 CFR 315.803 and DoD 1400.25-M, Subchapter 430, Appendix A, D.13.)

(2) Supervisory and Managerial Probation

Evaluation of the employee's performance of supervisory or managerial elements of the position serves as a basis for the decision to retain or remove the employee from the supervisory or managerial position. (5 CFR 315.901 and DoD 1400.25-M, Subchapter 430, Appendix A, D.13.)

d. Removal, Demotion, and Reassignment

(1) An employee whose performance is "Unacceptable" must be removed, reassigned, or reduced in grade, but only after the employee has had an opportunity to demonstrate acceptable performance. (5 CFR 430.207(d)(1), and 432.104)

(2) If, at the conclusion of the "opportunity" period, the employee's performance continues to be "Unacceptable", the activity must initiate reassignment, reduction in grade, or removal. (5 CFR 430.207(d)(2) and 432.105(a))

e. Reduction-in-Force (RIF)

(1) The rating of record for RIF purposes is the annual rating conducted at the time specified by the activity and special ratings conducted to support within-grade increase determinations. No rating may be assigned for the purpose of affecting an employee's RIF retention standing. (5 CFR 351.504(a))

(2) The three most recent ratings of record received in the last four years are factors in determining retention standing for RIF purposes. An employee receives additional years of service for each "Acceptable" rating. (5 CFR 351.504(b)(1))

f. Training and Development

(1) Identification of training requirements to improve performance is a significant element in the appraisal process. The performance appraisal process should clearly identify areas where training and development may be appropriate. Whenever it is determined that an employee's performance is "Unacceptable", the supervisor is responsible for assisting the employee in bringing his or her performance to the "Acceptable" level. This

may be accomplished through counseling, closer supervision, on-the-job training, and/or formalized training, as appropriate. (5 CFR 430.205(b), 5 CFR 432.104, and DoD 1400.25-M, Subchapter 430, Appendix A, D.11. and D.14.b.)

(2) Performance plans related to training may include achievement of specific training objectives that may be determined to be critical or additional. Performance appraisals conducted as part of the employee's individual training plan or other specialized training plan should be considered in the annual performance rating process. Such appraisals are interim appraisals and do not serve as the rating of record.

11. Transfer of Rating

When an employee's Official Personnel Folder (OPF) is sent to another servicing office in the employing agency, another agency, or the National Personnel Records Center, all ratings of record completed in the previous four-year period, as well as the performance plan on which the most recent rating was based, are to be included in the OPF. Activities should take into consideration transferred ratings covering an employee's performance within their current appraisal period when deriving the next rating of record. (5 CFR 430.209(b) and DoD 1400.25-M, Subchapter 430, Appendix A, D.12.)

12. Savings Provision

As required by 5 CFR 430.201(b) and DOD 1400.25-M, Subchapter 430, actions initiated prior to the implementation of SECNAVINST 12430.4 (actions initiated under DON Performance Appraisal Review System or the Alternative Performance Appraisal System (CPI 430)), shall continue to be processed consistent with those plans.

APPENDIX A

ADDITIONAL PERFORMANCE REQUIREMENTS

1. Purpose. Specific provisions of law, regulation, and DOD policy require certain matters to be considered in the performance evaluations of some employees. Except as provided below, this does not require the establishment of specific performance elements and standards addressing the individual's performance. Rating officials may just consider these requirements in the performance rating or provide narrative evaluations of progress in meeting these requirements (e.g., in a statement on an appraisal form reserved for remarks).

2. DoD Performance Evaluation Requirements

a. Audit Follow-Up. Performance evaluations of appropriate managers must reflect the degree of effectiveness in addressing audit findings and recommendations and implementing agreed-upon corrective actions as required by Office of Management and Budget (OMB) Circular A-50, "Audit Follow-Up," September 29, 1982. This requirement applies to audits conducted by the General Accounting Office (GAO) and the DoD Inspector General. This requirement is established in paragraph E.3.g. of DoD Directive 7650.3, "Follow-Up on General Accounting Office, DoD Inspector General, Internal Audit, and Internal Review Reports," September 5, 1989.

b. Protecting Classified Information. Performance evaluations of all employees whose duties involve access to classified information must include a comment by rating officials pertaining to an employee's discharge of security responsibilities. This requirement is established in paragraph 9-102(d) of DoD 5200.2-R, "Personnel Security Program," January 1987.

c. Internal Management Control. Performance evaluations of managers who have significant Internal Management Control (IMC)

responsibilities must reflect the accountability for the success or failure of IMC practices. This requirement is established in paragraph E.3.d. of DoD Directive 5101.39, "Internal Management Control Program," April 14, 1987.

d. Equal Employment Opportunity (EEO). Performance evaluations of supervisors, managers, and other personnel with EEO responsibility must have a critical element on EEO. This requirement is established in paragraph E.2.f. of DoD Directive 1440.1, "The DoD Equal Employment Opportunity (EEO) Program," May 21, 1987.

e. Inventory Management. Performance evaluations of individuals employed at Inventory Control Points must give appropriate consideration to efforts made by these individuals to eliminate wasteful practices and achieve cost savings in the acquisition and management of inventory items. This requirement is established in section 2458 of Title 10, United States Code.

f. Acquisitions. Persons serving in acquisition positions in the same acquisition career field must be provided an opportunity for review and inclusion of any comments on any appraisal of the performance of a person serving in an acquisition position. This requirement is established in paragraph D.19 of DoD Directive 5000.52, "Defense Acquisition Education, Training, and Career Development Program," October 25, 1991.

g. Regulatory Reinvention. Performance measurements of persons who are frontline regulators, i.e., those who have authority to order a corrective action or levy a fine on a business or other government entity, must focus on results, not process and punishment. Therefore, such measures should not be based on process (e.g., number of visits to a business or government entity) or punishment (e.g., number of violations found, number of fines levied on a business or government entity). This requirement is established by a Presidential Memorandum for heads of Federal departments and agencies, "Regulatory Reinvention Initiative," March 4, 1995.

h. Classified Information Management. The performance ratings of civilian employees who are original classification authorities, security managers or security specialists, or significantly involved in the creation or handling of classified information must include the management of classified information as a critical element or item to be evaluated. This requirement is established in section 5.6.(c)(7) of Executive Order 12958, "Classified National Security Information," April 17, 1995.

i. Safety. Responsible DoD officials at each management level, including first level supervisors, must to the extent of their authority, comply with the DoD Occupational Safety and Health program guidance and regulations. Performance evaluations of those employees must reflect personal accountability in this respect, consistent with the duties of the position, with appropriate recognition of superior performance, and conversely, with corrective administrative action, as appropriate, for deficient performance. This requirement is established in Enclosure 2 to DoD Instruction 6055.1, "DoD Occupational Safety and Health Program," October 26, 1984.

j. Increased Competition and Cost Savings in Contracts. Performance evaluations of officials involved in contracting and acquisition must give appropriate recognition to efforts to increase competition and achieve cost savings. This requirement is established in section 2317 of Title 10, United States Code.

APPENDIX B

**ELEMENT RATING CONVERSION CHART
EXAMPLES**

The following examples translate element ratings into summary ratings using 2, 3, 4, or 5 levels. Element ratings can have multi-levels but must translate into a summary rating of "acceptable" or "unacceptable."

<u>Element Rating</u>	<u>Summary Rating</u>

Outstanding Exceeds Fully Successful Fully Successful	Acceptable

Minimally Successful Unacceptable	Unacceptable

Above Fully Successful Fully Successful	Acceptable

Below Fully Successful

Unacceptable

Pass

Acceptable

Fail

Unacceptable

Commands and activities may establish a variety of rating systems to meet their individual needs, such as pass/fail elements and standards, multi-level performance standards, generic elements and standards, 360-degree automated ratings, competency based elements and standards, work plans, etc.

Appendix C

PERFORMANCE MANAGEMENT PROGRAM Questions and Answers

Q. Why is the Department of the Navy (DON) changing the performance management program?

A. Managers and employees at our headquarters and field organizations have been unhappy with the current 5-level system for a long time. They find it complicated, inflexible, time consuming, and confrontational. There is also a belief that it fosters discrimination complaints and grievances. Recent regulatory changes have given us an opportunity to design a performance management program that meets DON requirements and suits our unique culture.

Q. How/why did DON choose a 2-level performance management program?

A. The choice of a 2-level program was based on the input from our commands and activities.

At a meeting in July 1996, the Directors of Civilian Personnel Programs (DCPPs) agreed it was important to have a DON-wide performance management program with a single rating pattern for all DON civilian employees. A DCPP working group was formed to

draft a performance appraisal program, using a single rating pattern. Representatives from NAVSEA, NAVAIR, CNET, NAVTELCOM, AAUSN and MARCORPS volunteered for the working group. The group identified the pros/cons of eight possible rating patterns. The 2-level ("acceptable" or "unacceptable") summary rating pattern was recommended by the group. Their recommendation was sent to the field for comments; 90% of the comments received agreed with using the 2-level summary rating pattern.

In May 1997, the Assistant Secretary of the Navy (Manpower and Reserve Affairs) presented this program to the Human Resources Service Delivery Board of Directors (BOD). The BOD supported implementation of the 2-level summary rating program.

Q. What about the effect on retention during Reduction in Force (RIF)?

A. Current RIF regulations grant various lengths of additional service credit based on performance at or above "fully successful" (i.e., FS = 12 years, EFS = 16 years, O = 20 years).

The Office of Personnel Management is revising these regulations to give agencies flexibility to adjust the number of years of additional credit to accommodate various performance rating patterns.

Q. How can performance be considered in the merit promotion program if everyone has the same rating?

A. Performance is only one of the assessment measures managers consider when making a selection for promotion. They must also consider an employee's experience, education, training, and awards. Managers can also obtain more detailed information about a candidate's performance by contacting their current and/or former supervisors.

Q. Where are the flexibilities in the 2-level summary rating program?

A. Under this new program, commands can establish a variety of rating systems which meet their individual needs. This might include individual performance element ratings using 3, 4, or 5 levels (e.g., O, EFS, FS, M, U). They may also elect to use different systems for obtaining those element ratings, such as 360-degree ratings. It is only the summary rating that is limited to one of two levels, "acceptable or unacceptable." (See Appendix B.)

Q. Will the new program still require at least one critical element for each employee?

A. Yes. Each employee must have at least one critical element based on individual performance and the performance standard for each critical element must be defined at the "acceptable" or "fully successful" (i.e., passing) level.

Q. Must a command/activity establish new critical elements and performance standards?

A. No. Based on the needs and requirements of the organization, a command/activity can use their current performance objectives, establish new ones, use generic elements, work plans, etc.

Q. Is there a requirement for a specific number of critical elements?

A. As stated above, the only requirement is that each employee have at least one critical element based on individual performance.

Q. Can critical elements be used to assess team performance?

A. No. Critical elements may only be used for individual performance. Additional elements may be used to assess team goals and contributions.

Q. What is an additional element and how does it differ from a critical element?

A. An additional element is a dimension or aspect of individual, team, or organizational performance that is not a critical or non-critical element. Such elements are not used in assigning a summary level but, like critical and non-critical elements, are useful for purposes such as communicating performance expectations and serving as the basis for granting awards. Such elements may include, but are not limited to, objectives, goals, program plans, work plans, and other means of expressing performance.

Q. Is there a specific appraisal form commands/activities are required to use?

A. No. Commands and activities can design their own forms based on their internal requirements.

Q. How do commands/activities recognize performance that exceeds the "acceptable" (fully successful) level?

A. Through the DON Awards Program.

Q. How do commands/activities give awards for performance if everyone has the same rating?

A. Through pre-determined awards criteria. Commands/activities will be required to establish awards criteria, such as productivity standards, performance goals, measurement systems, etc., for granting monetary or non-monetary awards for individual, team, or organizational achievements or contributions. Examples of awards include, but are not limited to, Special Act awards, time-off, honorary and informal recognition awards. Awards can be given at any time, not just at the end of a performance cycle. The DON Performance Management Program Implementation Guide contains the criteria for granting quality step increases.

Q. Is there going to be a new awards instruction?

A. Yes. A working group has been established to review and redesign the DON Awards Program.

Q. Will there be briefings or training on these new programs?

A. Yes. We will be conducting a series of informational briefings to the field.