



United States Department of Housing and Urban Development

Performance Management Plan Policy and Procedures



HANDBOOK 430.1 REV

Performance Management Policy and Procedures
OCHCO/Policy and Oversight Division
POLICY DEVELOPMENT BRANCH

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CHAPTER 1. GENERAL PROVISIONS

1-1 Introduction

This handbook contains the Department of Housing and Urban Development's (HUD) Performance Management Plan (PMP) policies and procedures for all systems *except the Senior Executive Service*. Performance Management is governed by Federal regulations as found in 5 CFR Part 430.

The appraisal components of this handbook are applicable to managers and supervisors covered by the Performance Accountability and Communication System (PACS), and to non-supervisory employees covered by the Employee Performance Planning and Evaluation System (EPPES). Employees covered by this plan include both those represented by the American Federation of Government Employees (AFGE) and those represented by the National Federation of Federal Employees (NFFE). For employees represented by these Bargaining Units, local bargaining agreements should be consulted in conjunction with this policy.

Through implementation of this handbook, HUD's goal is to ensure that performance plans are focused on results. Results-focused Performance Management means that employee performance plans must be focused on achieving results, appropriate to the employee's level of responsibility. All employee performance plans must include critical elements and performance standards developed in accordance with the S.M.A.R.T. standards methodology. S.M.A.R.T. stands for:

Specific--The elements in the employee's Performance Plan need to clearly identify what will be accomplished—that is, the results that the employee is aiming for should be the central focus of each element.

Measurable--The element should have clearly defined measures, which will allow both the employee and the supervisor to know that the requirement has been achieved. The supervisor should communicate to the employee how the results will be determined.

Attainable--All elements must be achievable. The employee and supervisor should create a situation where the employee has a reasonable expectation of achieving his/her goal, given the necessary resources (training, time, support) to perform at the required level.

Relevant--Critical elements and standards are to be aligned with the goals of the Department and the mission of the organization. The supervisor should communicate to the employee how his/her role contributes to the success of the organization and how their elements reflect that contribution; and

Time-bound--For each element, the employee should be aware when the expected results is to be achieved; elements should include milestones, or a schedule and all due dates should be clearly communicated so that the employee will have an understanding of what is expected.

S.M.A.R.T. plans will help employees focus on achieving specific results that will be directly related to the goals and priorities of their organization and the Department as a whole. At least 60-80 percent of the employee's critical elements need to meet these criteria.

For more information on S.M.A.R.T. please refer to the Guidebook, Performance Management: An Information Guidebook for HUD Employees (September 2006).

1-2 General Information

Statement of Principles:

- A. Performance Management is the systematic process by which HUD integrates performance, pay, and awards systems with its basic management functions for the purpose of improving individual and organizational effectiveness in the accomplishment of agency mission and goals.
- B. The determination of critical elements and performance standards, known collectively as performance plans, begins with each organization's management plan and the Annual Performance Plan (APP). Managers and supervisors will have organizational goals and objectives incorporated into their performance plans. All other non-supervisory employees must have at least one critical element linked to the Department's strategic goals.
- C. Accomplishment of goals will be tracked through individual performance plans which are linked to the Department's Strategic Goals. This is further supported by other goals and objectives established in the organization's management plan and annual performance plan. Dependent upon the requirements of the critical element, each manager will determine their own method for tracking performance.
- D. In the Department's PMP, awards will be used to recognize and reward high-level performance. They will be used to motivate employees toward increased productivity and creativity. Awards are used to recognize employees individually or as a member of a group for performance that meets the organizational goals or improves the efficiency, effectiveness, and economy of government operations or is in the public interest.
- E. Performance appraisals will be used to determine pay increases and to ensure that only those employees whose work is at an acceptable level of competence receive within-grade increases. It will also be the tool to identify which employees are eligible for quality step increases.
- F. The performance appraisal is also the mechanism for identifying poor performers. Managers, supervisors, and employees whose performance is deficient will receive assistance in improving performance. Those who do not improve their performance may be removed from their positions.

Based on the above principles, it is the purpose of the HUD PMP to ensure that performance appraisal systems for PACS and EPPES employees are used as a tool for executing basic management and supervisory responsibilities by:

1. Requiring that all managers and supervisors must have at least one critical element in their performance plan that requires them to conduct performance planning meetings with their employees in which they will discuss alignment which includes:
 - a. The mission of the organization,
 - b. How the employee's job impacts the mission,
 - c. How the employee's performance plan supports the mission of the organization,
 - d. Whether a performance plan adjustment is needed based on changing priorities.
2. Conducting mid-year progress reviews to:
 - a. Provide continuous feedback.
 - b. Complete and communicate the proposed final performance rating,
3. Communicating and clarifying Departmental strategic goals and objectives;
4. Identifying individual accountability for the accomplishment of the organizational management plan or annual performance plan goals and objectives;
5. Evaluating and improving individual, as well as organizational accomplishments;
6. Using the results of performance appraisals as a basis for determining performance awards, training needs, rewarding, reassigning, promoting, reducing grades, retaining, and removing employees; and
7. Recognizing employees for results achieved in a timely manner.

1-3 **Definitions**

Acceptable Level of Competence--means Level 3 performance by an employee of the duties and responsibilities of his or her assigned position.

Appraisal -- means the process under which performance is reviewed and evaluated.

Appraisal period -- means the established period of time for which performance will be reviewed and a rating of record will be prepared.

Appraisal system -- means a framework of policies and parameters established by an agency for the administration of performance appraisal programs.

Contribution--means an accomplishment achieved through an individual or group effort in the form of a suggestion, an invention, or a special act or service in the public interest connected with or related to official employment, which contributes to the efficiency, economy, or other improvements in Government operations, or achieves a significant reduction in paperwork.

Critical element -- means 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. Such elements shall be used to measure performance only at the individual level.

Current Performance--means the level at which an employee is performing at any given time. It is based upon a comparison of actual performance to performance standards. A written rating is not always required for a supervisor to make a judgment on current performance.

Performance plan -- means all of the written, or otherwise recorded, performance elements that set forth expected performance. A plan must include all critical and non-critical elements and their performance standards.

EPF--The Electronic Performance File (EPF) contains the employee's most recent four performance appraisals.

EPPEs--Employee Performance Planning and Evaluation System (EPPEs) is the performance system for non-supervisory bargaining unit and non-bargaining unit employees.

Exit Rating--means a rating given when an employee leaves employment with the Department during the agency's appraisal period.

Intangible Benefits--means benefits to the Government which cannot be measured in terms of dollar savings.

Interim Rating--means a rating given when an employee changes positions in HUD.

Level 1-- The employee has failed to meet the established performance requirement/standard(s) for the individual performance objective and failed to complete assignments in an acceptable manner.

Level 2-- The employee has barely met the established performance requirement/standard(s) for the individual performance objective. While the performance of the objective in general meets the relevant performance requirement/standard(s), there are noted deficiencies in the performance that require improvement.

Level 3-- The employee has met the established performance requirement/standard(s) for the individual performance objective, and all assignments are complete, timely, and well prepared. **Performance objectives are written at this 3-point level.**

Level 4-- The employee has exceeded the established performance requirement/standard(s) for the individual performance objective, and produced a consistently high quality and quantity of work.

Level 5-- The employee has significantly exceeded the established performance requirement/standard(s) for the individual performance objective and the achievement was of exceptionally high quality that substantially exceeded the normally high level of performance expected of an employee.

Non-Monetary Award--means a medal, certificate, plaque, citation, badge, or other similar item that is honorary in nature, without monetary compensation.

OPF--Official Personnel Folder (OPF) or its approved electronic equivalent (eOPF) is a file containing records that cover an individual's employment history. It covers Executive Branch service under title 5, United States Code. The long-term records included in the file protect the legal and financial rights of the Government and the employee.

PACS--Performance Accountability and Communication System (PACS) is the performance system for managers and supervisors.

Performance -- means accomplishment of work assignments or responsibilities.

Performance Award--means a performance-based cash payment to an employee based on the employee's rating of record. A performance award does not increase base pay except when a Quality Step Increase is used to reward sustained superior performance.

Performance Management Plan--means the description of HUD's methods which integrate performance, pay, and awards systems with its basic management functions for the purpose of improving individual and organizational effectiveness in the accomplishment of the Department's mission and goals.

Performance standard -- means 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.

Progress Review--means a review of the employee's progress toward achieving the performance standards and critical elements, and is not in itself a rating. (*Progress reviews are typically conducted at the halfway point of the appraisal period*).

Rating of Record--means an official performance rating recorded on a performance appraisal form and used as a basis for making personnel determinations. Ratings of record are of two types. These are the annual rating of record and a special rating of record.

1. The annual rating of record is the rating given in October or delayed for one of the reasons specified in this plan. Annual ratings of record are used for all personnel determinations.
2. A special rating of record is a rating given solely to support a within-grade increase determination. Special ratings are not used in reduction-in-force or awards determinations. If a special rating is the most recent rating of record at the time a career promotion determination is being made, it is used to make the career promotion determination.

Summary Rating--means the written record of the appraisal and continuation of each critical element and the assignment of an overall summary rating level.

Tangible Benefits--means benefits or savings to the Government that can be measured in terms of dollars.

1-4 Training and Guidance

Performance Management Training and/or guidance will be provided to all employees. Managers and supervisors under PACS must receive performance management training within the first six months of assuming a supervisory position, and must be retrained every two years on the Department's performance appraisal programs. Employees under EPPES will receive guidance on the requirements of the Department's performance appraisal program. New employees will receive an orientation conducted by their Headquarters Administrative Officer or Regional Office for Field employees.

1-5 Evaluation

The efficiency of the Department's system will be evaluated periodically through rating data, reports and other special reports, that can be generated from the ePerformance system for evaluation/reporting purposes. Principal Staff, Regional Administrators and/or Administrative Officers are responsible for submitting reports on their use and application of the ePerformance system to the Office of the Chief Human Capital Officer upon request.

1-6 Appraisal of Disabled Veterans

The issue of veterans seeking medical treatment is specifically addressed in the Performance Management Regulations (5 CFR 430.208(f)) which state "The rating of record or performance rating of a disabled veteran shall not be lowered because the veteran has been absent from work to seek medical treatment as provided in Executive Order 5396."

CHAPTER 2. PERFORMANCE APPRAISAL SYSTEMS

2-1 Performance Appraisal System Names

- a. Employee Performance Planning and Evaluation System (EPPES)
- b. Performance Accountability and Communication System (PACS)

2-2 Employee Coverage

EPPES and PACS cover all GS/GM employees. Excluded are:

SES positions which are covered under the Executive Performance Accountability and Communication System (EPACS)
Administrative Law Judges (5 U.S.C. 4301 (2) (D))
President appointees (5 U.S.C. 4301 (2) (F))
Excepted service employees with appointments not reasonably expected to exceed 120 calendar days in the 12 month period. (5 CFR 430.202 (c))
Employees with Non-career Executive Assignments (5 CFR 430.202 (c))

2-3 Performance Management Process (EPPES AND PACS)

The Department's performance management process for both EPPES and PACS employees is fully automated in the ePerformance System. This system electronically guides managers, supervisors, and employees through each phase of the performance management process, including performance planning, progress review and evaluation. ePerformance allows both the employee and the supervisor the flexibility to collaborate, initiate, monitor, update and complete the annual performance plan electronically.

2-4 Appraisal Cycle/Rating Period (EPPES AND PACS)

The appraisal cycle/rating period covers the fiscal year calendar of October 1 to September 30 (unless otherwise changed by the Deputy Secretary).

Time Rating Normally Given

October (*no later than mid-November*)

Minimum Time Required for Rating

Employee must have worked under a written performance plan (*critical elements/performance standards*) **for at least 90 days.**

2-5 Reasons for Appraisal Delays

CIRCUMSTANCE**ACTION**

1	The employee has not worked under a performance plan for 90 days.	The rating is delayed until the employee works under a performance plan for 90 days.
2	Sufficient performance information does not exist for a new supervisor to rate an employee.	In this case, the rating is delayed for 90 days.
3	The employee has an Level 1 performance action pending. An Level 1 performance action begins on the date that an employee received an opportunity to improve notice. The rating is given after a decision is made on the unacceptable performance action. However, the rating is not necessary if the employee is removed.	This reason for delay of a performance rating only applies if the Level 1 performance action began before the appraisal period ended.
4	The employee's overall performance is temporarily Level 1 or Level 2 because of illness, alcoholism, drug abuse, or another similar reason when the supervisor expects the performance to become Level 3 in the near future.	The reason for the delay is that the supervisor expects the employee to recover or the employee has entered a rehabilitation program or gives other indications of resolving the problem which led to the Level 1 or Level 2 performance.
5	The employee has been demoted for Level 1 performance. If the employee's rating for the year would be unacceptable because he/she cannot be rated in the position to which demoted, he/she will receive a delayed rating in the position to which emoted.	The delayed rating will be combined with the rating from the previous position(s) to arrive at the annual rating of record.

6	The employee has been performing at the Level 1 or Level 2 level and has been reassigned to another position. If the employee's performance rating for the year would be Level 1 or Level 2 because the only performance that can be rated is in the previous position(s), then he/she will receive a delayed rating in his/her current position.	This delayed rating will be combined with the rating from the previous position(s) to arrive at the annual rating of record.
7	When an employee cannot be rated at the end of the performance cycle, the appraisal period shall be extended until he/she works under a performance plan for the minimum time required for a rating (90 days).	At that time, the employee must receive a rating. However, if the period of time extends beyond the end of January, the employee should be given elements and standards for the current rating cycle. Therefore, the employee would not receive a rating for the previous rating cycle. Please refer to Chapter 2 Reduction-in-Force for information on missing ratings during a Reduction-in-Force.

2-6 Special Ratings

1. The annual rating of record is given in October or is delayed for one of the reasons specified above and then given at the end of the delay period. In addition, special ratings are also given in the following situations:
 - a. The decision to approve or deny a within-grade increase is inconsistent with the last rating of record; or
 - b. The last rating of record is too old to support a within-grade increase determination; or
 - c. A within-grade increase determination must be made after an employee was demoted or reassigned for Level 1 performance, but before the time to give the next annual rating of record (October) has arrived.
2. Special ratings must be entered in the employee performance record via ePerformance.

3. In addition to being used for within-grade increase determinations, special ratings are also used for career ladder promotion determinations if they are the most recent rating of records.
4. Special ratings are not used for reduction-in-force purposes or for award determinations.
5. A special rating does not end the appraisal period. The critical elements and performance standards that were in effect prior to the special rating remain in effect until the end of the appraisal period. The original performance plan is maintained in the employee's ePerformance record and would be the document used to issue the annual rating of record at the end of the appraisal period. If critical elements and performance standards remain the same after a special rating is given, there is no need to re-communicate them to the employee.
6. If the employee has received a special rating during the appraisal period, the annual rating of record at the end of the appraisal period will commence from the period of time from the date of the special rating to the end of the appraisal period.
 - a. If the special rating is given towards the end of the rating cycle, the overall rating must be delayed to ensure the employee has worked at least 90 days under the performance standards.

2-7 Interim Ratings

1. Interim ratings shall be communicated in writing to the employee within 30 workdays from the effective date of a permanent position change (e.g. promotion, demotion, reassignment, etc.). Such ratings shall be clearly identified as interim ratings.
2. Interim ratings can be grieved. However, interim ratings which have become the rating of record or which are part of the rating of record cannot be grieved if (a) they were grieved when they were given earlier in the appraisal period, or (b) the time limits for grieving them when they were given earlier in the appraisal period have expired.

2-8 Exit Ratings

1. An exit rating is a rating given when an employee transfers from the Department to another Federal agency during the appraisal period. The employee must have worked under his/her performance plan for at least 90 days to receive an exit rating.
2. Exit ratings should be clearly marked "EXIT RATING-NOT A RATING OF RECORD" on the front page of the appraisal form. When an employee leaves the Department, the exit rating is to be transferred in his/her Official Personnel Folder to the new Federal agency.
3. If an exit rating is the only rating given to an employee during the appraisal period it will become the rating of record at the end of the rating period.

2-9 Rating Officials

The rating official is usually the first-line supervisor. He or she must:

Conduct performance planning meetings with their employees; develop elements and standards; engage the employees in the development of their performance plans; obtain approval of the elements and standards from the reviewing official; and communicate them to the employee.

Conduct mid-year progress review meetings after consultation with the reviewing official, and provide continuous feedback throughout the appraisal cycle.

Complete and communicate the final performance rating by evaluating the performance of the employee against the elements and standards contained in the performance plan.

Managers and supervisors must take into consideration, the overall organizational performance and the results achieved before assigning a final rating for their employees.

Forced distribution of rating levels is prohibited. In other words, managers may not allocate a set number or percentage of ratings at any level for an organization or agency.

2-10 Reviewing Officials and Higher-Level Officials

1. The reviewing official is normally one supervisory level above the rating official. The reviewing official:

Approves elements and standards before they are communicated to the employee.

Discusses the content of a progress review meeting with the rating official before the rating official meets with the employee.

Approves or changes the initial rating. This is subject to a review of all ratings by Principal Staff or the Regional Administrator to ensure that only those employees whose performances exceeds normal expectations are rated above Level 3 and to ensure that organizational objectives have been met. This review by the Head of the organization is called the Regulatory Rating Review.

2. A higher-level official may assume the responsibility of a lower-level rating or reviewing official in the absence of management officials at the appropriate levels. When this is done, the higher-level official must sign any forms used as the rating official or reviewing official, as appropriate. However, a lower-level official may be required to communicate performance plans, progress review results, and ratings, even though determinations on these matters were made at higher levels.
 - a. When the rating official for an employee is the Secretary, the Deputy Secretary (or a designated official), an Assistant Secretary or equivalent official, a Regional Administrator, no reviewing official is required. The rating official communicates performance plans, holds progress review meetings, and makes final rating without higher-level approval. However, a higher-level official may determine that

performance plans, progress reviews, and/or ratings will be reviewed and approved at a higher level.

2-11 Performance Plans (EPPEs AND PACS)

1. Performance plans are specific descriptions of relevant work behaviors, assignments, and responsibilities, communicated to an employee in writing. Only critical elements will be used in performance plans.
2. All parts of a job which are important to successful completion of the job and significant enough to be evaluated must be included within critical elements. Critical elements and performance standards are further defined in Chapter 1, under definitions.
3. Performance plans shall be based in requirements of the employee's positions. Accomplishment of organizational objectives should be included in performance plans by incorporating objectives, goals, program plans, work plans or by similar means that account for program results.
4. Performance plans are communicated to employees in writing at the beginning of an appraisal period, normally within the first 30 days of the appraisal cycle. Written performance plans are also communicated to employees when they enter a new job, again normally within the first 30 days. New critical elements and performance standards or revisions to existing critical elements and performance standards become effective at the time they are approved and communicated to the employee.
5. Ratings will be made by comparing actual performance against the performance standards written in performance plans. Employees must be rated on each critical element in their performance plan, unless the employee has had insufficient opportunity to demonstrate performance on an element.

2-12 Creditable Measures (EPPEs AND PACS)

1. Employee performance plans provide for balance, so that in addition to setting expected results, the performance plans should include appropriate, credible measures. For example:
 - a. **Quantity** is how much, i.e., the required percentages of accurate outputs.
 - b. **Quality** is how well, i.e., the number of allowable errors.
 - c. **Timeliness** is how quickly, i.e., indicating a specific timeframe.
 - d. **Cost effectiveness** is the percentage of cost savings, time savings or waste reduction.

2. Performance standards must show a clear distinction between the various levels of performance. Rating officials must use multiple levels to clearly describe distinction in levels of performance and rate employees appropriately.

2-13 Strategic Alignment (*EPPEs AND PACS*)

1. An important feature of a result-oriented performance culture is that accomplishments must be linked to the goals of the organization. Individual accomplishments need to contribute to the overall success and effectiveness of the organization in fulfilling its mission. Aligning employee activities and accomplishments with Work Unit (*program office*) goals, and aligning the Work Unit accomplishments with the organizational goals and outcomes, allows the employee to see how his/her performance directly contributes to success. To ensure alignment, performance plans for all employees must be aligned and designed to support organizational goals by means of the following:
 - a. **PACS**—critical elements and performance expectations must be strategically aligned with the Departmental and organizational priorities, as outlined in the HUD Strategic Plan, Agency Priority Goals (APG), and/or the individual program office Management Action Plan (MAP). Measures found in the APG or MAP should be used to set the Level 3 performance level.
 - b. **EPPEs**—at least one critical element in the employee’s performance plan must be strategically aligned. Measures found in the Agency Priority Goals (APG) or Management Action Plan (MAP) should be used to set the Level 3 performance level.
2. For both PACS and EPPEs, critical elements and performance expectations described in the performance standards must cascade from the Executive Level Manager’s performance plan, to link the expected results from the Executive’s performance plan to the PACS manager/supervisor’s plan, down to the expectations for the EPPEs employee’s performance plan.
 - a. To ensure that performance plans for all PACS and EPPEs employees adequately depict Strategic Alignment as required by the Office of Personnel Management (OPM), at least one critical element on all of the performance forms must show clear alignment by using the following format:
 - i. Strategic Goal
 - ii. Strategic Objective
 - iii. Management Plan Goal
 - iv. Critical Element Description

3. Headquarters Administrative Officers and the Office of Field Administrative Resources must ensure that this information is shared with employees so that performance plans may be properly documented for strategic alignment.

2-14 Structure of the Appraisal System (EPPEs and PACS)

1. Performance Plans shall include five rating levels to distinguish levels of performance. Performance standards are written at the level marked below with an asterisk (*).
2. Summary ratings are determined at one of all of the following levels:
 - **Level 5*** (Outstanding)
 - **Level 4**
 - **Level 3*** (Fully Successful)
 - **Level 2**
 - **Level 1*** (Unacceptable)
3. The absence of a written standard at a given rating level does not preclude assignment of a rating at that level.
4. Only critical elements will be used. All parts of a job which are important to the successful completion of the job and significant enough to be evaluated must be included within critical elements.
5. All element ratings other than Level 3 must be justified in writing.
6. See Appendix C for element rating definitions and decision rules for converting individual element ratings to a summary rating.

2-15 Planning Process (EPPEs and PACS)

1. Planning is the first of three major components of the performance appraisal process. Performance planning meetings are held at the beginning of an appraisal cycle or when an employee enters a new position. The purpose of the planning meeting is to establish and communicate critical elements and performance standards (performance plans) to the employee in writing, normally within the first 30 days of the appraisal period.
2. Employee participation in establishing performance plans is required. The supervisor and employee should devise a method to develop appropriate performance plans.
3. While the supervisor has the final determination on the employee's individual performance plan, the supervisor also has the responsibility to ensure that the employee understands his/her:

- a. Specific tasks and projects to be accomplished.
 - b. Performance expectations.
 - c. Critical elements.
 - d. Performance Standards and
 - e. How his/her plan is linked to the organization's goals and objectives and the Department's strategic plan.
4. All employee performance plans must include critical elements and performance standards developed in accordance with the S.M.A.R.T standards methodology. At least 60-80 percent of the employee's critical elements need to be S.M.A.R.T.
 5. Based on the goals and priorities of the Department and Work Unit, the employee and the supervisor choose no less than 3, but no more than 10 critical elements (or a number directed by management), upon which the employee will be evaluated. The rating official retains the final decision on the number and content of critical elements and performance standards.
 6. Performance plans are communicated to employees through the automated ePerformance system and approved at a higher level.
 7. All employee performance plans must be entered into and maintained in the Department's ePerformance system.
 8. The performance plan is completed in ePerformance when the status of the performance record indicates "**Plan Established**, or equivalent in a successor system.

2-16 Mid-Year Progress Review (EPPEs and PACS)

1. Mid-Year Progress Review is the second phase of performance appraisal process. Mid-Year review meetings are held in April, or generally halfway through the appraisal cycle. The purpose of the progress review meeting is to provide feedback to employees on performance. Employees are encouraged to participate in the monitoring process by providing the supervisor or manager with self-assessments of their performance and accomplishments at the mid-year review.
2. The progress review meeting date may change if the employee has had his/her appraisal delayed, entered a new job, or he/she or the supervisor is otherwise not available because of illness, travel, or other legitimate reasons.

3. Mid-Year Progress Review is completed in ePerformance when the status of the performance record indicates “**Mid-Year Process Completed.**”
4. Ratings are required for all unit employees at the progress review time. The initialed appraisal form in the ePerformance system is to show that the meeting was held. If the employee’s performance is less than Level 3 on an element, appropriate remedial action must be taken. Employees can request feedback on their performance at any time during the appraisal period.

2-17 Final Performance Rating (EPPEs and PACS)

1. Final performance ratings are the third phase of the performance appraisal process. Final ratings are given to employees in writing in a timely manner at the end of the rating cycle. Ratings are assigned in accordance with the following five levels of ratings:

Level 5

Level 4

Level 3

Level 2

Level 1

2. Performance ratings are made by evaluating the employee’s performance against the elements and standards in the employee’s Performance Plan and assigning a summary rating of record.
3. Supervisors must consider the overall performance of the organization as measured through achievement of the APP and Management Plan goals. A summary rating of Level 3 means that the employee performed at a level of competence that will enable the employee and the Department to meet their goals. Higher ratings should be given only when warranted and when it can be supported in writing to demonstrate that the accomplishments meet the standards for the higher rating. Likewise, ratings of less than Level 3 must be supported by statements comparing performance or non-performance of critical elements to the performance standards.
4. The rating official recommends a rating to the reviewing official.
5. The reviewing official approves or changes the initial rating. This is subject to a review of all ratings by Principal Staff or the Regional Administrator to ensure that only those employees whose performance exceeded normal expectations are rated at levels above Level 3. This is also done to ensure that individual performance reflects overall organizational accomplishments. This review by the Head of the organization is called the Regulatory Rating Review.

6. The rating is communicated to the employee by the rating official. The employee has five working days to review and comment.
7. The performance rating is considered official for awards and reduction-in-force when it is:
 - a. Signed by the rating official and/or reviewing official;
 - b. Signed/Acknowledged by the employee or if the employee declines to sign; and
 - i. Employee signature indicates only that the rating has been discussed with the employee and does not signify agreement or disagreement with the rating.
8. All ratings should be completed in the ePerformance system and must be in an action status of “**Rating Reviewed/Approved**” (or equivalent in a successor system) to be considered completed. Accordingly, the rating will automatically download into NFC as the employee’s official rating of record and an official copy is recorded and can be obtained from the Electronic Performance File (EPF).

2-18 Rating Employees On Details or Other Temporary Assignments

1. Employees must receive performance plans for details and/or other temporary assignments *within the Department*, which are expected to last at least 90 days. Written performance plans must be communicated within the first 30 days of the detail or temporary assignment or as soon as possible after the beginning of the detail or temporary assignment.
2. Employees who have spent at least 90 days in their permanent position are rated on each critical element for their permanent position by their permanent supervisor. Employees who have spent at least 90 days on a detail or other temporary assignment are rated on each critical element established for the detail or temporary assignment by the temporary supervisor. (This procedure assumes that the employees have worked under a performance plan for the minimum time.)
3. The permanent supervisor receives all element ratings, converts them to a summary rating, and then follows normal rating procedures. [Note: The ePerformance system will automatically calculate the summary rating based on the ratings assigned each critical element]. There is one exception which occurs when a temporary supervisor:
 - a. Has supervised the employee for at least 90 days (with the employee working under elements and standards for the minimum time); and
 - b. Is still supervising the employee at rating time.

In this situation, it is the *current temporary supervisor* who receives all of the element ratings and converts them to a summary rating, and then follows normal rating procedures.

4. When an employee is detailed to *another Federal agency* for at least 90 days, an agreement must be made requiring the other Federal agency to assign written critical elements and performance standards and rate the employee's performance. At the end of the detail or appraisal period, the rating from the other Federal agency is to be sent to the employee's HUD supervisor, who will use it in preparing the summary rating for the entire appraisal period. If a rating is not received from the other (host) organization and or it is not feasible to obtain a rating, a delayed rating may be necessary.
5. In rating employees detailed to other Federal agencies, the following principles apply:
 - a. If the employee worked under elements and standards for the minimum time in HUD, but not on the detail to the other Federal agency, the HUD rating is used to determine the summary rating.
 - b. If the employee did not work under elements and standards for the minimum time in HUD, but did work under elements and standards for the minimum time on the detail to the other Federal agency, the rating from the other Federal agency is used to determine the summary rating.
 - c. If the employee worked under elements and standards for the minimum time in both HUD and the other Federal agency, the ratings are combined to determine the summary rating. See Appendix C, Section 4, for procedures for combining HUD rating with ratings from another agency.
 - d. If the employee did not work under elements and standards for the minimum time in either HUD or the other Federal agency, the employee cannot be rated in October. He/she then works under elements and standards until he/she has been under them for the minimum time, at which point he/she receives a rating. However, if the period of time extends beyond the end of January, the employee should be given elements and standards for the current rating cycle. Therefore, employee would not receive a rating for the previous rating cycle. Please refer to Chapter 2-22 (e) Reduction-in-Force for information on missing ratings during a Reduction-in-Force.
6. Employees participating in an Intergovernmental Personnel Act (IPA) assignment may not receive a rating or may receive a delayed rating, depending upon the length of the assignment.

2-19 Appeals and Grievances

1. Performance ratings may not be appealed for any group of employees.
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2. Employees may not grieve the substance of their critical elements and performance standards. They may grieve their application.
3. Employees may not grieve the results of a progress review meeting, including any written comments.
4. Employees may not grieve an Opportunity to Improve notice or a Performance Improvement Plan.
5. Employees may not grieve a Level 1 performance rating if the rating has been delayed pending a decision on a Level 1 performance action, and the result of the Level 1 performance action is a Level 1 performance rating and a demotion.
 - a. If the employee is covered by a contract which allows grievances on demotions for Level 1 performance, he/she may grieve the demotion decision through the negotiated grievance procedure or appeal it to the Merit Systems Protection Board (MSPB) but not both. Non-bargaining unit employees may appeal the demotion decision only to the MSPB.

The purpose of this rule is to avoid duplicate third-party review. The basis of both the performance rating and the demotion is the same. Therefore, the rating will be addressed in the grievance or appeal of the demotion.

If the demotion action is not taken, the employee may grieve the Level 1 performance rating.

2-20 Performance Appraisal – Personnel Action Link

1. Awards

Please refer to Chapter 3 for general information on performance based awards. More information on awards including Performance Awards can be found in the Department's Incentive Awards Handbook (HUD Handbook 2195.1).

2. Pay

See Chapter 4 for the policy on the link between performance appraisal and within-grade increases.

3. Promotion

The performance appraisal is one of the factors to be taken into account in considering an employee for competitive promotion.

No employee shall receive a career ladder promotion unless his/her current summary rating of record is Level 3 or higher. In addition, no employee may receive a career ladder promotion that has a rating below Level 3 on a critical element that is also critical to performance at the next higher grade of the career ladder.

4. Training (EPPEs and PACS)

- a. The performance appraisal process is a good mechanism for identifying training needs. Training falls into two basic categories:
 - i. Remedial training to correct deficiencies; and
 - ii. Enhancement training to improve on existing skills and knowledge.
 - 1) **PACS**--The responsibility for promoting training and development of employees is a mandatory requirement to be documented in the performance plans for managers and supervisors.
 - 2) **EPPEs**--The employee should discuss career development and training needs and requirements at the planning, mid-year and final rating times. The employee should consider:
 - (a) Immediate and long-term career goals.
 - (b) Required training – to meet certification requirements or ongoing professional development requirements.
 - (c) Training needed to develop necessary skills and competencies.
 - (d) Training and development to meet long-term goals.

5. Reduction-in-Force (RIF)

- a. Employees receive extra Reduction-in-Force (RIF) service credit for performance based upon the average of their last three annual performance ratings of record received during the 4-year period prior to the date the agency issues RIF notice. The 4-year period is the earlier of the date the agency issues RIF notices, or the date the agency freezes ratings before issuing RIF notices.
- b. If an employee received more than three annual ratings during the 4-year period, the three most recent annual ratings are used. If an employee received fewer than three annual ratings during the 4-year period, the actual ratings received are used. If an employee has received no ratings of record, they are given performance credit based on the most frequently assigned performance rating in the agency.
- c. Special ratings given solely to support within-grade increase determinations are not annual ratings of record. Therefore, they are not used to determine retention standing in a reduction-in-force. These special ratings are ratings which are not the annually scheduled rating or delayed ratings given because the annual rating of record could not be issued.
- e. No rating of record will be given for the sole purpose of affecting an employee's retention standing.

6. Removal and Demotion

- a. For specific procedures for removal and demotion for Level 1 performance, see HUD Handbook 432.01 "Performance-Based Reduction-in-Grade and Removal Actions," which is consistent with applicable laws and regulations.
 - i. **Opportunity to Improve Period (OIP):** The formal process for dealing with poor performance begins with what is known as an "Opportunity to Improve Notice," which specifies the level of performance the employee must meet, identifies what the employee needs to do to improve, describes the assistance that is being provided to help the employee improve, and specifies the time period during which the employee must demonstrate improved performance.
 - 1) If performance does not improve above the Level 1 level during this "opportunity period," action may be initiated to remove or demote the employee, consistent with Handbook 432.01 and applicable law and regulation, or the employee may be reassigned to another position at the same grade.

- 2) An opportunity to improve notice may be given to an employee at any time during the appraisal period when his/her performance becomes Level 1.
 - a) Performance Improvement Plan (PIP): Whenever an employee receives an element rating of Level 2 or notification during a progress review meeting that he/she is performing at the Level 2 level, he/she will be issued a memorandum documenting the performance problems, what the employee needs to do to improve performance, and the assistance available to improve performance. Such a memorandum may also be issued at other times during the rating period when performance in a critical element is determined to be at the Level 2 level. This memorandum is called a "Performance Improvement Plan." The assistance made available may include, but is not limited to, classroom training, on-the-job training, counseling, and closer supervision.

An employee who is serving a probationary or trial period is not subject to these procedures.

2-21 Performance Appraisal Recordkeeping

1. Performance appraisals will be filed in the EPF.
2. Performance appraisals must be kept for 4 years.
3. At the end of the retention period described above, performance appraisals must be destroyed. They may not be used to make decisions on employees. Except where prohibited by law, the retention of automated records longer than the maximum prescribed above is permitted for purposes of statistical analysis so long as the data are not used in any action affecting the employee when the manual record has been or should have been destroyed.
4. Performance appraisals superseded through an administrative or judicial procedure are to be destroyed.
5. When the OPF is sent to another Federal agency, or to the National Personnel Records Center, for an employee, the following are to be transferred with the OPF on the left side. These are:
 - a. Ratings of record that are 4 years old or less, including the performance plan on which the most recent rating was based.
 - b. Ratings of record include the evaluation of the employee's performance against the elements and standards plus the summary level, pattern, and ending date of the appraisal.

CHAPTER 3: PERFORMANCE AWARDS

3-1 Overview

This chapter states HUD's policy and procedures applied in administering performance award programs for PACS and EPPES employees. Only general information on performance award programs for each of these systems is provided in this chapter. More detailed information specific to each system can be found in the HUD Incentive Awards Handbook (HUD Handbook 2195.1).

3-2 Purpose

The purpose of performance based awards is to recognize an employee's sustained high-level of performance throughout the current appraisal period.

3-3 Eligibility

All EPPES and PACS employees are eligible to receive a performance award. However, performance award determinations are based on each employee's annual summary rating of record.

3-4 Award Funds

The Deputy Secretary or designee will determine if performance awards will be awarded, as well as the determination of which levels may receive awards, and the amounts of the awards, as funding permits.

CHAPTER 4: PERFORMANCE APPRAISAL—WITHIN-GRADE INCREASE LINK

4-1 Basic Policy

1. Within-grade increases are governed by Departmental policies, as well as Federal regulations as found in 5 CFR Part 531.
2. To receive a within-grade increase, an employee must meet three requirements. He/she must:
 - a. Have completed the required waiting period;
 - b. Have not received an equivalent increase during the waiting period; and
 - c. Be performing at an acceptable level of competence.
3. This chapter assumes that the employee has met the time requirements and equivalent increase limitations required by law as prerequisites for within-grade increase.
4. To be performing at an acceptable level of competence, an employee's last summary rating of record must be Level 3 or higher. The Level 3 performance standards for critical elements are the means by which the requirements for an acceptable level of competence are communicated to an employee.
5. In order to receive a rating of record, the employee must work under a performance plan for at least 90 days.
6. Performance ratings which are not the annual ratings of record and which are given solely to determine within-grade increases are called special ratings. When a special rating has been given during the appraisal period, follow the procedures in chapter 2-6 when preparing the next annual rating of record.

4-2 Within-grade Increase Approvals

1. A within-grade increase is approved if:
 - a. The employee's last rating of record is Level 3 or higher; and
 - b. Current performance is level 3 or higher.
 - i. The last rating of record must have been given no earlier than the previous appraisal period. If the last rating of record was given prior to the previous appraisal period, a new rating of record of Level 3 or higher must be issued to support the within-grade increase approval.

2. A within-grade increase is approved if:
 - a. The employee's last rating of record is Level 2 or lower; but
 - b. Current performance is Level 3 or higher.
 - i. A new rating of record of Level 3 or higher must be issued to support approval of the within-grade increase.
 - ii. In order to receive a new rating of record in the situations described immediately above, the employee must have worked under a performance plan for 90 days. If the employee has not worked under a performance plan for 90 days, the within-grade increase determination must be delayed until the employee receives a new rating of record. See paragraph 4-4 below for procedures to follow when a within-grade increase is delayed.

4-3 Within-grade Increase Denials

1. A within-grade increase is denied if:
 - a. The employee's last rating of record is Level 2 or lower; and
 - b. Current performance is Level 2 or lower.
 - i. The last rating of record does not have to be issued if the last rating of record was given no earlier than the previous appraisal period. If the last rating of record was given prior to the previous appraisal period, a new rating of record of Level 2 or lower must be issued to support the within-grade increase denial.
2. A within-grade increase is denied if:
 - a. The most recent rating of record is Level 3 or higher; but
 - b. Current performance is Level 2 or lower.
 - i. A new rating of record of Level 2 or lower must be issued at the time the within-grade is denied.
3. A within-grade increase is denied if:
 - a. The current rating of record is older than the previous appraisal period; and
 - b. Current performance is Level 2 or lower.

- i. A new rating of record of Level 2 or lower must be issued at the time the within-grade increase is denied.
- ii. If a new rating of record as required by the above situations cannot be prepared because the employee has not worked under a performance plan for 90 days, the determination on the within-grade increase is delayed until the employee works under a performance plan for 90 days. See paragraph below for procedures to follow when a within-grade increases is delayed.

4-4 Delays in Within-grade Increase Determinations

1. In addition to the delay situations described in Paragraphs 4-2 and 4-3 above, within-grade increase determinations must be delayed in each of the following additional situations:
 - a. An employee's most recent performance rating of record in any position is more than 90 days old and the employee does not have a current performance plan. The within-grade increase determination is delayed until the employee receives a performance plan.
 - b. An employee has been reduced in grade or reassigned for Level 1 performance. He/she will meet the time and equivalent increase requirements for a within-grade increase before he/she has had a performance plan for 90 days. The within-grade increase determination is delayed until the employee works under the performance plan for 90 days.
2. When a within-grade increase determination is delayed, the employee must be informed in writing of:
 - a. The decision to delay his/her within-grade increase;
 - b. The reason for the delay;
 - c. When the determination will be made; and
 - d. The fact that when the decision is made, it will be retroactive to the date it was originally due.
3. If the employee does not have a performance plan, he/she must be given one immediately.
4. At the end of the delay period, the supervisor determines whether to approve or deny the within-grade increase.

5. If the delay resulted from a reduction in grade or reassignment for Level 1 performance, a new rating of record is prepared to support the decision to approve or deny the within-grade increase.
6. If the delay resulted solely from the lack of a performance plan when the last rating of record is over 90 days old, a new rating of record does not have to be prepared to support the decision to approve or deny the within-grade increase unless:
 - a. The determination is inconsistent with the last rating of record; or
 - b. The last rating of record is older than the previous appraisal period.
7. When a determination is made to approve or deny a within-grade after it has been delayed:
 - a. It will be retroactive to the date it was originally due if the within-grade increase is approved; or
 - b. If the within-grade increase is denied, the denial will be retroactive to the date it was originally due. The maximum period for making a new within-grade increase determination will be counted from the date the within-grade increase was originally due. The maximum period for a new determination is 52 weeks..

4-5 Employees Reduced in Grade or Reassigned Due to Level 1 Performance

If an employee has been reduced in grade or reassigned because of Level 1 performance and has served in one position at the lower grade for at least 90 days under a performance plan, a rating of record at the lower grade shall be used as the basis for approving or denying the within-grade increase.

4-6 Employees Whose Within-grade Increase Determination is Not Based on a Current Performance Appraisal

1. A performance appraisal is not needed to make within-grade increase determinations for certain employees who did not work under a performance plan for the minimum time in any position during the appraisal period. These are:

Employees who were absent because of military service and who returned to work through the exercise of a restoration right;
Employees who are/were absent because they were receiving injury compensation;
Employees who are/were on IPA assignments;
Employees who are/were on paid leave;
Employees who received back-pay for an unwarranted personnel action;

Employees who are/were on long-term training; and
Employees who are/were detailed to another agency and who did not receive a rating from that agency.

Appendix A

Description of Various Rating Situations

The following notes apply to all situations described in this Appendix:

Note 1: All situations described presume that the employee spent 90 days under a performance plan unless stated otherwise.

Note 2: In rating an employee at the end of the appraisal period, interim ratings given in HUD positions or exit ratings from other agencies are combined with a HUD rating from the current position to arrive at the annual rating of record. If one or more interim or exit ratings are the only ratings that an employee received during the appraisal period, the annual rating of record at the end of the appraisal period is the interim rating, the exit rating, or the combination of interim or exit ratings if there is more than one.

Note 3: All HUD interim and exit ratings issued during the appraisal period will be combined to arrive at the annual rating of record.

Note 4: An annual rating of record given by another agency is not combined with any other ratings to arrive at a new annual rating of record.

Note 5: The rating of record is normally given by the supervisor of the permanent position. The one exception occurs when a temporary supervisor (i.e., one who supervised the employee on a detail or other temporary assignment) has supervised the employee for at least 90 days (with the employee working under elements and standards for the minimum time), and is still supervising the employee at rating time. In this situation, the current temporary supervisor combines ratings and gives the rating of record.

Note 6: If rating situations arise which are not covered, supervisors should contact their Administrative Officer or Field Office Directors for assistance.

Situation

Rating

1. An employee spends the entire appraisal period in one position or sufficient time in one position to be rated.	Based on position employee occupied.
2. An employee works in more than one permanent position at the same grade level.	Elements on each position are rated by the supervisor. Element ratings are combined at rating time and the annual rating of record is based on the combined element ratings.
3. An employee works in both a permanent position(s) and a detail or temporary reassignment to a position.	Same procedures as No. 2 above.

Situation**Rating**

4. An employee works for 90 or more days in a permanent position and <u>less than</u> 90 days on a temporary promotion and; is still on the temporary promotion at rating time.	Made on lower-grade position.
5. An employee works for 90 days or more days in a permanent position and 90 or more days on a temporary promotion and; is still on the temporary promotion at rating time.	Same procedures as No. 2 above.
6. An employee works for 90 or more days on a temporary promotion; and works for less than 90 days in a permanent position or spends no time at all in a permanent position; and is in the temporary promotion at rating time.	Employee rated on position to which he/she is temporarily promoted.
7. An employee works for 90 or more days on a temporary promotion and works for less than 90 days in a permanent position; and is in the permanent position at rating time.	Employee rated on position to which he/she was temporarily promoted by the supervisor of the position.
8. An employee is permanently promoted from one position to another; and is in higher-graded position for 90 or more days.	Same as procedures as No. 2 above.
9. An employee is permanently promoted from one position to another; and is in the higher-graded position for less than 90 days.	Made on lower-graded position.
10. An employee is demoted from a position to a lower-graded position; and spends less than 90 days in the lower-graded position.	Employee is rated on the higher-graded position. (An exception occurs if the rating is delayed for the reason indicated in Chapter 2, paragraph 2-5 (<i>Reason for Appraisal Delays</i>)).
11. An employee is reassigned from a position to a new position; and spends less than 90 days in the new position.	Employee is rated on the position from which reassigned. (An exception occurs if the rating is delayed for the reason indicated in Chapter 2, paragraph 2-5. (<i>Reason for Appraisal Delays</i>)).
12. An employee is demoted from a position to a lower-graded position; and spends 90 or more days in the lower-graded position.	Same procedure as No. 2 above.
13. The employee does not spend at least 90 days in a permanent position or in a temporary assignment.	The employee's rating is delayed until he/she spends 90 days under a performance plan in either a permanent position or a temporary assignment.
14. The employee is newly appointed to the Government during the last 90 days of the	The employee is rated after working under a performance plan for 90 days.

Situation**Rating**

<p>appraisal period. A reinstated employee is considered to be a newly appointed employee.</p>	<p>If the employee was reinstated and has an exit rating(s) from another Federal agency or an interim rating(s) from HUD for the current appraisal period, the exit rating, interim rating, or combination of exit/interim ratings becomes the annual rating of record.</p>
<p>15. The employee is on long-term training, an IPA assignment, or extended leave and has not spent 90 days in a permanent position or a temporary assignment during the appraisal period.</p>	<p>When the employee returns from long-term training, leave, or the IPA assignment, he/she receives a performance plan and is rated after working under it for 90 days.</p>
<p>16. The employee cannot be rated because the supervisor left the Department and higher supervisors cannot reasonably appraise the employee's performance.</p>	<p>The employee continues under the existing performance plan, or receives a new or revised performance plan, and is rated after working under it for 90 days under the new supervisor(s).</p>
<p>17. At any time during the appraisal period, a within-grade increase decision is due and the decision is not consistent with the current rating of record, or the current rating of record is older than the previous appraisal period.</p>	<p>The employee receives a new rating of record. If this rating is a special rating and not the annual rating of record, follow the procedures in Chapter 2, paragraph 2-6 (<i>Special Ratings</i>) when preparing the annual rating of record.</p>
<p>18. An employee has been demoted or reassigned for Level 1 performance, has worked under a performance plan in the new position for 90 days, and a within-grade increase is due. However, the time to give the next annual rating of record (October) has not yet arrived.</p>	<p>The employee receives a new rating of record. This is a special rating. Follow the procedures in Chapter 2, paragraph 2-6 (<i>Special Ratings</i>) when preparing the annual rating of record.</p>
<p>20. At any time during the appraisal period, the employee transfers to another Federal agency.</p>	<p>The Employee receives an exit rating which should be clearly marked as an exit rating. The exit rating is then transferred with the Official Personnel Folder to the employee's new agency.</p>

Appendix B

Element Rating Definitions and Decisions Rules for Converting Element Ratings to a Summary Rating for Employees

1. Element Rating Definitions

Level 1-- The employee has failed to meet the established performance requirement/standard(s) for the individual performance objective and failed to complete assignments in an acceptable manner.

Level 2-- The employee has barely met the established performance requirement/standard(s) for the individual performance objective. While the performance of the objective in general meets the relevant performance requirement/standard(s), there are noted deficiencies in the performance that require improvement.

Level 3-- The employee has met the established performance requirement/standard(s) for the individual performance objective, and all assignments are complete, timely, and well prepared. **Performance objectives are written at this 3-point level.**

Level 4-- The employee has exceeded the established performance requirement/standard(s) for the individual performance objective, and produced a consistently high quality and quantity of work.

Level 5-- The employee has significantly exceeded the established performance requirement/standard(s) for the individual performance objective and the achievement was of exceptionally high quality that substantially exceeded the normally high level of performance expected of an employee.

2. Decision Rules for Converting Element Ratings to a Summary Rating for a Single Position.

The Department's performance appraisal system for PACS and EPPES is totally electronic as implemented Department-wide under the ePerformance system. Based on the ratings assigned to each element by the supervisor at final rating time, the ePerformance system automatically calculates the summary rating based on the following rules.

Note: Each employee must have no less than 3, but or no more than 10 critical elements, (or a number directed by management).

ANY RATING THAT HAS A LEVEL 1 OR 2 MUST ADHERE SOLEY TO THE CHART BELOW

Element Ratings	Summary Ratings
One or more elements rated Level 1	Level 1
No elements rated Level 1 and two or more elements rated Level 2.	Level 2

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One element is rated Level 2 and no elements are rated Level 1.	Level 3
No element rated Level 1 or Level 2, i.e., all elements rated Level 3 or higher.	Summary rating computed using the following procedure.

The following procedure is used to determine a summary rating when all elements are rated Level 3 or higher. (These points are not applicable to ratings that contain any Level 1 or Level 2 ratings.)

Step 1 - Assign points as follows:

- a. 3 points = Level 5
- b. 2 points = Level 4
- c. 1 point = Level 3

Step 2 - Total points and divide by the number of critical elements to yield an average. Compute the average to 2 decimal places.

Step 3- Convert averages to summary rating:

- 2.75 to 3.00 = Level 5
- 1.80 to 2.74 = Level 4
- 1.79 or less = Level 3

3. Converting Element Ratings to a Summary Rating For More than one Position

If ratings from more than one position are being used to determine a rating of record, elements on each position are rated and combined (*into one performance plan in ePerformance*) to arrive at the summary rating.

The decision rules in section 2 above are applied to determine the summary rating with the following exceptions:

Exception 1: When rating two positions, current and previous, if an element of a previous position is rated Level 1, the element rating is changed to Level 2.

Exception 2: When rating two positions, current and previous, if the element ratings on a previous position would produce a summary rating of Level 2 and all elements in the employee's current position are rated Level 3 or higher, then the summary rating is Level 3.

Note: This procedure only applies when two interim ratings are being combined.

IF the employee received a special rating for a within-grade increase determination during the appraisal period;

THEN the special rating is not treated as an interim rating when arriving at the annual rating of record.

See Chapter 2, paragraph 2-6 (*Special Ratings*) for instructions on how to prepare the annual rating of record when a special rating was given during the appraisal period.

4. Combining Ratings with Ratings from Another Agency

USE SUMMARY RATINGS ONLY. DO NOT use element ratings. For each position that is rated, convert the element ratings to a summary rating before applying this procedure.

Ratings from the previous agency are treated as follows:

- d. Disregard ratings from the other agency if they were given at the end of that agency's appraisal period, because these are annual ratings of record.
- e. Consider other ratings from the other agency only if they were exit ratings given because the employee left during the appraisal period.

If all positions are rated Level 3 or higher, determine the summary rating of record according to the following procedure:

Step 1: Assign points as follows:

- 3 points = Level 5 or equivalent summary rating
- 2 points = Level 4 or equivalent summary rating
- 1 point = Level 3 or equivalent summary rating

Step 2: Add points and divide the total by the number of summary ratings.

Step 3: Convert average to summary rating:

- 2.75 to 3.00 = Level 5
- 1.80 to 2.74 = Level 4
- 1.79 or less = Level 3

If any positions are rated Level 1 or Level 2, use the following chart.

A	B	C	D
RATING ON CURRENT HUD PERMANENT POSITION	RATING ON PREVIOUS HUD PERMANENT POSITION OR DETAIL OR OTHER TEMPORARY ASSIGNMENT	EXIT RATING FROM ANOTHER AGENCY	SUMMARY RATING OF RECORD
Level 1	Any rating	Any rating	Level 1
Level 2	Any rating	Any rating	Level 2
Level 3 or higher	Any position is rated Level 2 or Level 1	Any position is rated Level 2 or Level 1	Level 3
No rating	* Level 3 or higher	Level 2 or lower	Level 3
** No rating	No rating	Any rating	The exit rating from another agency

* If more than one previous position, detail, or other temporary assignment is rated, the rating listed in Column B is the rating on the position most recently held. Other ratings from previous positions, details, or other temporary assignments will be treated the same as if they were exit ratings from another agency (Column C).

** If the exit rating from another agency would result in a summary rating of record of Level 1 or Level 2, the rating on the current HUD position will be delayed in accordance with Chapter 2, paragraph 2-5 (*Reason for Appraisal Delays*) as appropriate.