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PERFORMANCE MANAGEMENT

I. Purpose

This Management Directive (MD) is an implementing directive as defined in 5 CFR 9701.103 that implements 5 C.F.R. Part 9701, Subpart D, "Performance Management" of the DHS Human Resources Management System regulations by assigning responsibilities and establishing policies and procedures for the Department of Homeland Security (DHS) performance management program (the Program). The objective of the Program is to support DHS organizational goals by promoting and sustaining a high-performance culture.

II. Scope

A. The Program established by this MD applies only to DHS employees who have been designated by the Secretary or designee as covered by Subpart D of the DHS Human Resources Management System Regulations. The following employees are eligible for coverage under the Program:

1. DHS employees who would otherwise be covered by 5 U.S.C. Chapter 43, "Performance Appraisal," and
2. DHS employees in the excepted service who were excluded from Chapter 43 by the Office of Personnel Management under 5 C.F.R. § 430.202(d), prior to the date of their coverage under 5 C.F.R. Part 9701, Subpart D, as determined under 5 C.F.R. § 9701.102(b).

B. The following persons are excluded from the Program:

1. Employees who are not expected to be employed longer than the 90-day minimum period;
2. Intermittent/temporary employees of the National Disaster Medical System (NDMS);
3. Science and Technology (S&T) employees in the Homeland Security Advanced Research Projects Agency who are appointed and paid under § 307(b)(6) of the Homeland Security Act of 2002;
4. Employees of the Transportation Security Administration (TSA);

5. Individuals in the Senior Executive Service (SES), Senior Level (SL) positions, and Scientific and Professional (ST) positions;
6. Administrative Law Judges appointed under 5 U.S.C. § 3105, "Appointment of Administrative Law Judges;"
7. Members of the uniformed military services;
8. Employees outside the United States who are paid in accordance with prevailing rates for the local nationals in that area;
9. Individuals appointed by the President of the United States;
10. Employees paid from non-appropriated funds;
11. Employees in Executive Schedule positions;
12. Experts and Consultants appointed under 5 U.S.C. § 3109, "Employment of Experts and Consultants; Temporary or Intermittent;"
13. Employees employed under the Robert T. Stafford Disaster Relief and Emergency Assistance Act;
14. United States Coast Guard Academy Faculty until such time as the Secretary or designee determines they are covered;
15. Employees of the Office of Inspector General (OIG);
16. Federal Wage System employees until such time as the Secretary or designee determines they are covered;
17. Individuals excluded from coverage under other applicable law; and
18. Employees specifically covered under any other DHS performance management program.

III. Authorities

- A. The Homeland Security Act of 2002, Pub. L. 107-296, 116 Stat. 2135 et. seq., November 25, 2002.
- B. 5 C.F.R. Part 9701, Department of Homeland Security Human Resources Management System.

IV. Definitions

- A. **Acceptable level of competence**: means performance by an employee that warrants advancement of the employee's rate of basic pay to the next higher step of the grade or the next higher rate within the grade as defined in 5 C.F.R. § 531.402, "Employee Coverage," of his or her position subject to the requirements in 5 C.F.R. § 531.404, "Earning Within-Grade Increase." To be determined to be at an acceptable level of competence, the employee's most recent rating of record must be at least "Achieved Expectations."
- B. **Appraisal**: means the review and evaluation of an employee's performance.
- C. **Appraisal period**: means the period of time established under this Program for reviewing employee performance, i.e., October 1 to September 30 except United States Coast Guard, which is April 1 to March 31.
- D. **Competencies**: mean the measurable or observable knowledge, skills, abilities, behaviors, and other characteristics required by a position.
- E. **Core competencies**: mean validated competencies that apply broadly to all or many DHS jobs.
- F. **Contribution**: means a work product, service, output, or result provided or produced by an employee that supports DHS or organizational mission and/or goals or objectives.
- G. **Formal training plan**: means a plan, prepared by *management*, which aligns the competency and task needs of a position with training and development requirements. A formal training plan defines associated *mandatory* curriculum and development activities for the position.
- H. **Individual development plan (IDP)**: means a plan, developed by the employee and discussed with the employee's supervisor, that identifies an employee's short and long term learning and developmental goals. This plan contains *elective* training, education, and development activities to acquire the competencies to meet career goals.

I. **Interim evaluation:** means written narrative comments describing an employee's performance prepared whenever an employee (1) completes a detail or temporary promotion of 90 or more days; (2) moves to a new position within DHS; or (3) is under the supervision of a rating official who leaves his or her position. The employee must have been on an approved performance plan for at least 90 days. Where the employee is on a detail, the interim evaluation will be completed by the supervisor of the detail. Where the employee is on a temporary promotion, the interim evaluation will be completed by the supervisor of the temporary promotion. No individual or summary rating is assigned.

J. **Mid-year review:** means a formal, documented progress review between an employee and his or her rating official about the employee's performance during the appraisal period. It is required for all employees at the mid-point of the appraisal period. No summary rating of overall performance is assigned.

K. **Minimum period:** means the 90-day period of time during which an employee must perform under applicable performance expectations before receiving a rating of record.

L. **Modal rating:** as defined in 5 C.F.R. § 9701.304 means the rating of record that occurs most frequently in a particular pay pool.

M. **Performance:** means accomplishment of work assignments or responsibilities.

N. **Performance appraisal:** (See definition of "Appraisal").

O. **Performance expectations:** describe "what" is to be accomplished and "how" it is to be measured. Performance expectations may take the form of:

1. Goals that set general or specific performance targets at the individual, team, and/or organization level;
2. Organizational, occupational, or other work requirements, such as standard operating procedures, operating instructions, administrative manuals, internal rules and MDs, and/or other instructions that are generally applicable and available to the employees;
3. A particular work assignment, including expectations regarding the quality, quantity, accuracy, timeliness, cost effectiveness, and/or other expected characteristics of the completed assignment;
4. Competencies an employee is expected to demonstrate on the job, and/or the contributions an employee is expected to make; and/or

5. Any other means, as long as it is reasonable to assume that the employee will understand the performance that is expected.

P. **Performance goals**: mean specific goals assigned to an employee by the supervisor/manager that describes the results to be achieved. A minimum of one goal must be assigned to an individual. Three to five are encouraged.

Q. **Performance management**: means applying the integrated processes of setting and communicating performance expectations, monitoring performance and providing feedback, developing performance and addressing poor performance, and rating and rewarding performance in support of the organization's mission and goals. Note: This process will be facilitated by an automated performance management system.

R. **Performance plan**: means a plan which describes the performance expectations that are to be accomplished during the appraisal period.

S. **Performance standard**: means the performance requirements that must be met to be appraised at a particular rating level of performance (e.g., quality, quantity, timeliness, cost effectiveness, accuracy, conformance with instructions, expected work characteristics). Standards are described at the "Achieved Expectations" and "Achieved Excellence" levels.

T. **Progress review**: means a formal documented discussion between an employee and his or her rating official about the employee's progress as compared to communicated performance expectations. Progress reviews take the form of quarterly reviews and mid-year reviews. Other progress reviews are recommended when there is substantial change in an employee's performance. No individual or summary rating of overall performance is assigned.

U. **Quarterly review**: means a formal, documented progress review conducted on a quarterly basis between a rating official and 1) an employee who encumbers an entry/developmental position or 2) DHS supervisors during their first year of coverage under the Program. No summary rating of overall performance is assigned.

V. **Rating official**: means the official, generally the first-level supervisor, who prepares the employee's performance plan (with input from the employee) and final rating of record.

W. **Rating of record**: means a performance appraisal that is prepared:

1. at the end of the appraisal period, covering an employee's performance of assigned duties against performance expectations over the applicable period; or

2. to support a pay determination, including one granted in accordance with 5 C.F.R. Part 9701, Subpart C, a within-grade increase granted under 5 C.F.R. § 531.404, "Earning Within-Grade Increase," or a pay determination granted under other applicable rules.

X. **Reviewing official:** means the official, generally the employee's second-level supervisor, who reviews and approves the performance plan and rating of record.

Y. **Self-assessment:** means an employee's self-rating on levels of performance.

Z. **Summary rating:** means the performance level ("Achieved Excellence," "Exceeded Expectations," "Achieved Expectations," or "Unacceptable") summarizing the employee's overall performance during the period appraised.

AA. **Unacceptable performance:** means the failure to meet one or more performance expectations.

V. Responsibilities

A. Secretary of Homeland Security:

1. Implements 5 C.F.R. Part 9701, Subpart D, "Performance Management"; and
2. Ensures the sound administration of the Program established pursuant to 5 C.F.R. Part 9701, Subpart D, and this MD.

B. Under Secretary for Management, through the *DHS Chief Human Capital Officer (CHCO)*:

1. Designs and implements the Program established under 5 C.F.R. Part 9701, Subpart D, and this MD;
2. Directs the Program throughout DHS and provides policy and operational guidance, technical assistance and advice on the Program and issues that arise under the Program;
3. Ensures that appropriate and adequate training and retraining in the implementation and operation of the Program is provided to supervisors, managers, executives, and employees as required by 5 C.F.R. § 9701.401(b)(5);
4. Monitors and, as required by 5 C.F.R. §§ 9701.107 and 9701.410(b), evaluates the Program for compliance with applicable law and regulations, including the merit system principles and prohibited personnel practices in 5 U.S.C. Chapter 23;
5. Coordinates design and implementation of the Program with the U.S. Office of Personnel Management.

C. Heads of the DHS Components:

1. Comply with the principles, policies, procedures, and requirements of the Program and ensure that they are fairly and consistently applied and administered in compliance with governing laws, rules, and regulations;
2. Develop and communicate their Component organizational goals and priorities for use in developing individual goals and expectations;

3. Ensure that appropriate and adequate training is provided for supervisors, managers, and employees in the implementation and operation of the Program as required by 5 C.F.R. § 9701.401(b)(5);
4. Ensure appropriate coordination with DHS on performance management issues that impact on the Program; and
5. Consistent with the effective operation of the Component's functions, operations, and sound management practices, delegate appropriate authority to managers, supervisors, and other appropriate management officials as required to effectively implement and operate under the Program.

D. **DHS Component Human Resources Officers**, or equivalent:

1. Administer the Program;
2. Provide direction, guidance, and technical, and other assistance to all supervisors and managers on the principles, policies, procedures, and requirements of the Program and assist them in executing their performance management responsibilities;
3. Review program evaluation results and other data regarding implementation of the Program for compliance with the principles, policies, procedures, and requirements of the Program and to determine the need for improvements or for additional training and/or guidance.

E. **Rating Officials**:

1. Establish individual performance plans and create a work culture and environment that promotes a high-performance work unit;
2. Communicate performance expectations clearly and hold employees responsible for them, monitor performance during the rating period and provide feedback to employees on their performance, develop employees, make meaningful distinctions among employees based on performance, foster and reward excellent performance, and address poor performance; and
3. Conduct progress reviews (including mid-year and quarterly reviews) and prepare interim evaluations and ratings of record as provided for in this MD.

F. **Reviewing Officials:**

1. Manage individual and organizational performance and create a work culture and environment that promotes a high-performance work unit;
2. Implement the principles, policies, procedures, and requirements of the Program within their work unit;
3. Ensure that rating officials carry out their responsibilities under the Program and assess their performance in fulfilling these responsibilities;
4. At the beginning of each appraisal cycle, review and approve the performance plans their subordinate rating officials prepare for consistency, fairness, objectivity, completeness, and make sure plans reflect the larger organization's overall needs and goals; and
5. Review and approve ratings of record.

G. **Employees:**

1. Ensure that they have a clear understanding of their performance expectations;
2. Participate in discussions and documentation of their performance as provided for in this MD during progress reviews (including mid-year and quarterly reviews), and the rating of record; and
3. Perform to the best of their ability and seek to improve in all aspects of their work to include identifying any perceived training needs.

VI. Policy and Procedures

A. **Policy.**

1. The Program shall be part of a DHS integrated approach to performance management, classification, and pay.
2. The Program shall be designed to promote and sustain a high-performance culture in DHS to help achieve organizational goals. It shall:
 - a. Adhere to merit principles set forth in 5 U.S.C. § 2301;

- b. Review, evaluate and control managerial and supervisory performance in such a manner as to insure a continuing affirmative application and vigorous enforcement of the policy of equal opportunity, and provide orientation, training and advice to managers and supervisors to assure their understanding and implementation of the equal employment opportunity policy and program as required by 29 CFR 1614.102(a)(5);
- c. Create a fair, credible, and transparent employee performance appraisal program;
- d. Ensure a link between elements of the pay program established under subpart C, "Pay and Pay Administration," of 5 CFR Part 9701, the employee performance management program, and the DHS strategic plan;
- e. Involve employees in the design and implementation of the Program as provided in 5 CFR § 9701.105;
- f. Provide for adequate training and retraining for supervisors, managers, and employees in the implementation and operation of the Program;
- g. Require periodic performance feedback and dialogue among supervisors, managers, and employees throughout the appraisal period, with specific timetables for review;
- h. Create effective safeguards so that the management of the Program is fair and equitable and based on employee performance; and
- i. Serve as a means for ensuring that adequate resources are allocated for the design, implementation, and administration of the Program to support the pay program established under 5 C.F.R. Part 9701, Subpart C.

B. **Procedures.**

- 1. Performance planning process

a. *General.* Performance planning is the critical first step in a successful performance management process and is an essential ingredient to achieving and sustaining a high-performance culture. At the beginning of the rating cycle, a written performance plan shall be developed for each employee which identifies the specific performance expectations that have been established for the employee and for which the employee will be held accountable. Performance expectations will normally be expressed in terms of core competencies, performance goals, and their associated performance standards.

b. *Results oriented competency-based appraisal program.* The Department's Performance Management Program adopts an appraisal program that balances competency measures and achieving results. The Department has pre-established six core competencies for most employees (plus two more for supervisors and managers) which rating officials will use in appraising employee performance. The first core competency, "Achieving results (performance goals)" is the results based portion of the rating. It accounts for one-half of the employee's annual rating of record, i.e., it is equal in importance to the employee's performance on all the remaining competencies combined. It ensures that the DHS performance management program focuses on, and rewards, results.

c. *Core competencies.* The specific core competencies are:

- (1) Achieving results (performance goals)
- (2) Technical proficiency
- (3) Customer service (except for positions in the 1811 and 1896 series)
- (4) Teamwork/cooperation
- (5) Communications
- (6) Representing the agency
- (7) Assigning, monitoring, and evaluating work (supervisors and managers only)
- (8) Leadership (supervisors and managers only)

d. *Performance standards for core competencies.* The Department has pre-established, Department-wide performance standards based on type and level of work at the “Achieved Expectations” and “Achieved Excellence” level for each competency. These pre-established standards will be used when evaluating an employee’s performance on all core competencies. (Note, paragraph VI.B.1.e. below, regarding specific performance standard details for individual performance goals that must also be taken into account when evaluating performance under the Achieving Results competency.)

e. *Achieving results (performance goals) competency.*

(1) Establishing performance goals. This core competency includes individual performance goals that are established jointly by the rating official and employee to reflect the specific results – or goals – that employees are expected to accomplish. While rating officials involve employees in the development of their performance goals, DHS management retains sole discretion to determine goals. Rating officials must establish at least one performance goal; however, three to five goals are recommended. These individual goals must align with and support the organization’s goals and mission accomplishments.

(2) Establishing performance standards for performance goals. At the time performance goals are identified under the “Achieving Results” competency, rating officials will establish specific performance standards for each of the goals identified. These standards will provide specific details associated with each goal and will be written by the rating official at the “Achieved Expectations” and the “Achieved Excellence” level. These performance standards will be used together with the pre-established performance standard for the “Achieving Results” competency to evaluate the employee’s progress in achieving the goals identified.

f. *Assigning weights.* Once performance goals have been established under the “Achieving Results” competency, rating officials will have the option of assigning weights to each goal. How much weight is assigned to each goal is discretionary. If the rating official opts to not assign weights to goals, each goal will automatically receive equal weight. In assigning weights to goals, the rating official should take into account, for example, the scope of the goal, the amount of time spent on the goal, and the importance of the work. Rating officials do not have the option of assigning weights to the remaining core competencies. They are pre-established and are all equally weighted.

g. *Employee involvement.* Rating officials are expected to involve employees in the development of their performance plans in so far as practical. Rating officials should obtain input from, and engage in meaningful discussions with, employees regarding specific performance goals and related performance standards for which they will be held accountable. Further, rating officials should also explain to employees what their understanding is of each competency and how they interpret the associated pre-established performance standards. Rating officials should also inform employees of progress review(s) that will occur during the rating cycle (see Section VI. B.2 below).

h. *Individual development plan (IDP).* As part of the performance planning process employees are encouraged to discuss their short and long-term learning and developmental goals with their supervisor and to develop an IDP. The IDP contains elective training, education, and developmental activities in which employees may engage to acquire the competencies to meet IDP goals. Rating officials retain sole discretion to determine the extent to which IDPs will be implemented and will do so after considering operational requirements and budget limitations.

i. *Linkage to other personnel actions.* At the time performance plans are discussed with employees, rating officials shall explain to employees how ratings of record are linked to other personnel actions, especially pay and job retention. (see Section VI.B.9 below for more information on the linkage between ratings of record and various personnel actions.)

j. *Changes to performance plans.* Rating officials may update employees' performance plans whenever they determine there is a need, up to 90 days prior to the end of the rating cycle. For example, plans may be changed to reflect new organizational goals, to update goals and standards when outside influences beyond an employee's control make the original goals and standard unachievable, or to reflect new organizational or management priorities. Such changes are to be documented in performance plans and conveyed to the employee.

k. *Communicating with employees.* Performance expectations must be communicated to employees before employees may be held accountable for them. While all of the diverse expectations that may apply to an employee need not be communicated in writing, the specific competencies, goals, and standards that are part of an employee's performance plan and for which an employee will be held accountable under the Program must be communicated in writing. There are certain matters over which employees are always held accountable, even if they're not addressed in an employee's written performance plan, such as appropriate standards of conduct, behavior, and professionalism, and exhibiting civility and respect towards others.

l. *Review and approval of performance plans.* Before becoming final, reviewing officials shall review and approve all performance plans to ensure consistency with plans established for similar positions within their jurisdiction and conformity with organizational goals.

m. *Timing of performance plans.* Rating officials shall develop and submit performance plans to employees within 30 days after the beginning of an appraisal period or within 30 days of an employee's entrance into a new position covered under the Program.

2. Progress Reviews

a. *General.* Regular, substantive communication between rating officials and employees is an important key to maintaining a high-performance organization. Rating officials are expected to monitor the performance of their employees continuously throughout the rating cycle by measuring employees' performance against the core competencies, performance goals, and performance standards that are set forth in employees' performance plans. They're also expected to apprise employees of how they are doing with respect to the rating official's expectations. Rating officials are to conduct formal documented progress reviews with employees.

b. *Purpose of progress reviews.* A progress review is an opportunity for the rating official and employee to engage in substantive discussions about the employee's performance, to address the employee's strengths and/or weaknesses, and to outline measures to correct any performance deficiencies or to improve performance that is otherwise acceptable. Progress reviews are not ratings of record and no rating levels or summary ratings of overall performance are assigned to an employee.

c. *Required progress reviews.* A progress review may take place at any time during the appraisal period as part of a rating official's on-going coaching and feedback efforts. Employees are encouraged to provide key results and major accomplishments at each progress review. Progress reviews are *required* under the following circumstances:

(1) Mid-Year reviews – Rating officials are required to conduct mid-year reviews with all employees who are covered by the Program. This review is to occur at the mid-point of an employee's rating cycle and is to focus on employees' performance during the first half of the rating cycle. Goals and expectations may be reviewed and changed, if necessary.

(2) Quarterly reviews – Rating officials are required to conduct quarterly reviews with the following:

(a) Employees who encumber entry or developmental level positions unless otherwise specified in their formal training plan, and

(b) All supervisors during their first year of coverage under the Program.

Employees in these two categories must be placed on a formal training plan. It is important that these employees receive frequent feedback from their rating officials about their performance during these periods so their opportunity to succeed is maximized.

d. *Recommended progress reviews.* Additional progress reviews may be appropriate whenever rating officials notice a significant change in an employee's performance. The most obvious situation is when the rating official notices a downward turn in an employee's performance to the point that performance is at or below the "Achieved Expectations" level. However, progress reviews may also be called for when the rating official notices a marked improvement in an employee's performance. In this regard, a major purpose of this Program is to encourage excellence in performance by letting employees know when they are exceeding expectations by conducting a progress review that emphasizes the improved performance.

e. *Self-assessments.* During the first year of coverage under the Program, rating officials shall *encourage* employees to provide a self-assessment of their performance before the mid-year and annual reviews take place. The self-assessment must include specific detail to support the assessment. The employee's self-assessment is then compared with the manager's assessment and discussed with the employee. The employee self-assessment is in addition to providing comments i.e., key results and major accomplishments. For rating periods beginning after the first year of coverage, employees are *required* to furnish rating officials with a self-assessment of their performance or to certify that they have had the opportunity to furnish a self-assessment at both mid-year and annual reviews.

3. **Developing employees.** Subject to budgetary and other organizational constraints, supervisors must provide employees with the proper tools and technology to do their jobs. They must also develop employees to enhance their ability to perform. Supervisors must implement specific formal training plans for employees in entry/developmental positions and for all supervisors during their first year of coverage under the Program.

4. Dealing with poor performance. When a rating official determines that an employee's performance is unacceptable, appropriate action must be taken to address the employee's performance deficiencies as early as possible. This can occur at any time during the appraisal period. The supervisor should take into account all the circumstances involved, including the nature and gravity of the unacceptable performance and its consequences, to what extent the deficiencies may be caused by factors outside of the employee's control, and whether the deficiencies are based upon an employee's misconduct and/or inability to perform. A supervisor should then consider the range of options available to address the employee's performance deficiencies. Before selecting a course of action, a supervisor should contact and work with a representative from the appropriate Human Resources and/or General Counsel's office. Available courses of action include, but are not limited to, remedial training, an improvement period, a reassignment, an oral warning, a letter of counseling, a written reprimand, and/or an adverse action.

5. Ratings of record

a. Completions of ratings of record:

(1) Ratings of record shall be completed within 30 days after the end of the appraisal period except as otherwise provided in this MD. Rating officials shall meet with employees during this time frame and fully discuss all aspects of the appraisal in relation to the overall performance plan including outcomes and results the employee's performance achieved as well as progress under an applicable formal training plan. The reviewing official approves the rating of record before the rating official discusses it with the employee. The rating of record becomes final when issued to the employee with all appropriate reviews and signatures, which may be in electronic form. It is an official rating of record for the purpose of any provision of Title 5, Code of Federal Regulations, for which an official rating of record is required.

(2) Early rating. A rating of record may be given to an employee within 90 days prior to the end of the appraisal period when warranted by special circumstances (e.g., employee is leaving the position for another position in DHS; supervisor is leaving the position). However, the employee must be on a performance plan for a minimum of 90 days in order to receive a rating of record.

(3) Extension of rating period. The appraisal period may be extended for up to 90 days when warranted by special circumstances. For example:

(a) The employee has not met the 90-day minimum rating period at the end of the appraisal period, or;

(b) The rating official has not supervised the employee for 90 days;

(c) Prior to the end of the rating period, the supervisor requires time to consider various options that are available to deal with the unacceptable performance as provided in Section VI paragraph B.4 of this MD;

(d) Other extenuating circumstances exist that prevent the rating official from issuing a rating of record at the end of the rating cycle.

(4) When determining an employee's entitlement to a pay increase under 5 C.F.R. §9701.342(a), if the rating official determines that an employee's current performance is inconsistent with the rating of record assigned for the most recently completed appraisal period, the rating official may prepare a more current rating of record. Absent a rating of record at the time of this pay entitlement determination, the modal rating received by other employees covered by the same pay pool during the most recent appraisal period will be used;

b. After considering any employee input, the rating official shall use one of four rating levels to rate the employee's performance for each applicable performance goal and core competency against the appropriate performance standard. The rating levels are:

(1) Achieved Excellence. The employee performed as described by the "Achieved Excellence" standards. This equates to a point value of 4.

(2) Exceeded Expectations. The employee performed at a level between "Achieved Excellence" standards and the "Achieved Expectations" standards. This equates to a point value of 3.

(3) Achieved Expectations. The employee performed as described by the “Achieved Expectations” standards. This equates to a point value of 2.

(4) Unacceptable. The employee performed below the “Achieved Expectations” standards; corrective action is required. This equates to a point value of 0.

6. Summary Rating

a. The summary rating of an employees’ overall performance is derived by using the rating levels and associated point values assigned to each applicable performance goal and core competency as follows:

(1) **Achieving Results (Performance Goals) Competency** (50% of the overall summary rating). The point values assigned to each goal under this competency will be multiplied by the assigned weight. The sum of that calculation is multiplied by 50% to determine the subtotal for this section; and

(2) **Additional Core Competencies** (50% of the overall summary rating). The point values assigned to each additional core competency will be averaged. The average is multiplied by 50% to determine the subtotal for this section.

b. Subtotal ratings will be added together to obtain the overall summary rating. These numeric ratings will be converted into one of the four summary rating levels. Written justification is required to support a summary rating above or below “Achieved Expectations.” If one or more performance expectations are rated as “Unacceptable”, then the summary rating must be “Unacceptable.”

c. Calculating the summary rating is determined using the following scale:

(1) 3.6 or higher, the summary rating is “Achieved Excellence”

(2) 2.8 – 3.5, the summary rating is “Exceeded Expectations”

(3) 2.0 – 2.7, the summary rating is “Achieved Expectations”

(4) 0 – 1.9, the summary rating is “Unacceptable”

d. Forced ratings distributions and quotas for ratings are not permitted at any rating level. This prohibition does not prevent management officials from making distinctions among employees or groups of employees based on performance for other purposes (e.g., for award determinations).

e. DHS management officials may not lower the rating of record of an employee because of an approved absence from work, including the absence of a disabled veteran to seek medical treatment as provided in Executive Order 5396.

7. Rating of record disputes. Employees are encouraged to informally resolve concerns over their ratings of record with their rating and reviewing officials. Where the employee's concerns remain unresolved, the employee may pursue those concerns through appropriate dispute resolution processes.

a. A bargaining unit employee may grieve a rating of record through a negotiated grievance procedure where an applicable procedure exists and covers such grievances. Where this is not the case, a bargaining unit employee may grieve the rating through an applicable administrative grievance procedure.

b. A non-bargaining unit employee may grieve a rating of record through an applicable administrative grievance procedure.

c. A DHS employee may use the EEO complaint process in 29 C.F.R. Part 1614 if he or she believes the performance rating of record is based on unlawful discrimination and/or harassment.

8. Transfer of ratings. The most recent three ratings of record within the last four years shall transfer when an employee is reassigned within or transferred outside DHS.

9. Performance-related personnel actions

a. General. Governing DHS MDs and policy, as well as other applicable laws and regulations, provide for ratings of record to be used as a basis for taking appropriate personnel actions.

b. Pay. Ratings of record shall be used as a basis for making the following pay determinations:

(1) An increase in base pay under 5 C.F.R. § 9701.324. Absent a rating of record, the same increase received by employees rated "Achieved Expectations" will be given;

(2) A locality or special rate supplement increase under 5 C.F.R. § 9701.335. Absent a rating of record, the same increase received by employees rated “Achieved Expectations” will be given;

(3) A performance pay increase under 5 C.F.R. § 9701.342(a). If the rating official determines that an employee’s current performance is inconsistent with the rating of record assigned for the most recently completed appraisal period, the rating official may prepare a more current rating of record. Absent a rating of record, the modal rating received by other employees covered by the same pay pool during the most recent appraisal period will be given;

(4) A within grade increase determination under subpart D of 5 C.F.R. § 531.404, “Earning Within-Grade Increase,” and a quality step increase under subpart E of 5 C.F.R. §531.504, “Level of performance required for quality step increase,” prior to an employee’s conversion to the pay program established under subpart C of the DHS regulations. As noted in the definition of “acceptable level of competence”, to be eligible for a within grade increase, an employee’s most recent rating of record must be at least “Achieved Expectations” or equivalent. To be eligible for a quality step increase, an employee’s most recent rating of record must be “Achieved Excellence” or equivalent; and

(5) A pay determination under any other applicable law or regulation consistent with governing DHS MDs and policies.

c. Reduction-in-Force. Ratings of record shall be used during reductions-in-force as provided in 5 C.F.R. Part 351.

d. Promotions. Ratings of record shall be used in promotions consistent with governing laws and regulations including DHS MDs and policies.

e. Other purposes. Ratings of record shall be used for other purposes consistent with governing laws and regulations, including DHS MDs and policies.

10. Awards. Ratings of record shall be used as a basis for determining whether to grant a performance award under 5 U.S.C. Chapter 45 and 5 C.F.R. part 45 consistent with DHS MDs and policies. DHS employees covered by 5 C.F.R. Part 9701, Subpart C, may not be granted a performance award as provided for in 5 C.F.R. § 451.104(a)(3) or a quality step increase under 5 C.F.R. Part 531, Subpart E.

VII. Questions

Address any questions or concerns regarding this MD to the Office of the CHCO.

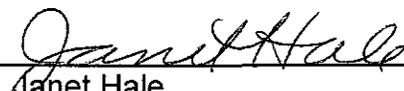
VIII. Records

Performance Management System records shall be maintained as Privacy Act Records consistent with governing laws and regulations and DHS MDs and policies. Further, the Department shall maintain and submit to OPM such records as OPM may require.

IX. Program Evaluation

In accordance with 5 C.F.R. §§ 9701.107 and 9701.410(b), the DHS CHCO will ensure that the DHS performance management program is evaluated for effectiveness and for compliance with 5 C.F.R. Part 9701, Subpart D, other DHS implementing MDs and policies, and the provisions of 5 U.S.C. chapter 23 that set forth the merit system principles and prohibited personnel practices.

MAR 23 2006
Dated: _____



Janet Hale
Under Secretary for Management
U.S. Department of Homeland Security