PERFORMANCE MANAGEMENT SYSTEM
FOR NON-SUPERVISORY EMPLOYEES

1. OBJECTIVE. To establish requirements and responsibilities for the administration and operation of the Department's performance management system for non-supervisory employees including performance appraisals, performance-related recognition, and other actions related to performance management.

2. APPLICABILITY.

a. DOE Elements. This system applies to all Department of Energy (DOE) employees including those of the National Nuclear Security Administration (NNSA), as indicated below:

(1) General Schedule non-supervisory employees;

(2) Excepted Service employees in non-supervisory positions under the following appointment authorities: EJ and EK;

(3) Senior Level (SL);

(4) Scientific and Professional (ST);

(5) Team Leader or similar quasi-supervisory positions deemed primarily non-supervisory in scope and designated for coverage by their DOE Element;

(6) Administratively Determined (AD) employees; and

(7) Wage grade employees.

b. Exclusions:

(1) Members of the Senior Executive Service;

(2) Managers and Supervisors including those in these positions in the Excepted Service;

(3) Team Leader or similar quasi-supervisory positions designated as primarily supervisory in scope by the DOE Element and therefore covered under the Managers and Supervisors performance management system;

(4) Excepted Service employees of the NNSA covered by the National Defense Authorization Act for 2000 (EN); and

(5) Wage grade employees whose work is typically performed as a member of a workgroup or team and whose work assignments are such that individual performance is not clearly discernable or measurable (e.g., certain Power Administration employees).

3. GENERAL PROGRAM REQUIREMENTS.

a. Each DOE Element shall implement this Performance Management System for all non-supervisory employees compliant with the requirements of this document. The Performance Management System:

(1) Ensures personal accountability for the accomplishment of assigned organizational mission objectives/goals and strategic plans.

(2) Results in performance ratings that clearly identify individuals who significantly exceed performance expectations as well as those employees who need assistance and/or corrective action as a result of overall performance that fails to meet prescribed expectations.

(3) Rewards employees who significantly exceed performance expectations with monetary recognition commensurate with their performance ratings.

b. Departmental Elements that wish to be granted exceptions to specific requirements of the Departmental program must submit requests for such exceptions to the DOE Chief Human Capital Officer/Director, Office of Human Capital Management or the Associate Administrator, Management & Administration, NNSA or designee, for approval prior to the implementation of any deviations to the requirements of this Departmental performance management program. The request for exception must include documentation citing compelling reasons that prevent the organization from fully adopting the Departmental program and the alternative approach(es) that will be used to achieve the performance management objectives specified in 3a.(1) – (3) above.

4. PERFORMANCE APPRAISAL PLAN REQUIREMENTS

a. Performance Appraisal Plans:

All non-supervisory performance plans will include between two and five elements, all of which are critical. A critical element is one that is so important that unacceptable performance in any one critical element would constitute an overall “fails to meet” summary performance rating. A performance plan is to be established by the Rating Official with the participation and input of the employee. The Rating Official has the final authority regarding the substance of the performance plan, subject only to the plan’s optional approval by the Reviewing Official. In establishing the performance plan, the Rating Official is responsible for ensuring that the employee understands both the substance of the performance expectations and how the employee’s performance results will be assessed. Performance Appraisal plans shall:

(1) Contain between one to four critical elements that address individual job performance on major functional activities/responsibilities, important mission objectives/goals or key programmatic accomplishments.

(2) Contain one critical element that addresses a series of attributes that each employee should demonstrate, including: Responsibility and Accountability, Communication, Innovation/Quality Improvements, Teamwork, and Customer Service (see attachment for a description of these Attributes).

(3) Assign a weight to each critical element for use in deriving summary performance rating levels and for determining the amount of performance-based awards.

(4) Utilize the following performance rating levels in assessing the level of performance on each critical element as well as determining the overall assigned summary rating level: Significantly Exceeds Expectations (SE), Meets Expectations (ME), Needs Improvement (NI), and Fails to Meet Expectations (FME). This rating pattern corresponds to pattern F of the requirements of Title 5, Code of Federal Regulations, section 430.208;

(5) Define performance standards at the Meets Expectations level for all critical elements; and

(6) Be established (signed and dated by the employee and Rating Official) within 30 days following the beginning of: (1) the annual appraisal period; (2) any work assignment expected to exceed 120 days (e.g., temporary promotion, detail, etc.); or (3) appointment or permanent assignment to a new position more than 90 days in advance of the end of the appraisal period.

b. Performance Rating Level Definitions:

The following performance rating definitions are used both as summary performance ratings to convey overall performance as well as to convey a performance rating level on an individual critical element.

(1) Significantly Exceeds Expectations (SE) – the highest level of performance -- performance at this level is dramatically higher than that typically described at the Meets Expectations level in terms of work-products and/or results. This type of performance is characterized by such outcomes as extremely high cost-savings or cost avoidances and/or extremely high levels of efficiency, effectiveness, and timeliness.

(2) Meets Expectations (ME) – the prescribed level of expected overall performance -- performance standards for all critical elements are defined at this level.

(3) Needs Improvement (NI) – the level of overall performance that falls short of prescribed performance expectations. Performance at this level is clearly lower than that prescribed at the ME level in terms of work-products and/or results, but above unacceptable and requires supervisory intervention to assist the employee in meeting prescribed levels of performance. Although a formal Performance Improvement Plan (PIP) is not required, it is recommended that the supervisor prepare a Performance Counseling memorandum that focuses on: a) the critical elements upon which performance needs to improve and the corresponding performance standards, b) work expectations, and c) what the employee must do in order to meet performance expectations on such critical elements.

(4) Fails to Meet Expectations (FME) – the lowest level of overall performance. Performance at this level is clearly unacceptable and triggers formal corrective action. If, after being covered by a performance appraisal plan for at least 90 calendar days, the employee fails to meet performance in one or more critical elements, then he/she will be formally placed on a Performance Improvement Plan (PIP). The PIP focuses on each critical performance element upon which the employee fails to meet expectations; provides a reasonable amount of time for improvement, normally 90 days; specifies what must be done to bring performance up to the ME level; and explains the consequences of continued failure. The PIP will explain what the employee <u>must do</u> to improve the unacceptable performance during the PIP period, and will indicate a meeting time and date to discuss the on-going performance. At the end of the PIP period, the supervisor will complete a rating of record addressing the employee's performance during this period.

An employee who is afforded an opportunity to improve, but continues to perform at a "Fails to Meet Expectations" level at the end of that period, may be reduced in grade or removed from employment.

c. <u>Assigning Weights to Critical Elements:</u>

(1) The total weight assigned to all critical elements must equal 100 and only whole numbers may be used in assigning weights.

(2) Critical elements are assigned weights in order to convey distinctions in the importance of key job responsibilities. The collective weight assigned to these critical elements must total 90.

(3) The critical element for Employee Attributes is assigned a fixed weight of 10.

(4) A weight shall be assigned to each job performance critical element by the rating official with input from the employee. The minimum weight for any critical element under (2) above must be at least 10 and expressed as a whole number. Note that it is not necessary to assign equal weights to all critical elements. Examples of factors to be considered in the assignment

of weights for job performance critical elements include the:

- relative importance of the job responsibility as related to mission objectives,
- complexity of assignments,
- costs, both in terms of resources and staff time,
- risk factors, and
- impact on the immediate organization and the Department as a whole.

(5) The process of assigning weights to critical elements shall be completed during the performance plan development phase of the appraisal process. Adjustments in the assignment of weights for critical elements shall be considered, along with other performance appraisal information, during the progress review. Rating officials must discuss the impact of assigned weights with the employee during all key "milestones" of the performance appraisal process—the initial development of the performance plan, progress review meeting(s), and the assignment of the summary rating after the completion of the performance period.

d. Changes in Performance Plans:

The performance plan is not an inflexible record of performance expectations that may not be changed. Instead, each performance plan should be reviewed during the appraisal period and be revised whenever meaningful changes are warranted (e.g., a change in the availability of resources, direction or strategy may trigger the need to amend, revise, or delete portions of an employee's performance plan). At a minimum, the appropriateness of the performance plan shall be reviewed during the formal progress review. When a change is needed, the Rating Official shall discuss the matter with the employee, both should initial changes that are annotated on the appraisal form, and the Reviewing Official shall approve the changes.

e. Formal Progress Review:

Supervisors shall conduct an official progress review at least once during the appraisal cycle (usually at mid-year) and document the discussion on the appraisal form. In addition to the formal review, supervisors must facilitate open communications regarding performance with the employee throughout the performance period.

5. PERFORMANCE RATING REQUIREMENTS

a. The performance period will commence on the first day of each fiscal year and will end on the last day of each fiscal year.

b. Employees shall be rated as soon as practicable after the end of the appraisal period, but no later than 45 days from the end of the rating period.

c. The performance period may be extended up to 45 days from the end of the rating period for the purpose of allowing sufficient time to rate those individuals who otherwise would have not been covered by a performance plan for the required minimum 90 calendar days.

d. Performance ratings shall be assigned by the rating official and concurred with by the reviewing official.

e. If any critical element is considered non-rateable (e.g., no opportunity for the employee to achieve the desired results), it should be noted as non-rateable on the appraisal form, with the initials of the Rating Official and the employee, and the date of such determination. Under this situation, it would also be necessary for the weight assigned to this non-rateable critical element to be redistributed to the remaining critical elements in collaboration between the rating official and the employee.

f. If assigned during the rating period, advisory ratings must be considered when assigning the critical element rating.

g. Computing the Summary Performance Rating

(1) Summary performance rating scores are computed by multiplying the weight assigned to each critical element by the point value assigned to each respective critical element. The exception would be the summary rating of an FME. If one critical element is rated FME then the overall summary rating would be FME.

(2) Critical element rating levels and their assigned point values are listed in Table 1.

Table 1. Assigned Point Values for Critical Element Ratings

Critical Element Rating Levels	**Assigned Point Values**
Significantly Exceeds Expectations (SE)	1
Meets Expectations (ME)	.5
Needs Improvement (NI)	0
Fails to Meet Expectations (FME)	Summary Rating of FME

(3) A sample calculation of the approach for arriving at a summary performance rating score is illustrated in Table 2. Simply multiply the weight assigned to each critical element by the rating point value to compute each critical element score. The summary performance rating score is then computed by adding the individual critical element scores.

Table 2. Sample Calculation of a Summary Performance Rating Score

Sample Critical Elements	**Assigned Weight**	**X**	**Rating Point Value (Rating)**	**= Critical Element Score**
Project Management	35	X	1 (SE)	35
Customer Support	15	X	1 (SE)	15
Special Projects	25	X	.5 (ME)	12.5
Research	15	X	.5 (ME)	7.5
Employee Attributes	10	X	See Attachment	7
Totals	100			77

(4) The summary performance rating score is converted to the overall Summary Performance Rating as follows:

(a) Total Score of 80-100 = Summary Rating of SE
(b) Total Score of 50-79 (with no critical elements rated FME) = Summary Rating of ME
(c) Total Score of 49 and below (with no critical elements rated FME) = Summary Rating of NI
(d) One or More Critical Elements rated FME = Summary Rating of FME

Overall Summary Rating for this Sample**: ME,** 77 points falls within the range established for the Meets Expectations Summary Performance Rating Level (50 – 79 points).

6. PERFORMANCE AWARDS

The Heads of DOE Elements, or designees, have discretion to establish awards funding levels up to 4% of aggregate base pay with this computation performed at the beginning of each fiscal year. This discretion also extends to the establishment of guidelines for the setting of individual performance award amounts. Heads of Departmental Elements are expected to assure adequate funding each year for the granting of performance awards. However, in the event that fiscal year funding is not sufficient as a result of budget reductions, changes in allocations or similar unanticipated circumstances, affected Heads of DOE Elements may request an exception from the DOE Chief Human Capital Officer. This exception would be limited to the performance award requirements of this policy document that follow under 6.a. and b.—especially if granting performance awards would necessitate the need for a reduction in force, furlough or other similar cost-cutting remedy.

a. Eligibility for Performance Awards:

(1) All employees earning a summary performance rating of Significantly Exceeds Expectations should be paid a performance award unless the unusual circumstances described above impact the availability of funding.

(2) Subject to the availability of funds, the granting of performance awards to employees earning a summary performance rating of Meets Expectations is at the discretion of the Head of the DOE Element or designated official. If the DOE Element, or designee, wishes to provide performance awards to

employees with a summary rating of Meets Expectations, the Element, or designee, shall compile a ranking using the summary performance rating score defined in Section 5g. and establish the threshold for monetary recognition for this performance rating level.

(3) Employees earning a summary performance rating of Needs Improvement or Fails to Meet Expectations are not eligible for performance awards.

(4) Employees who have not been covered by a performance plan for the minimum appraisal period of 90 calendar days during the annual appraisal period are not eligible for performance awards.

(5) Employees who have been covered by a performance plan for a period of 90 to 180 days during the annual appraisal period will have any performance award prorated against the fractional part of the performance period.

(6) Employees who have been covered by a performance plan for a period of more than 180 days during the annual appraisal period will receive the full amount of any performance award.

b. Amounts of Performance Awards:

(1) It is recommended that an employee earning a summary rating of Significantly Exceeds Expectations receive a performance award that typically ranges from 5 to 10% of base pay or up to the maximum dollar amount delegated to the head of the organization, whichever is less.

(2) Subject to the availability of funds, performance awards granted to employees earning summary performance ratings of Meets Expectations must be proportionately less than those granted to employees with summary performance ratings of Significantly Exceeds Expectations. Table 3 conveys this proportionate relationship by using Summary Rating Point Scores as the basis for the proportionate differences.

Table 3. Performance Awards Payout Options

Summary Rating Point Scores (Summary Rating)	**Option A. Performance Award %**	**Option B. Performance Award %**	**Option C. Performance Award %**	**Option D. Performance Award %**
95 – 100 (SE)	10	7.5	5	5
80 – 94 (SE)	8	6	4	3
70 - 79 (ME)	6	4.5	3	1
60 - 69 (ME)	4	3	2	0
50 - 59 (ME)	2	1.5	1	0

(3) In order to comply with the Departmental performance awards funding limit of no more than 4% of aggregate pay, DOE Elements are required to use one of the above payout options in combination with setting a cutoff minimum summary rating point score below which (e.g., below 60 points)

awards will not be paid. DOE Elements, with severe funding limitations, have discretion to further reduce performance award payout percentages below those specified in Table 3, but such reductions must be made proportionately to maintain award differences in performance rating levels.

7. QUALITY STEP INCREASES (QSI).

a. Only employees receiving an SE summary rating who have exhibited the highest level of performance over a sustained period of time and are expected to continue to perform at the highest level are eligible for QSI consideration.

b. QSIs shall be nominated by the Rating Official and approved by the Reviewing Official.

c. The QSI increases base pay which is of substantial long term benefit to the employee. As such, QSIs will normally serve as the sole award because they provide the appropriate level of performance recognition. Heads of Departmental Elements have the option of providing lump sum monetary recognition in the form of a performance award in addition to a QSI. However, when granting a QSI in combination with a performance award to an individual, the performance award percentage must be reduced so that the combined percentage from the award and the QSI does not exceed the percentage that would have been otherwise payable solely as a performance award. For example, an individual entitled to a 5% performance award would be paid a QSI (valued at 3% of base pay) and a lump sum performance award of 2% for aggregate performance recognition of 5% of base pay. Also, for purposes of computing these adjusted performance award percentages, 3% of base pay is to be used as the standard percentage increase resulting from the granting of a QSI.

8. RESPONSIBILITIES.

a. DOE Chief Human Capital Officer/Director, Office of Human Capital Management or designee. Approves exceptions to the requirements for employees performance management program plans for all Elements other than NNSA.

b. Associate Administrator, Management & Administration, NNSA or designee. Approves exceptions to the requirements for employees performance management program plans contained in this chapter for NNSA Elements.

c. Heads of Departmental Elements or designees. Request exceptions to the responsible official named in 8.a. or b. above.

9. CONTACT. Questions concerning this chapter should be addressed to the Office of Human Capital Management Strategic Planning and Vision, at (202) 586-8513.

Critical Element – Employee Performance Attributes:

The following categories of performance attributes are required of all non-supervisory employees. At the beginning of the performance appraisal period, the employee and the Rating Official should review and discuss each Attribute to ensure a mutual understanding of the generic performance standards provided for each. Not all Attributes are of equal importance and weights should be assigned to reflect such differences. Also during this discussion, the need for additional standards should be determined and documented as amendments to the appropriate attribute's performance standard. Such additional performance standards should be written in manner that is within the employee's control to achieve. "Control to achieve" is defined as a result that the employee is able to: (a) achieve directly through the employee's own personal efforts; or (b) significantly influenced through the employee's actions, including leadership of other employees (as in the management of a special project).

Responsibility and Accountability

- Sets well-defined and realistic professional goals; displays initiative, effort and commitment towards completing assignments in a timely manner while maintaining the integrity of the organization.
- Identifies problems; determines accuracy and relevance of information; uses sound judgment to generate and evaluate alternatives and to make recommendations.
- Willingly accepts personal responsibility and accountability for individual contributions and those made as a member of a team.
- Completes professional development requirements and opportunities to maintain state-of-the-art skills.
- Adheres to relevant government and organization policies and regulations.
- Practices safe work habits and takes action to resolve unsafe conditions.

Communication

- Shares information openly and regularly with others.
- Presents complex/technical information in a logical, understandable and persuasive manner, where appropriate.
- Written/oral communications are clear, accurate, concise, and well organized.
- Listens to other's ideas and points of view, and seeks to clarify for understanding.

Teamwork

- Builds and maintains collegial, effective relationships that facilitate achieving desired goals.
- Uses collaborative decision making techniques to facilitate teamwork.
- Exhibits willingness to support others in the accomplishment of their assignments.
- Actively contributes to accomplishment of organizational goals.
- Supports organizational decisions once they are made.
- Shares knowledge, expertise, information and credit freely across levels and functions.

Innovation/Quality Improvements

- Initiates and/or supports quality improvements in systems, services, or work processes.
- Recommends alternatives to established thinking, policies, practices, methods and approaches designed to achieve organizational efficiency, cost savings/avoidance, etc.
- Is cooperative, constructive, and adaptable in response to new ideas, to changing situations, and to technological innovations.

Customer Service

- Responds appropriately and in a timely fashion to customers/stakeholders concerns and requests, reacting constructively to changes in needs and priorities.
- Consistently helps customers and partners overcome problems or difficulties.
- Keeps customers and partners up to date on progress.
- Designs and adapts products and services to meet customer needs.
- Meets schedules and commitments.

Computing a Performance Rating for the Attributes Critical Element

The performance rating score for the Attributes Critical Element is computed in a manner very similar to the process used in computing a summary performance rating. Each individual attribute is assigned a weight by the Rating Official after collaboration with the employee. Given that the Attributes Critical Element has a fixed weight of 10, the total of the weights assigned to individual attributes must also equal 10. Accordingly, the weight assigned to each attribute may only range from 1 to 3 with the average weight equal to 2—and only whole numbers may used to assign weights to these attributes.

The Rating Official assesses the employee's performance on each attribute and expresses these assessments by using the same performance rating levels and assigned point values used in assessing other critical elements. Scores are then computed for each attribute and the summary score for the Attributes Critical Element is added to the other critical element scores to calculate the overall summary rating score.

The table that follows illustrates the process to be used in assessing individual attributes and how the overall rating of the Attributes Critical Element is derived. NOTE: Employees receiving a rating of Needs Improvement* or Fails to Meet Expectations** on the Attributes Critical Element are not covered by this process. Note that because the Attributes Critical Element carries a "fixed" weight of 10 (i.e., representing 10% of the total importance of overall performance), failure of one of the Attributes doesn't automatically result in an overall rating of Fails to Meet Expectations on the Attributes Critical Element.

Sample Calculation of the Attributes Critical Element Score

(Assigned Weight multiplied by Rating Point Value = Attribute Score)

Sample Critical Elements	**Assigned Weight**	**X**	**Rating Point Value (Rating)**	**= Critical Element Score**
Responsibility and Accountability	3	X	1 (SE)	3
Communication	2	X	1 (SE)	2
Teamwork	2	X	.5 (ME)	1
Innovation/Quality Improvement	2	X	.5 (ME)	1
Customer Service	1	X	0 (NI)	0
Totals	10			7

Overall Critical Element Rating Score for this Sample Attributes Critical Element = 7 points. This score is then added to the other critical element scores to compute the overall summary rating score used to derive the overall performance rating.

* A rating of Needs Improvement on the Attributes Critical Element is assigned if an employee receives either:

- a rating of Needs Improvement on two or more attributes; or
- a rating of Fails to Meet Expectations on one attribute and Needs Improvement on another.

** A rating of Fails to Meet Expectations on the Attributes Critical Element is assigned if an employee receives a rating of Fails to Meet Expectations on two or more attributes. (Note that in computing the Attributes Critical Element score, 0 points must be assigned to each individual attribute rated at the Fails to Meet Expectations level.)