

U.S. DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250

<b>DEPARTMENTAL REGULATION</b>		<b>Number:</b> 4040-430-003
<b>SUBJECT</b>  Senior Executive Service (SES) Performance Management	<b>DATE:</b> December 28, 2011	
	<b>OPI:</b> Office of Human Resources Management	

<u>Section</u>	<u>Page</u>
1 Purpose	1
2 Background	1
3 References	2
4 Special Instructions/Cancellations	2
5 Applicability	3
6 Definitions	3
7 Policy	5
8 Responsibilities	5
9 Procedures	9
10 Rights of the Senior Executive	23
11 Linking Performance to Other Personnel Actions	23
12 Performance Management Training Requirements	24
13 Performance Appraisal System Evaluation	25

1. PURPOSE

The purpose of this directive is to set forth the Department of Agriculture's (USDA) policy on Senior Executive Service (SES) performance appraisals. This directive defines the policies and procedures to be used to appraise the performance of SES employees.

2. BACKGROUND

The National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136, dated November 24, 2003) established a new performance-based pay system for members of the SES. SES employees were converted to a new system on January 11, 2004. Under the law, agencies with certified performance appraisal systems were authorized to pay their employees at the higher Senior Executive Service rates.

A certified SES performance appraisal system is one that receives approval from the

Office of Personnel Management (OPM) with concurrence from the Office of Management and Budget (OMB) and:

- a. Aligns individual performance expectations with organizational goals,
- b. Involves senior leaders to encourage ownership of their performance appraisal system,
- c. Links all pay decisions to individual and organizational performance,
- d. Reflects meaningful distinctions between performance rating levels, and
- e. Provides for transparency in the process for making all pay decisions.

### 3. REFERENCES

This directive was established in accordance with the following authorities:

- a. Public Law 108-136 – National Defense Authorization Act for FY2004;
- b. Title 5, Code of Federal Regulations, Part 430 – Performance Management;
- c. Title 5, Code of Federal Regulations, Part 451 – Awards;
- d. USDA Guide for Employee Recognition;
- e. Title 5, Code of Federal Regulations, Part 432 – Performance Based Reduction in Grade and Removal Actions;
- f. Title 5, Code of Federal Regulations, Part – 534 – Pay Under Other Systems;
- g. Title 5, Code of Federal Regulations, Part 752 – Adverse Actions;
- h. Title 5, Code of Federal Regulations, Part 293 – Employee Performance File System Records; and
- i. Title 5, Code of Federal Regulations, Part 297 - Privacy Act Procedures for Personnel Records.

### 4. SPECIAL INSTRUCTIONS/CANCELLATIONS

This directive replaces Departmental Regulation (DR) 4040-430-002, dated September 23, 2011.

## 5. APPLICABILITY

This directive is applicable to all USDA SES regardless of type of appointment (career, non-career, or limited) or type of position (general or career reserved) occupied, excluding members of the USDA Office of Inspector General.

## 6. DEFINITIONS

- a. Annual Summary Rating - An Executive's annual rating that has been reviewed by a Performance Review Board and approved by the Secretary.
- b. Approving Official - Representative of management who has responsibility for approving SES annual summary rating, performance awards, and base salary increases. The approving official for SES employees is the Secretary of Agriculture.
- c. Base Salary - Continuing annual salary paid to an SES employee.
- d. Base Salary Increase - Salary increase resulting from an employee's annual summary rating. The Secretary of Agriculture approves base salary increases based on recommendations from a Performance Review Board.
- e. Critical Element - Key component of an employee's work that contributes to organizational goals and results and is so important that unsatisfactory performance of the element would make the employee's overall job performance unsatisfactory. Such elements must be used to measure individual performance.
- f. Executive Resources Board (ERB) - Group comprised of USDA executives who review and provide recommendations to the Secretary or designee on various SES policies and programs.
- g. Higher-level Review - A review conducted at a higher-level organizational level than the rating and reviewing official, but not necessarily within the same organization. This review must precede action by the Performance Review Board.
- h. Initial Summary Rating - Tentative rating derived by the rating official/reviewing official as a result of appraising an SES employee's performance elements.
- i. Interim Appraisal - An appraisal of performance by the rating official during a temporary assignment or position change lasting a minimum of 90 days during the rating cycle.
- j. Performance Appraisal - The written or otherwise recorded appraisal of performance compared to established performance elements and requirements.
- k. Performance Appraisal Period - Period of time in which an employee's

performance is evaluated. The SES performance cycle runs October 1 through September 30 annually.

- l. Performance Appraisal System - A framework of performance management policies and parameters established by a Department.
- m. Performance Award - Performance based award granted to an employee on the basis of a current rating of record. Rating based awards are granted in accordance with the USDA Guide for Employee Recognition and other applicable policies.
- n. Performance Element - Job responsibilities and goals for which an employee's performance is appraised.
- o. Performance Management - The systematic process of planning work and setting expectations, continually monitoring performance, developing the capacity to perform, providing continuous performance feedback, rewarding good performance, and addressing performance deficiencies.
- p. Performance Plan - Document that describes the individual and organizational expectations for the appraisal period and sets the requirements for which performance will be evaluated.
- q. Performance Requirement - Management approved expression of the performance threshold, standard(s), or expectations(s) that must be met to be appraised at a particular level of performance. A performance requirement is related to work quality, quantity, cost-efficiency, timeliness and/or manner of performance. May also be referred to as performance expectation or performance standard.
- r. Performance Review Board (PRB) - Group of executives responsible for the oversight of the performance management and compensation processes for SES employees. A PRB reviews the initial summary ratings of SES employees and makes recommendations for official ratings, performance awards, and base salary increases.
- s. Progress Review - Communication that occurs between the rating official and the employee in regard to the employee's performance progress as compared to established performance standards and goals. This review typically occurs during the mid-point of the appraisal period. These reviews are often referred to as mid-year reviews.
- t. Rating Official - Representative of management, generally the employee's immediate supervisor, who establishes the employee's performance plan, provides the progress review; prepares an initial summary rating; and proposes performance awards and base salary increases based on performance.
- u. Reviewing Official - Representative of management, generally the employee's

second level supervisor, who reviews the performance plan and initial summary rating as well as any award and salary increase recommendations.

- v. Senior Performance Official (SPO) - Senior Agency Official who evaluates and analyzes the PRB recommendations for ratings, performance awards and base salary increases and submits recommendations to the Secretary. The SPO is the Assistant Secretary of Administration.

## 7. POLICY

It is USDA's policy to establish a SES System that promotes excellence and a results-oriented performance culture that contributes to individual and organizational effectiveness and supports the Department's mission and goals. The system integrates performance, employee development and training, pay and recognition, and links to other related personnel decisions.

## 8. RESPONSIBILITIES

- a. The Secretary of Agriculture is the USDA "appointing authority" for SES and he or she is responsible for the oversight of the performance management system. As such:
  - (1) Assesses overall annual USDA organizational performance as well as performance of major program and functional areas;
  - (2) Communicates organizational goals and priorities;
  - (3) Approves summary ratings and other performance based actions after considering recommendations from the PRB;
  - (4) Nominates employees for Presidential Rank Awards;
  - (5) Approves all monetary awards and salary increases;
  - (6) Approves all aspects of the SES performance system policy; and
  - (7) Appoints the Chairperson of the Executive Resources Board (ERB) and the Chairpersons of the USDA Performance Review Boards (PRB).
- b. The Assistant Secretary for Administration serves as the Senior Performance Official and as such coordinates for the Secretary all aspects of the SES performance appraisal system to include the implementation of performance appraisal policies and the evaluation of the system. This role is carried out in coordination with the Secretary and applicable Departmental Office Heads, and

includes the following responsibilities:

- (1) Manages the appraisal process including the issuance of the Secretary's guidance and direction on performance management at the beginning of the appraisal process and throughout the appraisal cycle, as required;
- (2) Coordinates with key Departmental officials who have responsibility for strategic and performance planning to ensure that the appraisal process links with strategic planning initiatives as required by law;
- (3) Coordinates and manages the PRB process;
- (4) Ensures training is provided on performance management issues, including training for PRB and ERB members on their roles and responsibilities, as required;
- (5) Provides support and oversight, for and on behalf of the Secretary, regarding the appraisal process and the workings of the PRB and ERB; and
- (6) Oversees the Office of Human Resources Management/Executive Resources/Compensation, which is assigned day-to-day responsibility for supporting the SES performance appraisal system.

d. Assistant Secretary for Civil Rights:

- (1) Ensures that the SES performance appraisal system reflects the Secretary's Civil Rights Policy;
- (2) Assists and advises OHRM on the development of procedures, elements, and requirements for rating SES with regard to civil rights;
- (3) Provides input into the annual ratings of executives, as applicable; and
- (4) Provides guidance to agency civil rights directors regarding their role in the performance appraisal process.

e. Subcabinet Officials, Agency Administrators, Staff Office Directors:

- (1) Provide employees with information concerning the SES performance appraisal system;
- (2) Develop and communicate the Department, Agency, and/or Staff Office organizational goals and priorities used in developing individual performance plans, and assess organizational performance, communicating results to employees, and providing formal guidance to

rating and reviewing officials on how organizational performance is considered when deciding ratings and awards;

- (3) Ensure that performance plans for employees reflect a direct link to Department's strategic plan and other key plans and include appropriate performance requirements and measures as required by this policy;
- (4) Serve, when designated by the Secretary, as PRB Chairperson and appoints full PRB membership;
- (5) Ensure that annual organizational and individual performance reviews are conducted and documented; and
- (6) Ensure appropriate and adequate performance management training is provided for executives (both supervisors and employees) within their organization.

f. The Inspector General conducts file check reviews of employees nominated for Presidential Rank Awards.

g. Rating Officials:

- (1) Establish performance plans in accordance with performance management policy and create a performance culture and environment that fosters high performance;
- (2) Engage employees in the process of establishing and documenting the employees' performance plan;
- (3) Communicate performance expectations clearly and hold employees accountable, monitoring performance during the appraisal period and providing performance feedback to employees, developing employees, making meaningful distinctions for assigned ratings based upon performance, fostering and rewarding excellent performance, and taking appropriate action to address performance not meeting expectations;
- (4) Conduct at least one formal progress review giving feedback on the quality of performance or identifying areas for improvement during the appraisal period;
- (5) Ensure that performance appraisals and documentation for recommended awards and base salary increases are completed, reviewed as appropriate by the PRB, and submitted to the mission area/agency servicing human resources office by the due date prescribed by the Senior Performance Official;

- (6) Ensure that the appropriate reviewing official has been consulted before communicating rating recommendations to an employee;
- (7) Ensure that the employee is aware that he/she may respond to the initial rating in writing and that his/her comments may become a part of the appraisal package submitted to the PRB.

h. Reviewing Officials:

- (1) Establish a performance culture that supports a high performing organization through management of individual and organizational performance;
- (2) Ensure that rating officials carry out their performance management responsibilities and evaluate rating officials to ensure accountability for performance management; and
- (3) Review and approve the performance plans and ratings of their subordinate Senior Executives for consistency, fairness, objectivity, and completeness, and ensure plans reflect the overall needs and goals of the organization.

i. Higher Level Reviewing Official

- (1) The higher level reviewing official reviews any written comments provided by the employee, rating and/or reviewing official regarding the disagreement of an initial summary and renders a suggested recommendation or analysis to the PRB. The higher level reviewing official should be an individual who was not involved in the initial rating process and at a higher organizational level than both the rating and reviewing officials, but not necessarily in the same organization. For example, Under/Assistant Secretary or Agency Head.

j. Employees:

- (1) Participate in discussions with the rating officials concerning the development of performance elements, requirements and measures and participate in progress reviews and performance appraisals;
- (2) Ensure a clear understanding of performance expectations and how performance relates to the mission of the organization and request clarification from the rating official, if necessary;
- (3) Take responsibility to improve own performance, performing at their full potential, supporting team endeavors, and continuing professional development;

- (4) Identify work problems and cooperate to resolve them with rating officials; and
  - (5) Seek performance feedback from their rating officials and, as appropriate, from internal and external customers.
- k. Chairpersons of PRB's ensure the fair, equitable and consistent review of SES performance appraisals and performance based actions.
- l. The Secretary's Executive Resources Board (ERB) reviews SES performance management system policy and guidelines and recommends approval to the Secretary.
- m. The Director, Office of Human Resources Management (OHRM):
- (1) Develops and administers, on behalf of the Assistant Secretary for Administration, the SES performance appraisal system;
  - (2) Provides technical assistance and advice on the system and processes;
  - (3) Monitors and evaluates the system for compliance with applicable law, regulations, and OPM guidance; and
  - (4) Ensures that appropriate and adequate training and retraining in the implementation and policy of the performance management system occurs for executives (both supervisors and employees).
- n. Agency and Staff Office Human Resources Offices:
- (1) Provide technical assistance and advice on the system and processes, and provide written guidance as necessary;
  - (2) Manage respective organization PRBs;
  - (3) Provide adequate training to executives (both employees and their supervisors) as applicable; and
  - (4) Assist OHRM with the monitoring and evaluation of the system for compliance with applicable law, regulation, and OPM guidance.

## 9. PROCEDURES

- a. Performance Appraisal Period. The annual performance appraisal period is

October 1 through September 30, consistent with the official USDA performance appraisal period.

- b. Minimum Appraisal Period. The minimum appraisal period is 90 days.
- c. Temporary Assignments and Position Changes.
  - (1) Position Changes Within the Department. When a SES employee has served in two or more positions in the Department during the appraisal period (in which the employee served under a performance plan for the minimum appraisal period), an interim appraisal must be prepared. This interim appraisal, along with the performance plan upon which it was based, must be forwarded to the new supervisor for consideration in deriving the initial summary rating due at the end of the appraisal period. The weight given to this interim appraisal should generally be proportionate to its share of the appraisal period. When such interim appraisals are used to develop an initial summary rating, both the interim appraisals and the performance plans upon which they are based must be attached to the initial summary rating submitted to the PRB.
  - (2) Temporary Assignments Within the Department. If the SES employee is detailed or otherwise temporarily assigned within the Department and if the assignment is expected to last the minimum appraisal period or longer, a performance plan must be established and an interim appraisal must be prepared based on the performance during the assignment. The weight given to this interim appraisal in preparing the initial summary rating should generally be proportionate to its share of the appraisal period. An interim appraisal and the performance plan upon which it is based must be attached to the initial summary rating submitted to the PRB.
  - (3) Temporary Assignments Outside the Department. If the employee has been detailed or otherwise temporarily assigned outside the Department, reasonable efforts must be made to obtain appraisal information from the outside organization which will be considered in deriving the employee's next initial summary rating. The weight given to this period of performance in preparing the initial summary rating should generally be proportionate to its share of the appraisal period. A summary of this performance should be attached to the initial summary rating submitted to the PRB.
  - (4) Transfers From Other Departments. If an employee transfers from another Department into USDA during the appraisal period, any interim appraisal which is forwarded from the losing Department (and which encompasses periods of time included in USDA's appraisal period), must be considered in deriving the initial summary rating. Weight given to this performance period should be proportionate to their share of the appraisal period. A

summary of this performance should be attached to the initial summary rating submitted to the PRB.

- (5) Transfers To Other Departments. If an employee transfers to a new Department at any time during the appraisal period, an interim appraisal must be prepared by the employee's supervisor and provided to the gaining agency.

d. Performance Plans.

- (1) Each SES will have a performance plan that sets the requirements for which performance will be evaluated during an appraisal period. It is the written aggregation of an employee's critical elements, performance requirements, and performance goals. Performance plans must include all elements that will be used in deriving and assigning an annual summary rating.
- (2) Performance plans are developed using the employee's position description, Department and agency strategic plans, organizational objectives, goals, program plans, work plans, or any other source that assigns responsibility for the accomplishment of work.
- (3) Alignment. Performance plans are derived from and clearly link to Department and agency strategic plans, agency program and policy objectives and/or agency annual performance plans and budget priorities. An SES employee should be able to see how their performance contributes to Department and agency strategic and organizational goals. Performance plans may be supplemented by agency, program, or office level work plans to clearly identify expected priorities and results.
- (4) Measurable, Outcome-Oriented Results. Performance plans must be results-focused; therefore requirements need to be described in terms of the results expected. Results-focused expectations must be measurable and produce tangible outputs, outcomes and other deliverables. Critical elements that merely describe activities without incorporating the desired, measureable result of those activities or simply restate organizational goals without including metrics for evaluating performance against those goals, do not meet performance management law. *Measurable results must account for more than 60% of the SES performance plan and drive the summary rating assigned. In USDA, the Mission Results critical element (discussed below) is the element with the greatest emphasis for measuring results.*
- (5) Balanced Measures. Performance plans describe balanced measures. This means expectations must include appropriate measures or indicators of employee and/or customer feedback; quality, quantity, timeliness, cost-

effectiveness and manner of performance, as applicable. Supervisors and employees will identify which measures are appropriate. Credible measures are those that are observable, measureable, realistic, achievable, and demonstrable. Measures or indicators of those technical, leadership, and/or managerial competencies or behaviors that contribute to and are necessary to distinguish greater than fully successful performance should also be included.

As required by law, customer and employee perspective must be measured by the SES performance appraisal system through individual SES performance plans.

*Customer perspective* measures consider the organization's performance through the eyes of its customers, so that the organization retains a careful focus on customer needs and satisfaction. To achieve the best in business performance, rating officials must incorporate reasonable customer needs consistent with the agency's mission and consider them as part of their performance planning. This is done after identifying the customers and the customers' expectations of the agency or employee.

*Employee perspective* measures focus attention on the performance of the key internal processes that drive the organization, including employee development and retention. The expectations in plans should focus on providing a healthy and safe work environment for subordinate employees, which would include how well senior employees lead and motivate their employees and address development and training needs.

- (6) Accountability. Performance plans must include expectations for performance management of subordinates and for aligning their performance plans to organizational goals. Performance plans must take into account the degree of accuracy and importance placed on the appraisal of their subordinate employees and reflect the degree to which performance expectations for subordinates clearly align with the organization's mission, or other program or policy objectives. Performance plans must also include expectations for recruiting, hiring, and retaining qualified employees within the organization.
- (7) Consultation. Rating officials must develop performance plans in consultation with employees.
- (8) Communication of Plans. Rating officials must communicate performance plans to employees on or before the beginning of the appraisal period and immediately upon entry into a SES position.
- (9) Final authority for establishing performance plans rests with the rating and reviewing officials. Performance plans can be modified, as appropriate,

during the appraisal period (up to July 1) to reflect changing priorities, programs and objectives or shifts in workload.

- (10) A performance plan template has been developed for use Department-wide to establish SES performance plans. This template has been populated with the required performance elements and requirements and provides a table for rating officials to establish linkage to organizational goals and to indicate the applicable results-focused measures for the Mission Results element.

e. Establishing Performance Elements.

Performance elements are major job responsibilities or goals for which the employee is held accountable for during the appraisal period. SES employees may have up to 5 performance elements in their performance plan. All elements will be critical. Refer back to Section 9d of this directive as it provides the context for performance elements. The following are element requirements:

- (1) Mandatory Elements. All SES employees must be rated on the following three mandatory elements:

- (a) **Mission Results (Critical)** – This element measures an Executive’s contribution to strategic goals and objectives through timely and effective planning, implementation, decision making, evaluation and accountability.

This element is the core element for which results attributing to organizational goals are measured. This element accounts for at least 60% of the summary rating in an Executive’s performance plan and is the element that drives the summary rating above the Fully Successful level.

- (b) **Leadership/Management (Critical)** – This element measures an Executive’s success in leading and managing his/her organization in the accomplishment of organizational goals through leading change; managing resources; addressing programmatic and organizational requirements; incorporating vision, strategic planning and results-driven management into the full range of organization activities; and being held accountable through customer/stakeholder and employee feedback.

- (c) **Civil Rights (Critical)** – This element measures an Executive’s leadership in the implementation and meeting of civil rights strategic goals; enforcement of civil rights laws, rules, regulations; and holding subordinate supervisors accountable for achieving civil rights goals and objectives in all employment, program

delivery, and other administrative activity.

As this element measures compliance to civil rights laws, policies, and requirements, it is a pass/fail element. The element will be rated either Fully Successful or Unsatisfactory. It is recognized that there may be specific civil rights goals or targets to include those pertaining to mission or workforce diversity, inclusion, outreach, etc., for which the executive is to be held accountable during the appraisal period. These specific goals and targets will be measured under Element 1, Mission Results.

(d) At the option of the Secretary or the Assistant Secretary for Administration one of the optional critical elements may be used to create a fourth mandatory element if it is needed to address a program or function that all USDA Executives are to be held accountable for as deemed necessary.

(2) Critical Elements. A critical element is one that is considered so important that unsatisfactory performance in the element would make the employee's overall job performance unsatisfactory. This factor should be considered when deciding on optional performance elements. Collectively, critical elements should cover the major duties and responsibilities of the position.

(3) Optional Critical Elements. Rating officials may add up to 2 (only 1 if 1 is being utilized under, (1)(d) above) additional program/position specific critical element(s), such as homeland security. It is strongly recommended that any leader responsible for homeland security functions have a separate homeland security element. Homeland security is defined as any functions related to continuity of operations, continuity of government, facility or information technology security, or those related to safety of food and agricultural products.

f. Establishing Performance Requirements.

(1) A performance requirement is a statement of the expectations required by management for a performance element at a particular level. Performance requirements are written at the Fully Successful level. At this level, the employee produces the expected quantity of work and meets quality and timeliness expectations for completed work. Absence of a written performance requirement at other levels does not preclude the assignment of a rating at that level. Refer back to Section 9d of this directive as it provides context for performance requirements.

g. Employee Consultation.

Communication between the supervisor and the employee is an essential component of effective performance management. Establishing meaningful performance plans requires participation of both the supervisor and the SES. Rating officials must involve employees in the development of their performance plans. However, the final authority for establishing performance plans rests with the rating official. The joint development of performance plans may be done in the following ways:

- (1) Employee and supervisor discuss and develop the performance plan together;
- (2) Employee provides supervisor with a draft performance plan;
- (3) Employee comments on draft performance plan prepared by the supervisor; or
- (4) Employees who occupy similar positions prepare draft performance plan(s), with the supervisor's approval.

h. Review of Performance Plans.

- (1) The reviewing official should review performance plans for alignment to organizational goals and to ensure appropriate levels of quality and difficulty of performance expectations.
- (2) The rating and reviewing official must first sign the performance plan. Once the reviewing official signs the plan, it is considered approved and can be presented to the employee for his/her signature.

i. Progress Reviews.

- (1) Rating officials must monitor SES performance during the appraisal period and provide ongoing, timely, and honest feedback on progress in meeting the requirements and goals in the performance plan.
- (2) One formal progress review (or mid-year review) is required for each SES employee at least once during the appraisal period and before July 1. At a minimum, employees must be told how well they are performing in comparison to their elements and requirements.
- (3) The rating official must provide advice and assistance to an employee on how to improve their performance, if necessary. If the rating official feels that performance in one or more of the established elements is lacking, he/she should discuss possible corrective actions as well as the ramifications of unimproved performance. The progress review should serve as a forum for encouraging employees whose performance is Fully

Successful or better to strive for even greater achievement and to commend employees for excellent accomplishment. The progress review also provides a forum for discussion of performance weaknesses or deficiencies.

- (4) If the rating official and employee feel that modifications to previously established goals and objectives in element 1 or in optional program/position specific elements are warranted because of unforeseen shifts in workload or changes in objectives, programs, or priorities, a discussion of modifications should occur. The rating official, with approval of the reviewing official, may change the performance plan if before July 1.

j. Developing Performance.

Developing performance is an ongoing part of the performance management process. Developing performance and holding meaningful performance-related discussions increases an employee's capacity to perform.

Employee development opportunities may include classroom training, on-the-job-training, mentoring, special assignments, and details/reassignments, participating in professional and technical organizations, group performance meetings, process improvement teams, and self-development activities. An Individual Development Plan (IDP) may contain any or all of these developmental opportunities.

Supervisors will encourage employees to seek professional and technical development opportunities to enhance their contribution to the Department, Agency and/or Staff Office goals.

k. Evaluating Performance.

- (1) Evaluating performance involves assessing the performance of the SES in comparison to the communicated performance plan. Appraisals of employee performance must be based on both individual and organizational performance.
- (2) An annual summary rating is assigned if the employee has served under an established performance plan for the minimum appraisal period of 90 days.

There is no requirement that the rating official serve as supervisor for a minimum of 90 days. If a rating official serves for less than 90 days the following options are available:

- (a) The supervisor may give the initial summary rating based on the SES accomplishment report, available interim appraisals by others,

and other measurable data.

- (b) The next level supervisor may give the initial summary rating.
- (c) The appraisal period can be extended for a short period of time if the extension does not exclude the Senior Executive from the PRB process.

(3) A presumptive or assumed rating may not be assigned. An employee must be on the job and the rating must be based on actual accomplishments to issue a performance rating. For example, if an employee is on leave and has not performed during the appraisal cycle for at least 90 days, the employee is not rated.

(4) A rating should be prepared as soon as practical after the end of the appraisal period, typically within 30 days and within OHRM annual appraisal guidelines.

(5) Employee Accomplishment Reports.

SES employees are required to provide an accomplishment report near the end of the appraisal period as instructed in OHRM guidance. This report will address the accomplishments and achievements made during the appraisal period and will address the completion of any objectives and goals identified in the performance plan.

(6) Element Ratings.

- (a) When rating SES performance, the rating official assigns one of the five element ratings below to each of the employee's performance elements:

Outstanding - At the outstanding level of performance, the Senior Executive achieves and completes all critical element requirements in an exemplary manner. An outstanding rating exemplifies the highest level of performance possible and is characterized by both organizational accomplishment and personal achievement. The outstanding level is representative of the executive's influence on the organization through innovative and effective management practices and procedures, noteworthy program implementation, success in building partnerships and coalitions, demonstrative responsiveness to internal and external customers, and outstanding management of resources. The Senior Executive's performance reflects measureable and lasting improvements in organizational performance.

Superior - At the superior level of performance, the Senior Executive demonstrates consistently excellent performance, where the majority of element requirements exceed the fully successful level. The Senior Executive has demonstrated more than effective performance of essential requirements, has had a positive impact on mission accomplishment, and has enhanced the performance of self and others.

Fully Successful - At the fully successful level of performance, the Senior Executive meets expectations and demonstrates sound and solid performance, where all critical element requirements are completed in a satisfactory manner and the executive has performed effectively. The Senior Executive has contributed to organizational goals and achieved meaningful results.

Minimally Satisfactory - At the minimally satisfactory level of performance, the Senior Executive only partially meets element requirements for the fully successful level, and has been marginally effective. This level of performance, while demonstrating some positive contributions to the organization, shows notable deficiencies.

Unsatisfactory - At the unsatisfactory level of performance, the Senior Executive does not meet performance requirements, and performance deficiencies resulted in demonstrable negative consequences for the organization. The executive is not willing or not able to perform the essential performance requirements.

- (b) When assigning an element rating, the rating official will indicate the element rating on the SES Appraisal Record as the form instructs.
- (c) After evaluating each performance element, the rating official will assign the initial summary rating using the table on the summary rating guide found on the performance plan template. Summary rating levels are:

Outstanding - All performance elements rated outstanding and the Civil Rights element is rated fully successful.

Superior - Mission Results is rated superior or above and other elements are rated fully successful or above, and the Civil Rights element is rated fully successful.

Fully Successful - Mission Results and Civil Rights elements are rated fully successful and other elements are rated fully successful

or above.

Minimally Satisfactory – One or more elements rated minimally satisfactory. No elements rated unsatisfactory.

Unsatisfactory - One or more elements rated unsatisfactory.

- (7) Required Documentation. The SES Appraisal Record is the official form to document a performance rating of record. In addition to this form, a written justification is required in the following situations:
- (a) A two page justification is required for a recommendation for base salary increase and/or performance award;
  - (b) A justification is required for an employee nominated for a Presidential Rank Award. This justification must comply with OPM instructions and guidance and be appropriate for the level of competition for such an award; and
  - (c) A justification consisting of a two-page summary that provides the rationale for the action is required for any employee who is rated “Minimally Satisfactory” or “Unsatisfactory” and is recommended for corrective action.

1. Approval of Ratings.

- (1) The rating official derives the initial summary rating for the SES employee, and obtains agreement from the reviewing official. He or she prepares the required documentation and informs the employee of his/her initial summary rating. If the employee disagrees with the rating, then the rating official must advise the employee that he/she may respond in writing to any aspect of the initial rating within 5 calendar days after receiving the initial summary rating. The employee should sign their performance plan. Signature constitutes receipt of initial rating, not agreement of rating.
- (2) The rating and reviewing official must consider the additional information and decide whether or not it warrants changing the initial summary rating. If no agreement is reached between the employee and rating/reviewing official, then the employee may request a higher-level review of their initial summary rating.
- (3) The rating official will forward the employee’s written response, accomplishments report, and initial summary rating to the higher-level reviewing official. The higher-level reviewing official is at a higher organizational level than the reviewing official, but not necessarily within

the same organization (should one exist), and was not involved in assigning the employee's initial summary rating. The higher-level reviewing official will review all documentation, present his/her findings, and may recommend a different rating (in writing) to the PRB, but cannot change the initial rating. The higher-level review must be completed prior to commencement of the PRB.

- (4) The reviewing official forwards the entire appraisal package (to include the documentation mentioned above) to the PRB for review.
- (5) The PRB evaluates the entire appraisal package submitted by the reviewing official and makes written recommendations to the Secretary with regard to the annual summary rating, base salary increase, performance award, Presidential Rank Award, or any corrective action based on performance.
- (6) The senior performance official will review and analyze the package before it goes to the Secretary for final approval. Any issues will be resolved by the senior performance official in consultation with the chair of the PRB prior to submission of recommendations to the Secretary.
- (7) The Secretary makes the final decision with regard to the rating to be assigned and related personnel actions after considering PRB recommendations. The annual summary rating approved by the Secretary becomes the employee's official rating of record.
- (8) The rating official distributes copies as follows and promptly initiates the personnel actions resulting from the Secretary's approval. One copy of the approved rating form must be provided to the employee; the rating official retains another copy; and the original will be forwarded to the servicing Human Resources office for processing and retention in the Official Personnel File (OPF) or Employee Performance File (EPF).

m. Processing and Retention of Performance Ratings.

- (1) Due dates established by Departmental guidance must be adhered to in order to ensure proper and timely review by PRBs.
- (2) Performance records must be maintained in accordance with the procedures set forth in 5 CFR 293, Personnel Records; 5 CFR 297, Privacy Act Procedures for Personnel Records; and any Departmental Directives and Regulations concerning the Privacy Act and Freedom of Information Act. Annual summary ratings and the supporting performance plans must be maintained for four years. Rating officials must comply with the above authorities in their maintenance and

distribution of performance records.

- (3) When an employee's OPF is sent to another servicing Human Resources Office within USDA, another Federal Department, or the National Personnel Records Center, the "losing" servicing Human Resources Office must include the last four annual summary ratings and performance plans, including the most recent rating and the interim appraisal rating prepared when the employee changes positions. The "losing" servicing Human Resources Office will purge all performance ratings, performance plans, and the supporting performance-related documents that are more than four years old from the OPF or EPF.

n. Performance-Based Recognition.

- (1) The annual summary rating of an employee is the basis for individual performance recognition, i.e. base salary increase or performance award. Employees rated at the fully successful level and higher are eligible for base salary increases and/or performance awards.
- (2) The senior performance official in consultation with the Secretary, will issue guidelines for base salary increases and performance award percentages. As part of the overall training of the PRB chair and members, compensation instructions will be discussed to assure that all participating executives understand how to evaluate and issue recommendations on base salary increases and performance awards.
- (3) Receiving a performance award does not preclude the SES employee from receiving other forms of recognition provided the recognition is not for the same accomplishment.
- (4) Executives on limited term or limited emergency appointments and non-career SES are not eligible for performance awards but are eligible for salary increases based on performance.

o. Actions Based on Less than Fully Successful Performance.

- (1) SES with an annual summary rating of minimally satisfactory or unsatisfactory may have their base salary decreased by a percentage, as determined by the Secretary. Written notice of at least 15 days in advance of the reduction in pay is required by law.
- (2) Optional Removal. An executive who receives an unsatisfactory annual summary rating must be reassigned or transferred within the Senior Executive Service, or removed from the Senior Executive Service.
- (3) Mandatory Removal. An executive who receives two unsatisfactory

annual summary ratings in any 5-year period must be removed from the Senior Executive Service. A SES who receives less than a fully successful annual summary rating twice in any 3-year period must be removed from the Senior Executive Service.

(4) When a SES' performance falls below fully successful (whether or not a formal appraisal has been given), the supervisor will assist the employee in bringing the employee's performance to an acceptable level. If an employee is unsatisfactory, the supervisor should begin steps to place the SES in a position he or she can successfully perform. The exact steps would depend on the circumstances of the case. A minimally satisfactory rating permits a one-year period to show improvement, however, the base salary may be reduced by the Secretary.

(a) A career appointee who has completed his/her probationary period and who is being removed from the SES for less than fully successful performance is entitled to a 30-day advance written notice of such action. A career appointee who is removed from SES for less than fully successful performance is entitled to be placed in a civil service position (other than a SES position) at the GS-15 or above, or equivalent.

(b) The removal of a SES career executive for performance reasons is subject to the 120-day moratorium, except for a removal based on an unsatisfactory rating given before the appointment of a new Agency Head or non-career supervisor that initiated the action. This includes an optional removal based on two unsatisfactory ratings in 5 years, and a mandatory removal based on two less than fully successful ratings in 3 years when the second rating is an unsatisfactory rating.

(c) SES non-career and limited term executives may be reassigned or removed from the SES at any time. Regulations require that non-career and limited term SES receive notice in writing before the effective date of a removal.

p. Addressing Unsatisfactory Performance.

(1) Employee Notification. At any time during the performance appraisal period where an employee's performance is determined to be unacceptable in one or more critical elements, the rating official must:

(a) Notify the employee, in writing, of the critical element(s) for which performance is unacceptable,

- (b) Inform the employee of the performance requirement(s) that must be attained to demonstrate acceptable performance, and
  - (c) Inform the employee that unless his/her performance in the critical element(s) improves to and is sustained at an acceptable level, the employee may be reassigned, reduced in pay or removed.
- q. Minimally Satisfactory Performance. The rating official must provide advice and assistance to an employee on how to improve their performance. If the rating official feels that performance in one or more of the established elements is lacking, he/she should discuss possible corrective actions as well as the ramifications for unimproved performance.
- r. Performance-Based Misconduct. When deciding whether the actions of a SES are misconduct or performance related, the following laws should be reviewed: 5 USC 3592 (Removal from the Senior Executive Service) and 5 USC 7543 (Cause and Procedure).
- s. Savings Provision. Administrative actions initiated against employees whose performance is “Unsatisfactory” under 5 U.S.C. 4303 and the USDA Performance Management Plan or another program in existence prior to the effective date of this Program, shall continue to be processed consistent with that pre-established set of procedures and requirements.
- t. Contact Human Resources. Supervisors and managers are strongly encouraged to contact their servicing Human Resources Office for additional advice and guidance when addressing performance less than fully successful.

## 10. RIGHTS OF THE SENIOR EXECUTIVE

- a. By law, a Senior Executive may not appeal the annual summary rating and the rating is not grievable. A career executive, however, may file a complaint with the Office of Special Counsel on any aspect of the rating process that the executive believes to involve a prohibited personnel practice.
- b. A removal for performance is not appealable to the Merit Systems Protection Board (MSPB). However, a career executive may request an informal hearing before MSPB at least 15 days before the effective date of removal. A career executive and/or a representative may appear and present arguments. The conduct of an informal hearing does not delay the effective date of the removal. MSPB has indicated that it lacks authority to change a performance rating or to order a specific remedy, however, it can comment on the executive’s arguments and recommend appropriate action if a serious defect in the personnel action is manifest.

## 11. LINKING PERFORMANCE TO OTHER PERSONNEL ACTIONS

- a. Annual Summary Rating. The rating of record has a bearing on various other personnel actions, such as probationary periods, promotions, training and development, pay increases, performance awards, and determining additional retention service credit in a reduction in force. A summary rating of at least “Fully Successful” will provide the basis for an employee’s retention in the SES pay system and will establish the employee’s eligibility for consideration for performance awards and base pay increases.
  
- b. Probationary Period.
  - (1) New career SES must serve a 1-year probationary period. Satisfactory completion of the probationary period is a pre-requisite for retention in the SES. The probationary period begins on the effective date of the initial SES career appointment and ends one calendar year later.
  
  - (2) The supervisor of the new career SES has the following responsibilities during the probationary period:
    - (a) Must follow through on agency initiated or Qualifications Review Board recommended training,
  
    - (b) Observe the employee’s performance and conduct,
  
    - (c) Hold periodic, documented discussions of progress with the employee clearly outlining strengths and weaknesses of the employee in relation to the performance requirements,
  
    - (d) Complete Form 773, Supervisory or Managerial Probationary Period Report, and an interim rating on the SES Appraisal Record, and submit to OHRM at least 60 days prior to completion of the employee’s probationary period. If the employee’s performance is evaluated as less than fully successful, appropriate supporting documentation must be submitted with the probationary period package, and
  
    - (e) If the probationer’s managerial or professional/technical performance is unacceptable, consider whether remedial action (such as specialized training or assignment to other SES duties) or removal action, is appropriate.

## 12. PERFORMANCE MANAGEMENT TRAINING REQUIREMENTS

- a. OHRM will develop and provide initial webcast training for the purpose of educating SES employees and their supervisors of the new Department-wide pay-for-performance system.

- b. Agency and Staff Office Human Resources Offices are responsible for training new employees upon entering SES; for including content on SES performance management in supervisory training sessions; and for providing refresher training, briefings, and information on all aspects of the performance management system on a regular recurring basis for all executives (both supervisors and employees).
- c. Performance management training must include the following components:
  - (1) The concepts and practical use of performance management;
  - (2) Managing performance for results;
  - (3) Linking individual performance to organizational goals;
  - (4) The performance appraisal process;
  - (5) Establishing and applying objective measures of performance;
  - (6) Using rewards and recognition to achieve and sustain higher levels of performance;
  - (7) Addressing performance deficiencies;
  - (8) Developing competencies;
  - (9) Giving and receiving feedback; and
  - (10) Communicating organizational performance with employees.
- d. Methodologies used to train supervisors and employees may include:
  - (1) Classroom;
  - (2) Automated or online training modules such as AgLearn;
  - (3) Distance learning programs;
  - (4) Formal and informal discussions between supervisors and employees;
  - (5) Employee briefings;
  - (6) Supervisory and leadership training;
  - (7) Webcast training; and
  - (8) Employee orientation materials.

### 13. PERFORMANCE APPRAISAL SYSTEM EVALUATION

- a. The senior performance official is responsible for evaluating data and feedback from the PRBs and advising the Secretary and the Secretary's ERB along with

other key officials of any changes or corrective actions associated with the performance management system. Changes and corrective action are taken in collaboration with the Office of Human Resources Management.

- b. USDA will evaluate its SES performance appraisal system as required for OPM and OMB system certification.