

APPRAISAL DESIGN

This document provides information on designing performance appraisal programs for Federal government agencies. The document will help clarify decisions that agencies must make to create a performance management program that aligns with agency and organizational culture, mission and goals. A shorter version of this document can be found at <http://www.opm.gov/perform/AppraisalDesignInformationSheet.pdf>

Statutory and Regulatory Requirements

The United States Code and the Code of Federal Regulations contain statutory and regulatory requirements that agencies must take into consideration in designing a performance appraisal program. Title 5, United States Code, Chapter 43 and Title 5, Code of Federal Regulations part 430 focus on performance appraisal. Also, agencies need to consider certain Governmentwide initiatives, such as using balanced measures and team or organizational performance.

The Starting Place

Each Federal agency covered by 5 U.S.C 43 must have a performance appraisal system approved by the Office of Personnel Management. Each system sets the framework of policies and parameters for the administration of the agency's performance appraisal program(s).

In order to begin the appraisal design process one must have a clear understanding of the performance management process. Performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.

Agencies establish performance management programs under the parameters of their system description. The program contains the specific criteria and procedures for applying the appraisal process to individual employees and provides day-to-day operating guidance to supervisors and employees. Essentially, it tells which employees it covers, how they are to be evaluated, by whom they will be evaluated, and when they will be evaluated.

Program

An appraisal program establishes specific procedures for appraising individual employees and operates within the parameters established by an agency's appraisal system. Agency programs do not have to be approved by OPM but they must conform to law, regulation, and the system under which they operate. An agency may have a single program to cover all of its non-SES employees or it may have multiple programs, each covering a specific group of employees with no employee covered by more than one program.

Each program must establish one length for its appraisal cycle and one pattern for its summary levels. Otherwise, a program may include variations in how employees are appraised and a range in the length of the minimum period. Examples of appraisal component variations within a program could include the following:

- An appraisal program could establish a minimum period of 120 days for its scientists and a minimum period of 60 days for its administrative employees.
- An appraisal program operating under a system that has not placed restrictions on the use of elements, may establish a flexible element appraisal process allowing performance plans to include critical, non-critical, and additional performance elements that can be rated at various levels. This allows discretion throughout the organization to determine the types of elements to use and the number of levels of performance at which to appraise them.

Technical decisions program designers must make

Program designers must determine which employees the program covers, the length of the program's normal appraisal cycle, and the pattern of summary rating levels to which all employees under the program will be subject. In addition, program designers should develop policy and guidance and in many cases may set specific parameters for how many and which performance levels are permissible to appraise critical and non-critical elements, whether to include additional performance elements in employees' performance plans, the length of the minimum period, the method for appraising each element, and how to derive the summary level.

Questions that will aid in performance appraisal design

There are several questions agencies should address when designing appraisal programs. Below are some questions to help with this process;

1. Who will be covered?
2. What will be the appraisal period (cycle) for the program?
3. Which summary patterns will be used?
4. What is the minimum length of time an employee has to be under a set of elements and standards before being rated?
5. How many critical elements will be used?
6. How many non-critical elements will be used (if any)?
7. How will progress reviews be handled?
8. Who will participate in the sphere of raters for the employee, if used (self-rating, peers, team-members, subordinates, external/internal customers)?
9. Who will have higher level review for unacceptable ratings?
10. What will be the procedure for communication of performance plans at the beginning of the appraisal period?
11. What will be the procedure for employees who are transferred or detailed or special circumstances?
12. What will be the procedure for recognizing and rewarding employees?

13. What actions will be taken for unacceptable performance?

FACTORS TO CONSIDER

There are several factors to consider when designing a performance appraisal program. These factors include considering the persons who will be involved with designing the program, assessing the past, setting program goals, and deciding what gets measured.

Design team membership

Research has shown that the success of a performance appraisal program in achieving its goals is dependent on acceptance by those who use it. Employee participation in program design and implementation greatly enhances the credibility of your program .

Be sure to let all employees know how the performance appraisal program is being developed. Encourage their communication with the group. Use information gathering techniques that demonstrate your interest in opening up the process. All employees should feel that even if they are not personally participating in the development of the programs, their opinions are important and the designers will consider them.

Assessing the past

The performance management regulations allow a great deal of flexibility in the way agencies design their appraisal programs. The best place to start when designing a new program is to get specific information on how the appraisal process operates currently. Find out what policies, procedures and practices have credibility and those that do not. Sometimes it becomes apparent that employees do not object to the system as a whole but rather to specific aspects of it. For example, one might assume that based on the number of grievances filed by employees about their ratings of record, employees objected to being rated at one of five possible summary levels. However, more focused questioning might demonstrate that was not the source of disagreement. The problem was not the rating of record levels but that the measures on one or more elements used to derive the summary rating were imprecise and/or irrelevant.

Setting program goals

Performance management is the systematic process of planning, monitoring, developing, appraising, and rewarding employees. The purpose of performance management is to improve individual and organizational effectiveness. The initial step in designing a program is to decide how performance management can contribute to the organization's effectiveness. This is dependent on your organization's mission and culture. Articulating a program goal requires two considerations. First, you need to set the program in the context of its organization. Is your organization moving to a team-based structure? Is it dependent on individual effort? Is this likely to continue? Are new skills and attitudes needed in order to attain or meet organizational goals? Your performance management

program needs to reflect where the organization is heading and serve as a vehicle to help get it there.

Second, in considering the bigger picture of performance management, you need to decide whether to give equal balance to all aspects of performance management- planning, monitoring, and developing, appraising, and rewarding employees- or whether to put primary emphasis on one or two areas within the program.

Measuring

When beginning to discuss developing a program, think about what gets measured. Start by researching what the organization is held accountable for, and then translating the measures to group and/or individual performance. Aligning individual and group measures with those of the larger organization will focus your performance appraisal program.

Design your evaluation approach as you design your program

The performance management regulations require that an agency evaluate its systems and programs. Your agency system description may include information on how to accomplish this. Even in the absence of system specifics, designing an evaluation approach as you construct your program will help assist you in making future improvements. Typically, to be most effective, agencies should evaluate their appraisal programs at least every three years. When agencies identify problems or implement new practices, more frequent evaluation is often helpful.

DESIGN CONTENT/ COMPONENTS

The following are decisions supporting the development of a performance appraisal program. As agencies address each of these, consider the guidance and restrictions contained in the agency system description. Any program decisions must reflect the system parameters.

Scope of program

The agency system description defines the scope of the program. How many separate programs will the agency design and for whom? While most systems permit programs to be designed at a certain organizational level, they can also be by geographic location, occupation, bargaining unit, grade level, supervisory status, or by a combination of the preceding.

Employee program coverage

Employee coverage may be dependent on the scope of a program as defined by the agency system description. Some decisions may be discretionary, such as whether to include temporary employees serving for a certain period of time. The designers need to know the types of appointment authorities the agency uses to bring people on board to ensure they address all the possibilities.

Appraisal period

The regulations define the appraisal period as the established period of time for which performance will be reviewed and a rating of record prepared. It is often referred to as the performance cycle. The agency system description may define the length of the period or permit programs to make that decision. The regulations refer to an employee generally receiving an annual appraisal and most appraisal periods usually are one year in length.

Minimum appraisal period

The minimum period is the minimum period of time during which an employee performs under elements and standards that the employee must complete before a rating official may prepare a performance rating. Most often it ranges from 90 to 120 days. It may be defined in the agency system. Like the appraisal period itself, the minimum period should reflect the complexity of the duties performed. A program could have different minimum periods depending on, for example, grade levels or occupations. However, designers should consider the complexities of administering more than one minimum period before making a decision.

Critical elements

A critical element is a work assignment or responsibility of such importance that unacceptable performance in that element would result in a determination that the employee's overall performance is unacceptable. It is not required that critical elements have greater weight in deriving a summary level than non-critical elements (except at the Unacceptable level). This is addressed further in the summary level section.

Critical elements must be based on individual performance. Therefore, they cannot be used to describe team or organizational goal accomplishment. They can, however, be used to measure an individual's contributions to a work unit or team.

Critical elements must have a standard written at the Fully Successful level. Standards also can be written at additional levels. The absence of written standards at a specific level does not preclude rating an employee at that level.

Non-critical elements

Regulations define non-critical elements as a dimension or aspect of individual, team, or organizational performance, exclusive of a critical element, that is used in assigning a summary level. Such elements may include, but are not limited to, objectives, goals, program plans, work plans, and other means of expressing expected performance.

There are several factors to consider when deciding if and how to use non-critical elements.

- While non-critical elements must be factored into the summary level, they cannot be used to lower an employee's summary level to Unacceptable if his or her performance on the critical elements is above the Unacceptable level.
- A non-critical element must be rated at a minimum of two levels.
- While a non-critical element must have a written standard, it can describe any level of performance, not necessarily the Fully Successful level. For example, if the standard is written at the Outstanding level, the rater assigns an Outstanding rating to that element when the standard is met. The program needs to identify what level of performance it uses for not meeting a standard set at this level.
- A non-critical element rated Unacceptable cannot be the basis for a performance-based action under 5 CFR 432.
- A non-critical element cannot be used in a program that has elected a two-level summary pattern since it cannot affect the summary level.
- Non-critical elements can have as much weight, or more weight, than critical elements in determining the final summary level.
- Non-critical elements are the only way to factor achievement of team or organizational goals into the summary level.

The program may encourage or mandate the use of non-critical elements, or prohibit their use. In general, a benefit of non-critical elements in the appraisal program can be to encourage goal setting, and communicate to employees that performance beyond the individual level is significant.

Establishing individual employee performance plans

The regulatory requirements for individual employee performance plans are that they be—

- Written or otherwise recorded;
- Provided to employees at the beginning of each appraisal period (normally within 30 days);
- Inclusive of all elements used to derive and assign a summary level; and
- Based on work assignments and responsibilities.

A goal for designing performance plans is to build in the kind of flexibility that makes the plan easy to amend. A performance plan is meaningful and useful only if it can reflect the current needs of the individual and the organization. Since goals and projects often change even as a year unfolds, the plan itself should be able to reflect the adjusted priorities.

OPM encourages employee participation in establishing performance plans (consultation). Plans should reflect an interactive approach between employees and supervisors or among team members, rather than be a document that merely records the appropriate signatures.

Additional performance elements

Additional performance elements are a dimension or aspect of an individual, team, or organizational performance that is not a critical or non-critical element. They are not used in assigning a summary level. Such elements may include, but are not limited to, objectives, goals, program plans, work plans, and other means of expressing expected performance.

Additional performance elements perform a unique function because they are not factored into the summary level. Their inclusion encourages a dialogue among supervisors, employees, and peers, which might not have taken place but for their being part of a plan or goal statement. They are a good way to test new measures in a nonthreatening manner. They are also a good way to communicate tough stretch goals where their accomplishment would greatly enhance the performance of the organization but inability to attain them is not detrimental, so they do not impact the summary rating.

Appraising individual elements

Each element, critical or non-critical, must be appraised at least at two levels. There is no regulatory restriction on the maximum number of appraisal levels for elements. This flexibility allows the use of approaches, such as multi-rater, that frequently appraise on a 10-point rating scale or even 100-point rating scale for highly technical elements. Each program must specify how to rate elements within the program.

Summary level ratings

Selecting the number of summary levels often appears to most people as the most crucial decision in designing a program. If, in fact, you have credible measures at the element level allowing distinctions among the various levels of performance, the most appropriate summary pattern should readily become apparent. There are a total of eight patterns possible, ranging from a two-level summary to a five-level summary. Each program uses a single summary pattern. Designers must decide how much flexibility the program users will need and ensure the design supports reserving the Outstanding level for truly exceptional performance.

Deriving a summary level

Historically, most appraisal programs have had a straight “cross-walk” from the number of element levels to the number of summary levels (i.e. elements appraised at five levels, summary rating at five levels). However, there is no regulatory restriction that mandates an exact cross-walk.

Another factor to consider is how specific the derivation formula needs to be. Some programs use mathematical formulas, where elements are weighted and each rating level is worth a certain number of points that are totaled and/or averaged to produce a summary score. Others rely on more general descriptions, such as having the summary level reflect the level assigned to a majority of the elements.

Progress reviews

Progress review means communicating with the employee about performance compared to the performance standards of critical and non-critical elements. By regulation, one or more progress reviews must be conducted during each appraisal period.

In connection with the intent behind progress reviews, incorporating the concept of continuous feedback may be useful. This can include selecting performance measures that provide feedback directly to the employee in forms such as statistical data, quality measures, or customer satisfaction, on a regular, recurring basis. By allowing an employee to monitor his or her own performance, he or she can adjust behavior or outputs daily, weekly, or monthly. Continuous feedback promotes self-management and reduces the dependence of the employee on the evaluation from the supervisor as the sole source of information on how well he/she is doing.

Higher-level review of employee ratings of record

Governmentwide regulations do not require the signature of a higher-level reviewing official on ratings of record (other than for a summary level of Unacceptable). Program designers need to consider issues similar to those discussed under “Higher level review of performance plans” in deciding whether to have higher-level review of ratings.

Minimally Satisfactory and Unacceptable rating

When a supervisor determines an employee's performance is below Fully Successful but above Unacceptable, he/she should advise the employee that his/her performance is at this level and decide what assistance to offer, if any, in order to assist the employee to improve. Should the supervisor determine the employee is performing at the Unacceptable level on any critical element, he/she must provide the employee with a Performance Improvement Plan (P.I.P). For more information on dealing with poor performance, see (insert link to poor performance Web pages).

Appraising employees on detail and who are transferred

Designers also need to include procedures addressing how to deal with employees on detail and who are transferring positions. Policies should take into account the frequency of details and their average length, and the frequency of transfers. For both incoming transfers and internal detailees who receive a performance rating, particularly if the rating includes a summary level, the policy needs to specify how the performance rating will be incorporated into the rating of record.

CONTACT INFORMATION

Designing performance management programs is a unique task that involves many factors. This document aids in completing the task by presenting several aspects designers need to consider. For further information or to ask questions, please contact OPM at perform-mgmt@opm.gov .