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TRANSPORTATION

# Order

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1. **What is the purpose of this directive?** The purpose of this directive is to provide management operating policy for the Federal Highway Administration's (FHWA) employee performance management program. This directive documents changes to FHWA's program that are required in order to comply with changes to the Departmental policy reflected in the Department of Transportation's (DOT's) Departmental Personnel Manual (DPM), Chapter 430, Performance Management, issued effective June 1, 2011. This directive is not self-contained, and must be read in conjunction with the DPM Chapter 430, which provides overall system parameters and policy to the operating instructions in this directive. This directive supports a results-oriented performance culture within FHWA by defining, measuring, managing, and improving individual employees' performance as well as recognizing and rewarding results.

- 2. Is this a new directive?** Yes, this is a new directive. It cancels the previous FHWA employee performance management program, FHWA Personnel Management Manual (PMM), Order 3000.1C, Part 1, Chapter 5, Section 2, dated November 2, 2005.
- 3. What is the background of this directive?** On September 1, 2010, the Office of the Secretary of Transportation announced changes to the DOT Performance Appraisal System, based on recommendations from a Departmental workgroup. These changes were intended to increase consistency and standard practices among the various Operating Administrations within the DOT, and to strengthen the Department's employee performance culture. The DOT subsequently revised and reissued its Performance Appraisal System as DPM Chapter 430, Performance Management, effective June 1, 2011. As required by the DPM 430, FHWA has modified its employee performance management program to fully incorporate and comply with the changes mandated by the Office of the Secretary memorandum of September 1, 2010, the FHWA Executive Director's subsequent memorandum dated September 20, 2010, and the revised DPM Chapter 430. This directive describes FHWA's revised employee performance management program, and formalizes the existing Agency policies and practices that were implemented for the appraisal period beginning June 1, 2011, and for all subsequent appraisal periods. The earlier implementation of these changes was based on the September 1, 2010, Office of the Secretary memorandum; the September 20, 2010, FHWA Executive Director memorandum; and the June 1, 2011, DPM Chapter 430.
- 4. What are the authorities governing this directive?**
- a. Public Law (P.L.) 103-89, Performance Management and Recognition System Termination Act.
  - b. Title 5, United States Code (U.S.C.), Chapters 23, 35, 43, 45, 53, 55, and 71.
  - c. Privacy Act of 1974, cited in statute as 5 U.S.C. 552a.
  - d. Title 5, Code of Federal Regulations (CFR), Parts 293, 351, 430, 432, 451, 530, 531, 536, 550, and 752.
  - e. DOT DPM Chapter 430, Performance Management, and DOT DPM Chapter 451, Awards and Recognition System, as amended, supplemented, or superseded.
  - f. DOT DPM Letter 771-1, dated May 18, 1988, Handbook – Agency Administrative Grievance System, as amended, supplemented, or superseded.
  - g. FHWA PMM, Order 3000.1C, Part 1, Chapter 5, Section 1, Within-Grade Salary Increases (General Schedule and Federal Wage System), dated April 13, 2005.
  - h. FHWA Order 3451.1, Awards and Employee Recognition, dated June 25, 2010.
- 5. What is the scope of this directive?** This directive applies to all General Schedule (GS) employees grades 15 and below, all prevailing rate (Wage Grade) employees regardless of

grade, former Performance Management and Recognition System (PMRS) employees covered by P. L. 103-89, and other employees not excluded as specified in 5 U.S.C. 4301(2) and DOT DPM Chapter 430, including interns (student appointees) and temporary employees serving under appointments exceeding 120 days.

**6. What are the key definitions used in this directive?**

- a. **Appraisal period.** The established period of time for which performance will be reviewed and a rating of record will be prepared. The appraisal period for FHWA is described in paragraph 9 of this directive.
- b. **Critical job element (CJE).** A work assignment or responsibility at the individual level that is of such importance that unacceptable performance on the element would result in a determination that an employee's overall performance is unacceptable.
- c. **Extended appraisal period.** An appraisal period that must be continued beyond its normal end date to allow further appraisal of an employee. The appraisal period may be extended at the discretion of the rating official either because the employee was not under CJE's and performance standards for the required minimum 90-day period as of the end date of the regular appraisal period, or because additional time was needed for evaluation for reasons such as illness, extended absence, or performance issues.
- d. **FHWA organization.** The term "FHWA organization" is used in this directive to describe the higher minimum organizational level at which certain decisions or practices may be required to be consistently applied. Unless specified otherwise, the term FHWA organization means at a minimum the next organizational level below the Associate Administrator (or equivalent), Director of Field Services, or Director of Technical Services. Examples of FHWA organizations would be Headquarters Offices, Federal-aid Divisions, Federal Lands Divisions, and the Resource Center.
- e. **Managerial position.** A position that is typically involved in directing the work of employees throughout multiple units or levels of an organization through subordinate supervisors, and monitoring and evaluating an organization's progress toward its goals, while assuming responsibility for the success of specific programs. Use of the mandatory CJE and performance standard for supervisory and managerial positions is required.
- f. **Mandatory job elements for supervisory and managerial positions.** In the DOT, all supervisory and managerial positions are required to be rated on the mandatory job elements described in DPM 430, including at least the following: (1) business results; (2) managing human capital; (3) managing resources; and (4) equal employment opportunity (EEO)/diversity initiatives.
- g. **Non-critical job element.** Assignments or other aspects of the job that are of sufficient importance to warrant measuring and holding the employee accountable, but not so critical that failure to perform them at an acceptable level would cause overall unacceptable performance in the job.

- h. **Performance appraisal/rating.** The process of reviewing and evaluating the performance of an employee in relation to previously described performance standards or indicators.
- i. **Performance improvement plan (PIP).** Process of closer evaluation and assistance initiated whenever one or more CJE(s) are rated Unacceptable (as referenced in paragraphs 11 and 12), in order to provide the employee with an opportunity to improve and to demonstrate performance at the Achieved Results level.
- j. **Performance management.** The systematic process used to improve organizational effectiveness in accomplishing DOT and/or FHWA strategic goals and mission. Performance management has five components: (1) planning work and setting expectations; (2) monitoring performance; (3) developing employee capabilities; (4) providing organizational and employee performance feedback; and (5) rewarding superior performance and resolving performance problems.
- k. **Performance plan.** The document that defines the critical (and non-critical) job elements or results, and the performance standards or indicators by which employee performance will be appraised.
- l. **Performance standard.** Statements of performance thresholds, requirements, or expectations that communicate what an employee has to do to meet the performance element at the Achieved Results level, as referenced in paragraphs 8d and 11a and b. A performance standard may include, but is not limited to, factors such as quality, quantity, cost efficiency, timeliness, and manner of performance.
- m. **Quality step increase (QSI).** An increase in an employee's basic pay from one step or rate of the grade to the next higher step or rate of the grade. The purpose of the QSI is to provide appropriate incentives and recognition for excellence in performance by granting faster than normal step increases.
- n. **Rating levels.** Individual employee performance is assessed and rated, and performance ratings for employees (both summary ratings and ratings for individual critical and non-critical job elements) are assigned annually using a four-level scale – Outstanding, Exceeded Expectations, Achieved Results, and Unacceptable. Please refer to paragraph 11 for a detailed description of the rating levels.
- o. **Rating official.** The person delegated the responsibility for setting the employee's performance requirements and monitoring and rating the employee's performance. This may be either the supervisor of the employee's unit or the team leader responsible for guiding the employee's day-to-day work, depending on how the authority for assessing and rating performance is delegated in that particular unit. The rating official meets with the employee, approves the performance plan, and issues the rating, after concurrence by the reviewing official (as applicable).
- p. **Reviewing official.** In organizations that elect to have a second-level review, the reviewing official is the next higher supervisory level above the rating official, or generally the official

who supervises the employee's rating official. The reviewing official has the final say in resolving differences of opinion over performance plan content or rating results, and is responsible for ensuring consistency of individual performance expectations and rating results with organizational outcomes and objectives, as well as consistency among different rating officials.

- q. **Summary interim rating.** A written record of the performance appraisal, but not a final rating of record. It may be obtained from a previous organization or supervisor when an employee changes positions or transfers during the appraisal period, if the employee served for a minimum appraisal period in the previous position.
- r. **Summary rating or rating of record.** The overall rating for the position at the end of the appraisal period that is recorded and used for official purposes. The summary rating, or rating of record, is determined by considering the results on all of the critical and non-critical job elements. This may also be referred to as the official appraisal.
- s. **Supervisory position.** A position that accomplishes work through the direction of assigned staff and meets at least the minimum requirements for coverage under the *General Schedule Supervisory Guide* or, if under the Federal Wage System, the *Job Grading Standard for Supervisors*. This is an officially classified and coded supervisor who performs a broad range of supervisory functions. Use of the mandatory critical job element and performance standard for supervisory and managerial positions is required.
- t. **Team leader.** Position responsible for ensuring that work assignments of other employees on a team are carried out. A team leader may be delegated the authority and responsibility for setting performance requirements and monitoring and rating performance, in which case they are considered to be rating officials for the purposes of this directive. Other team leaders may provide input on performance to the supervisor, and make recommendations about performance ratings, but are not delegated the supervisory authority to rate performance, and are not considered to be rating officials. Use of the supervisory and managerial CJE and performance standard is optional for team leader positions, as determined by the head of each FHWA organization.
- u. **Unit.** The term "unit" is used in this directive to describe the lower organizational levels that may be the minimum levels at which certain decisions or practices are consistently applied. Unless specified otherwise, the term unit means any of the discrete groups at a lower organizational level than an FHWA organization (refer to paragraph 6d), such as a division, branch, team, or group.

## 7. How are FHWA employee performance plans developed for all employees?

- a. **Employee performance plan requirements.** An employee performance plan will be developed for all employees, using the FHWA Performance Appraisal Plan (Form FHWA 1552PA). The rating official is responsible for the development of the employee performance plan and has final determination on the contents of the job elements and standards. Employee participation in the process is required.

- b. **Establishing employee performance plans.** Employee performance plans must be established, approved, and issued to the employee no later than August 1 of each year. For newly appointed, promoted or reassigned employees, the plan must be approved and provided to the employee within 30 calendar days of entry into the position.
  - c. **Finalizing and changing the employee performance plan.** The employee performance plan becomes final when approved and issued by the rating official. The rating official and the employee sign and date the plan to document its review, approval, and issuance, and a copy should be provided to the employee. Changes in the plan may occur at any time during the appraisal period and must be discussed with the employee, signed or initialed, and dated by both the employee and the rating official. Changes to the elements and standards that add new requirements or change the timeframes or other measures for meeting the Achieved Results standard must be in effect for at least the minimum rating period of 90 calendar days before they can be used to rate performance.
  - d. **Optional second-level review.** A second level review and approval of the employee performance plan and/or summary rating assigned is not required but may be helpful to ensure consistency with organizational outcomes and objectives. The decision to have a second-level reviewing official is at the discretion of each FHWA organization. In organizations where second-level review is mandated, the final determination for resolving differences in the employee performance plan content or the rating results rests with the reviewing official. Second-level review and resolution of any differences should take place before the employee performance plan or final rating is discussed with the employee.
  - e. **Documentation requirements.** A copy of the approved employee performance plan must be given to the employee at the beginning of the rating period. The rating official retains the original copy. Forms that contain rating information, progress reviews, and final ratings must be secured, in accordance with the Privacy Act of 1974 (cited in statute as 5 U.S.C. 552a). All completed final performance appraisals must be submitted to the servicing human resources office for inclusion in the Employee Performance Folder, and retained in accordance with General Records Schedule (GRS) 1, item 23. All completed final performance appraisals must be made available for review upon request from the FHWA Office of Human Resources (HAHR), the Departmental Office of Human Resource Management (DOHRM), or the Office of Personnel Management (OPM).
8. **How are critical and non-critical job elements and performance standards identified and measured?** The following steps and criteria are used to identify critical and non-critical job elements and performance standards, and to measure performance against them:
- a. **Critical job elements.** CJE's should be entered in Section 2-A of Performance Appraisal Plan (Form FHWA 1552PA and Form FHWA 1552b or Form FHWA 1552c for additional job elements). Each CJE must be weighted at least 10 percent of the performance plan. Three to four CJE's are generally sufficient, with supervisor discretion to increase or decrease the number of CJE's. A CJE describes what the employee is expected to

accomplish, and generally begins with an action verb and ends with a result. CJE's should be:

- (1) aligned to an agency or organizational performance goal;
- (2) a major component of the employee's job that takes a significant amount of time;
- (3) under the employee's control;
- (4) realistic and achievable;
- (5) written in clear, easy to understand language; and
- (6) results-oriented, specific, and measurable enough to determine whether results are accomplished.

b. **Non-critical job elements.** Non-critical job elements may also be included in the employee performance plan and be entered in Section 2-A of Performance Appraisal Plan (Form FHWA 1552PA and Form FHWA 1552b for additional job elements). Each non-critical job element must be assigned a weight of less than 10 percent.

c. **Strategic alignment.** Job elements and associated performance standards should reflect the goals of the unit. At least one CJE must be, and generally all are, aligned with a DOT, FHWA, and/or an organization/unit goal. CJE's should include any applicable action items as outlined in one or more of the following: the National Strategic Plan, the Strategic Implementation Plan (SIP), the unit performance plan, the manager's Senior Executive Service (SES) objectives, or any other organizational goals for which the employee is directly responsible. Alignment should be clear and transparent for employees to see how their employee performance plans support organizational goal achievement. The applicable organizational goal should be entered in Section 2 for the corresponding CJE on Form FHWA 1552PA or FHWA 1552b.

d. **Performance standards.** A performance standard must be written to describe the Achieved Results level (as described in paragraph 11) for each critical and non-critical job element in the employee's performance plan, and must be entered into the corresponding Section 2-B of the Form FHWA 1552PA or FHWA 1552b. Performance standards should be:

- (1) specific and describe an outcome, output, or result;
- (2) measurable;
- (3) achievable or attainable;
- (4) relevant and realistic (within the employee's control);
- (5) time-based;
- (6) flexible enough to provide room for performance above and below the stated outcome at the described Achieved Results level; and
- (7) free of absolute requirements (i.e., 100 percent is not a realistic expectation, except in unusual circumstances such as matters of life and death).

e. **Mandatory job elements for supervisory and managerial positions.**

- (1) As described in DPM 430, the mandatory job elements for all managers, supervisors and team leaders (as appropriate) in DOT are:

- (a) Business Results;
  - (b) Managing Human Capital;
  - (c) Managing Resources; and
  - (d) Equal Employment Opportunity (EEO)/Diversity Initiatives.
- (2) Within the mandatory job elements, employee perspective, customer perspective, and hiring reform must be addressed (customer perspective under business results, and employee perspective and hiring reform under managing human capital).
- (3) FHWA managers and supervisors are required to use Form FHWA 1552c as a mandatory CJE and performance standard, and to incorporate it into their performance plans as an attachment to Form FHWA 1552PA. Form FHWA 1552c may be used without modification, or at the discretion of each FHWA organization (with the concurrence of the Director, Office of Human Resources), the performance standards can be tailored to the specific position. In addition to Form FHWA 1552c, all FHWA supervisors and managers are required to have a minimum of one additional CJE and standard that addresses the accomplishment of organizational goals and/or program results.
- f. **Weighting of critical and non-critical job elements.** Weights are assigned to each job element (critical and non-critical) for the purpose of determining the summary rating. Weights should reflect the relative importance of the job elements. Weights are expressed as percentages (or decimals) of the total performance plan and the total must equal 100 percent. Each CJE must have an assigned weight of at least 10 percent or greater, and each non-critical job element must be assigned a weight of less than 10 percent. The weight for each job element should be entered in Section 2-A of Form FHWA 1552PA, Form FHWA 1552b, and/or Form FHWA 1552c. If specific weights are not determined by the supervisor, then default weight values of equal value must be assigned based upon the number of CJEs, (e.g., 4 CJEs = weight of 25% for each CJE).

## 9. What is the appraisal period in FHWA, and what are its different applications?

- a. **Appraisal period.** Twelve consecutive months is the normal appraisal period. The minimum period for which performance may be appraised is 90 calendar days. The FHWA appraisal period is June 1 through May 31 of the following year.
- b. **Official appraisal for a period less than 12 months.** An official appraisal (performance rating of record) will be given for an appraisal period of less than 12 months if:
  - (1) at the end of the appraisal period the employee has completed the minimum appraisal period (90 calendar days) but not a full 12 months in his/her current position; or
  - (2) at any time during the performance appraisal period prior to the end of the full 12-month appraisal period, and after at least 90 calendar days, an employee's performance fails to meet the minimum standards for the Achieved Results level, and a summary



performance rating of Unacceptable is assigned. See Paragraph 12 for additional information.

- c. **Extended appraisal period.** The appraisal period will be extended if, on the last day of the FHWA appraisal period, an employee has not been in the position and under CJE's and performance standards for at least 90 calendar days. The appraisal period will be extended by the amount of time necessary to meet the 90-day minimum appraisal period. At the end of the extended appraisal period, a rating of record shall be prepared. When a rating of record is prepared following an appraisal period that has been extended, the effective date of the rating of record in the Federal Personnel and Payroll System (FPPS) will be the end date of the regular 12-month appraisal period.
- d. **Summary interim rating.** If an employee changes positions or transfers after serving the minimum appraisal period, a summary interim performance rating may be provided by the previous supervisor. The summary interim rating should be considered in determining the final rating of record. If the position change or transfer occurs within 90 calendar days prior to the end of the appraisal period and a summary interim rating is prepared by the previous supervisor, the new supervisor has the option of: (1) using the summary interim rating as the official rating of record, or (2) extending the rating period to provide the minimum appraisal period in their current position and rating the employee. In either case, the effective date of the rating of record in FPPS will be the end date of the regular 12-month appraisal period.
- e. **Mid-year progress review.** A mid-year progress review must be held between the rating official and the employee. This review is normally held during November, December or January, provided the employee has been covered by the CJE's and standards for at least the 90-day minimum rating period, but it may be held later for employees entering new positions midway through the performance year. During this review, changes to the CJE's or performance standards must be addressed and documented, if applicable. The mid-year progress review is a time for the rating official to recognize performance excellence and to identify any performance deficiencies, including areas for improvement. The rating official and employee must sign and date the plan to show that the mid-year progress review took place. If the employee's performance at the mid-year review is determined by the rating official to fail to meet the minimum standards for the Achieved Results level, the rating official should consult the servicing Employee Relations Specialist for assistance. See paragraph 12 for additional information.

#### **10. How is performance information documented for employees on detail or temporary assignment?**

- a. **Ratings of record for employees on detail or temporary assignment.** Employees covered by this directive who are detailed or temporarily assigned will receive a rating of record in their permanent position at the end of the regular FHWA appraisal period from the rating official for the permanent position, regardless of whether the employee has returned from the detail or temporary assignment. Feedback, and in some cases a written appraisal, from the supervisor for the detail or temporary assignment should be

obtained and considered by the permanent rating official in determining the rating of record. For details or temporary assignments that extend into a second or subsequent FHWA appraisal period, feedback or a written appraisal will be provided by the supervisor for the detail or temporary assignment to the rating official for the permanent position both at the end of each FHWA appraisal period, and for the part of the temporary assignment occurring during the second or subsequent appraisal period at the end of the detail or temporary assignment. The rating official for the permanent position will initiate a new performance plan in the permanent position at the beginning of each FHWA appraisal period, regardless of whether the employee has returned from the detail or temporary assignment.

- b. **Separate performance plan and written appraisal required for detail or temporary assignment.** For employees covered by this directive who are detailed or temporarily assigned for a period of 120 calendar days or longer, a separate performance plan for the detail or temporary assignment will be developed to cover that assignment. The employee will be appraised under the detail or temporary assignment performance plan, and a summary interim rating assigned, upon either completion of the detail or temporary assignment, or the end of the current FHWA appraisal period, whichever occurs first. Performance plans must be prepared by the new organization no later than 30 calendar days after the start of the detail or temporary assignment. Ratings on these CJE's and performance standards are forwarded to the employee's rating official for the permanent position, who must consider the evaluation in completing the rating of record at the end of the regular FHWA appraisal period. For an extended detail that covers at least 120 calendar days in each of two different FHWA appraisal periods, performance on the detail will be appraised, and a summary interim rating prepared, both at the end of the official appraisal period and upon completion of the detail.
- c. **Separate performance plan and written appraisal not required for detail or temporary assignment.** For details or temporary assignments of less than 120 calendar days, the development of a separate written performance plan and receipt of a written performance rating for the detail or temporary assignment is not required. However, information regarding the employee's performance should be obtained and given appropriate consideration by the rating official for the employee's permanent position.

## 11. How are employees rated?

- a. **Overview of rating process.** The appraisal of performance should be a continuing process. The rating official will provide information to and consult with the employee in one-on-one discussions on an as-needed basis. At a minimum, rating officials must meet with their employees two times during the year, at the mid-year point and at the end of the appraisal period. Managers and supervisors should provide an opportunity for employees to submit self-assessments of their performance for consideration by the rating officials. Summary ratings (also referred to as ratings of record) and ratings for individual critical and non-critical job elements will be assigned on a four-level scale -- Outstanding, Exceeded Expectations, Achieved Results, and Unacceptable. Each critical and non-critical job

element included in Section 2-A of the performance plan will be assigned one of these four rating levels. The rating levels are defined below in paragraph 11b and the Achieved Results level must be described in the employee's corresponding performance standard found in Section 2-B of the Performance Appraisal Plan.

- b. **Individual critical and non-critical job element ratings.** Each of the critical and non-critical job elements included in Section 2-A of the Performance Appraisal Plan must be rated in order to determine the overall summary rating. Each critical and non-critical job element will be assigned one of four levels of ratings as described below:

- (1) **Outstanding.** This is a level of exceptionally high-quality performance. The quality, quantity and/or timeliness of the employee's work have clearly surpassed the Exceeded Expectations standard and rarely leave room for improvement. The employee's performance has added value to the organization to an unusual degree and has made significant contributions to mission accomplishment.
- (2) **Exceeded Expectations.** This is a level of unusually good performance that has surpassed what is expected in the job element as defined by performance targets and exceeded expectations in major goals. The quality, quantity and/or timeliness of the employee's work are consistently above the defined Achieved Results level.
- (3) **Achieved Results.** This is the level of good, sound performance and positive response of the employee in accomplishing assignments. The quality, quantity and timeliness of the employee's work represent a level of accomplishment expected of the majority of employees. The employee's work products fully meet the requirements of the element.
- (4) **Unacceptable.** The employee's work performance does not meet the minimum requirements of the Achieved Results level and contains major deficiencies. The quality, quantity and/or timeliness of the employee's work under this element are not adequate for the position. Corrective action must be taken. Please refer to paragraph 12 for additional information.

- c. **Summary ratings (ratings of record).**

- (1) **Job element point average.** After all individual critical and non-critical job elements in Section 2 of Forms FHWA 1552PA, FHWA 1552b, and FHWA 1552c are rated, the summary rating is determined based on the job element point average. The summary rating can be no more than one rating level higher than that of the lowest-rated CJE. Additionally, if any CJE is rated Unacceptable, the summary rating for the job as a whole must be Unacceptable.
- (2) **Determining the job element score.** An average mathematical value is determined, based on the rating level for each job element, and the percentage of the total plan that is rated at that level. A rating score is assigned to each job element, as follows:
  - (a) Job element is rated Outstanding, rating score = 3.

- (b) Job element is rated Exceeded Expectations, rating score = 2.
- (c) Job element is rated Achieved Results, rating score = 1.
- (d) Job element is rated Unacceptable, rating score = 0. If the job element rated Unacceptable is a CJE, the summary rating is Unacceptable, regardless of the numerical result. If the job element rated Unacceptable is a non-critical job element, the calculation continues with an adjusted score of 0 for that job element.

(3) **Determining the summary rating.** To determine the summary rating, the rating score for each job element is multiplied by the weight factor of that job element shown in Section 2-A of the Performance Appraisal Plan. This result is the adjusted score for that job element. The adjusted scores for all the job elements are added together to derive a total score and compared to the criteria described below. The highest summary rating level that meets both criteria is selected as the employee's summary rating.

(4) **Summary rating criteria.** The following criteria are used to determine the summary rating:

- (a) **Outstanding.** The total adjusted score (job element point average) is within the range from 2.7 through 3.0, and no critical job element is rated less than Exceeded Expectations.
- (b) **Exceeded Expectations.** The total adjusted score is within the range from 1.7 through 2.69, and no critical job element is rated less than Achieved Results.
- (c) **Achieved Results.** The total adjusted score is within the range from 1.0 through 1.69, and no critical job element is rated less than Achieved Results. In instances where the total adjusted score is less than 1.0, the summary performance rating will still be Achieved Results if all the job elements rated Unacceptable are non-critical, and no critical job elements are rated less than Achieved Results.
- (d) **Unacceptable.** Regardless of the total adjusted score, one or more critical job elements is rated Unacceptable.

d. **Performance that meets minimum requirements but needs improvement.** In situations where performance barely meets the minimum requirements for Achieved Results in a critical or non-critical job element, the block at the end of Section 2-D on the Form FHWA 1552PA or FHWA 1552b should be checked. This block indicates that improvement or additional development is needed to operate at the full performance level. If the block is checked, training and development activities to address the identified areas must be discussed with the employee, and documented in Section 3 of the Performance Appraisal Plan form. Checking this block does not affect the overall rating or any resulting pay

entitlement or eligibility, but it does indicate that a potentially serious problem or significant weakness exists and needs to be addressed.

- e. **Completed appraisal forms.** The completed Forms FHWA 1552PA must be forwarded to the servicing human resources office no later than July 31 or 30 calendar days after the end of an extended rating period.

## 12. What happens if performance is unacceptable?

- a. **In general, if performance is rated Unacceptable.** If performance is identified as failing to meet the standard for the Achieved Results level on one or more critical job elements, and/or a rating of Unacceptable is assigned, a Performance Improvement Plan (PIP) must be issued at the same time or before the Unacceptable rating is assigned. This is a process of closer evaluation and assistance that will be initiated in order to provide the employee with an opportunity to improve and to demonstrate performance at the Achieved Results level. The rating official should consult the servicing Employee Relations Specialist for assistance in developing the PIP.
- b. **Prior to the end of the appraisal period.** An employee must be on critical job elements and performance standards for a minimum of 90 calendar days before performance can be determined to be Unacceptable, and before a PIP can be implemented. Once this requirement is met, and performance is determined to be Unacceptable, a PIP should be implemented before the issuance of the summary rating. The rating period will be extended until the completion of the PIP process. Once the PIP is complete, a summary rating is issued based on the outcome of the PIP. If the summary rating from the PIP is Unacceptable, it serves as the final rating of record. It should be incorporated into or appended to the Form FHWA 1552PA. If the summary rating from the PIP is Achieved Results or higher, evaluation continues and a rating of record is not assigned until the end of the annual appraisal period.
- c. **At the end of the appraisal period.** If the determination that performance is unacceptable is made at the end of the appraisal period, an Unacceptable rating is issued and the PIP must be implemented at the same time the Unacceptable rating is issued. In this instance, the Unacceptable rating does not serve as a rating of record. The final rating of record is determined based on the outcome of the PIP.
- d. **Performance Improvement Plan.** The PIP constitutes the “reasonable opportunity to demonstrate acceptable performance” as described in 5 CFR 432.104. After the identification of performance at the Unacceptable level, a PIP is initiated. Under the PIP, a period of enhanced evaluation and assistance is initiated to aid the employee in improving his or her performance to the Achieved Results level. The PIP will notify the employee of the specific CJE's for which performance is unacceptable and inform the employee of the performance requirements and standards that must be attained to demonstrate acceptable performance. Under the PIP process the rating official must contact the servicing Employee Relations Specialist for assistance with the following responsibilities to:

- (1) Inform the employee that his or her performance must improve to and be sustained at the Achieved Results level, or the employee will be removed from his or her position by reassignment, reduction in grade, or removal from Federal service;
- (2) Explain the employee's performance deficiencies and steps to be taken to resolve the deficiencies, and describe the minimum level of performance needed to attain the Achieved Results level for the job elements and performance standards of the position;
- (3) Monitor and document the employee's performance progress during the entire period of the PIP;
- (4) Establish the PIP for a minimum of 90 calendar days in duration; and
- (5) Reevaluate the employee's performance and prepare a final rating, immediately upon completion of the PIP, based upon the CJE's and performance standards in the PIP.

**e. Rating of Record after the PIP.**

- (1) **Achieved Results.** If the employee demonstrates acceptable performance under the PIP, a final rating of record of Achieved Results must be assigned, either at the end of the PIP or the end of the annual appraisal period, in accordance with paragraph 13c (1) or (2). The opportunity period is ended and the new appraisal period is initiated.
- (2) **Achieved Results, but Returns to Unacceptable.** If within one year from the beginning date of the PIP, the employee's performance returns to an Unacceptable level on any of the CJE's previously determined to be at the Unacceptable level, the supervisor may propose a reassignment, reduction-in-grade, or removal action without further opportunity to demonstrate acceptable performance, as outlined below. The rating official or supervisor should contact their servicing Employee Relations Specialist for assistance and guidance.
- (3) **Unacceptable.** If the employee's performance under the PIP is rated as Unacceptable, the employee must be removed from his or her position by reassignment, reduction-in-grade or removal from Federal service, no less than 30 calendar days after receipt of advance notice of the proposed action. The rating official and reviewing official work closely with the servicing Employee Relations Specialist to determine the appropriate action. In accordance with 5 CFR 432.105, if the employee is removed or reduced in grade, he or she is entitled to:
  - (a) **30-day advance notice of the proposed action.** The notice must include the specific instances of unacceptable performance on which the proposed action is based.
  - (b) **Opportunity to respond.** Employees are given a reasonable period of time (at least 7 calendar days) to respond orally and/or in writing to the proposed action.

- (c) **Representation.** An employee may be represented by an attorney or other representative whose involvement would not present a conflict of interest.
- (d) **Consideration of medical condition(s) which may have contributed to his or her unacceptable performance.** Employees may present medical documentation for the agency's consideration.
- (e) **Final written notice.** The agency shall make its decision within 30 calendar days of the expiration of the advance notice period. The decision will include any applicable appeal rights to Merit System Protection Board.
- f. **Impact of "Unacceptable" performance on pay and other human resources decisions.** In any instance where an employee is given a final rating of Unacceptable, the employee is not eligible for an award, career-ladder promotion to the next grade, or a within grade increase (WGI).

**13. When are ratings of record assigned?** Under this plan, ratings of record must be assigned as follows:

- a. **End of annual appraisal period.** Ratings of record must be assigned at the end of the annual appraisal period (or extended period).
- b. **Summary interim performance rating.** A summary rating of record may be assigned when an employee covered by this directive changes positions (promotion, reassignment, etc.) or organizations in FHWA within 90 calendar days prior to the end of the appraisal period. The gaining supervisor may elect to use the transferred summary interim performance rating as the rating of record at the end of the annual appraisal period, in lieu of preparing a new rating for the position occupied at the end of the appraisal period. The summary interim rating must be based on a period of time covered by CJE's and performance standards within the current appraisal period that is equal to or greater than the minimum appraisal period. A summary interim rating issued more than 90 calendar days prior to the end of the appraisal period may be used as the rating of record only if it is not otherwise possible to determine a rating of record in the position occupied at the end of the appraisal period.
- c. **End of the PIP:**
  - (1) **When the PIP occurs prior to and does not correspond to the end of the appraisal period.** Except as described in paragraph 13d, when the PIP is completed prior to the end of the appraisal period, a rating of record is assigned based on the PIP evaluation only when performance during the PIP has been determined to be Unacceptable. If performance under the mid-appraisal period PIP has been determined to be Achieved Results or higher, evaluation continues and no rating of record is assigned until the end of the appraisal period.

- (2) **When the PIP occurs at the end of the appraisal period, or afterward during an extended appraisal period.** When the PIP is initiated at the end of the appraisal period as a result of either a summary rating of Unacceptable or an informal determination that performance is Unacceptable, the rating of record is assigned at the end of the PIP.
- d. **Within Grade Increase (WGI) decision.** When a WGI decision is not consistent with the employee's most recent rating of record, a more current rating of record must be prepared. An initial rating of Unacceptable or a determination of unacceptable performance that results in a PIP is considered to be a rating of record for purposes of the Acceptable Level of Competence determination, and for denying or delaying the WGI. Please refer to paragraphs 15a and 15b of this directive, and PMM Chapter 5, Section 1 for additional information.
- 14. How are performance rating disagreements resolved?** Whenever possible, disagreements concerning the performance rating should be resolved in an informal manner between the employee and supervisor. If the disagreement cannot be resolved informally, any employee covered by this directive may formally grieve his or her summary rating through the Agency Administrative Grievance System under DOT DPM Letter 771-1.
- 15. What is the linkage with other human resources decisions or actions?** In addition to those decisions and actions outlined in the DOT DPM 430, the following are linked to the performance appraisal.
- a. **WGI.** To be eligible for a WGI, an employee's performance must be at an acceptable level of competence and must receive a rating of record of Achieved Results or higher. Warning of the possibility of a WGI being delayed or denied must be given to the employee at the first instance where performance is determined to require a PIP. The employee must be notified in writing when a WGI is being delayed or denied due to performance. If the employee's performance returns to the Achieved Results level and a new rating of record is provided, the first-level supervisor may grant the WGI. The granting of a WGI must occur no later than 52 calendar weeks after the original eligibility date for the WGI. Refer to PMM Chapter 5, Section 1 for more details on granting or withholding a WGI.
- b. **Step increase under Federal wage system.** Federal wage employees, under a regular wage schedule who have a rating of record of Achieved Results or higher after completing the prescribed period of service, advance automatically to the next higher step of their grades. (See PMM Chapter 5, Section 1 for further information.)
- c. **Quality step increase (QSI).** An employee covered by this directive who has received a current rating of Outstanding, and whose performance is expected to continue into the future, may be granted a QSI. The use of QSIs is limited by available appropriations, and is centrally controlled and reserved for only a small number of employees exhibiting the highest and most sustained level of Outstanding performance. An employee may receive one QSI in any 52-week period. (See 5 CFR 531, Subpart E, and FHWA Order 3451.1, for further information.)



- d. **Awards for performance.** All eligible employees covered by this directive receiving a current rating of record of Outstanding, Exceeded Expectations, or Achieved Results may be granted one or more of several types of awards based upon superior achievements in accomplishing the critical and noncritical job elements and performance goals of the position, as documented in the performance plan and the performance appraisal. These awards include Special Achievement Awards for Performance; Special Achievement Awards for Special Acts; Time-Off Awards; and Honorary Awards. (See FHWA Order 3451.1, for further information.)
- e. **Merit promotion.** In evaluating an employee's qualifications for merit promotion under competitive promotion procedures described in PMM Chapter 3, Section 1, consideration may be given to performance appraisals. Past performance is an appropriate indicator for future performance only to the extent that the applicant's critical and non-critical job elements and performance standards (and the duties or tasks upon which they are based) are relevant to those of the position being filled. However, no employee will receive a career-ladder promotion unless his or her current rating of record is Achieved Results or higher.
- f. **Reduction-in-force (RIF).** The results of the performance appraisal will be used in a RIF situation. Additional service credit for RIF purposes must be given based on an employee's last three annual performance ratings of record received during the 4 year period prior to the date of issuance of a RIF notice. (See 5 CFR 351 and PMM Chapter 3, Section 6 for further information.)

**16. What is the process for requesting exceptions and waivers?** Organizations may request exceptions to the provisions of this directive or waivers of specific requirements under this directive. Requests will be approved or denied by the Director, Office of Human Resources, with the concurrence of the Executive Director. Exceptions or waivers may be granted for such purposes as, but not limited to, pilot testing new approaches which show promise for improved results, or for meeting local conditions which cannot be accommodated under the existing provisions of this directive. Requests should include a justification for the proposed exception or waiver, a description of the time frames for which the exception or waiver would apply, and an evaluation plan for assessing the results. Additional information may be requested by the Office of Human Resources as needed.

**17. What are the responsibilities of the FHWA Employee Performance Management Program?** In addition to the responsibilities outlined in the DOT DPM Chapter 430, Performance Management, the following responsibilities are applicable within FHWA:

- a. **Agency management.** The FHWA Administrator and the Executive Director are responsible for:
  - (1) Communicating organizational results throughout FHWA.
  - (2) Providing overall direction, sufficient resources, and oversight of the employee performance management program.
  - (3) Approving and issuing the FHWA Employee Performance Management Program, and concurring in any waivers and exceptions requested to that program.

b. **Office of Human Resources.** The FHWA Office of Human Resources is responsible for:

- (1) Holding managers and supervisors accountable for their human capital responsibilities and ensuring that their performance management responsibilities, including conducting progress reviews, rewarding superior performance, and dealing with poor performers, are met.
- (2) Supporting managers and supervisors in their efforts to improve the performance of employees that are under-performing.
- (3) Training supervisors and managers on their employee performance management responsibilities, such as emphasizing two-way communication between supervisors and employees, drafting performance expectations, making performance distinctions, and dealing with poor performance.
- (4) Ensuring compliance with all legal and regulatory requirements.
- (5) Conducting comprehensive evaluations of the employee performance management program on a periodic basis, at a minimum every 5 years, or more frequently as required, along with more frequent accountability reviews and analysis of employee survey results.

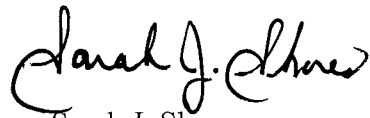
c. **Supervisors.** Supervisors are responsible for:

- (1) Communicating organizational goals, objectives and priorities, and how organizational performance is defined and measured.
- (2) Explaining the relationship between organizational goals and employee responsibilities and expectations.
- (3) Involving employees in developing their CJE's and performance standards.
- (4) Providing effective performance feedback and conducting mid-year progress reviews and end-of-year assessments of performance.
- (5) Making meaningful distinctions in performance and effectively using the awards and recognition program to recognize, reward and reinforce excellent performance.
- (6) Addressing and improving poor performance.

d. **Employees.** Employees are responsible for:

- (1) Discussing work objectives with supervisors or team leaders as appropriate, and understanding work requirements.
- (2) Meeting established work objectives.
- (3) Participating in performance feedback sessions.
- (4) Performing work effectively.
- (5) Providing feedback to supervisors on their progress towards achieving work objectives.

**18. Where can I obtain additional guidance?** The Office of Human Resources can provide assistance and guidance on all aspects of the employee performance management program.

A handwritten signature in black ink, reading "Sarah J. Shores". The signature is fluid and cursive, with the first name "Sarah" being the most prominent part.

Sarah J. Shores  
Associate Administrator for  
Administration