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PERFORMANCE MANAGEMENT SYSTEM (PMS)  
FOR PERFORMANCE MANAGEMENT AND  
RECOGNITION SYSTEM EMPLOYEES

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CHAPTER I - INTRODUCTION TO THE EPA PERFORMANCE  
MANAGEMENT SYSTEM PLAN FOR EMPLOYEES IN THE PERFORMANCE  
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CHAPTER I - INTRODUCTION TO THE EPA PERFORMANCE MANAGEMENT  
SYSTEM PLAN FOR EMPLOYEES IN THE PERFORMANCE  
MANAGEMENT AND RECOGNITION SYSTEM-(PMRS)

1. BACKGROUND

a. Title II of the Civil Service Retirement Spouse Equity Act of 1984, Public Law 98-615, mandates that Agencies replace the Merit Pay System for Federal supervisors and managers with the Performance Management and Recognition System (PMRS). The new System bases supervisors' and managers' pay and awards on their performance, and provides for a more extensive performance award system than in the past.

b. This Act requires that Agencies develop a Performance Management Plan which meets the requirements of the Performance Management and Recognition System under 5 U.S.C. 4302a and 5401-5410, 5 CFR Parts 430 and 540, and Office of Personnel Management guidance. Specific citations include:

- 5 U.S.C. 4302a - Performance Appraisal System
- 5 CFR 540.106 - General Pay Increases
- 5 CFR 540.107 - Merit Increases
- 5 CFR 540.108 - Special Provisions for Pay Administration
- 5 CFR 540.109 - Performance Awards
- 5 CFR 540.110 - Cash Award Program
- 5 CFR Part 451 - Special Awards

c. To meet these requirements and to strengthen its overall management of human resources, the Environmental Protection Agency has incorporated into its system the belief that people are most likely to perform effectively when:

- (1) they clearly understand what is expected of them;
- (2) they participate in setting their own performance objectives; and
- (3) they know how their objectives relate to unit project plans and Agency goals and objectives.

d. The benefits of this system include:

- (1) increased communication between supervisor and employee;
- (2) greater individual effectiveness;

- (3) greater organizational effectiveness;
- (4) establishes a basis for making personnel decisions and rewarding effective performance.

## 2. DEFINITION OF PERFORMANCE MANAGEMENT

Performance management is a systematic process by which managers at all levels of an organization blend together basic management functions, such as program planning or management by objectives systems, with performance, pay, and awards systems for the purpose of improving individual and organizational effectiveness in the accomplishment of the agency's mission or goals.

## 3. PURPOSE OF THE PERFORMANCE MANAGEMENT SYSTEM

a. EPA's Performance Management System consists of three interlocked stages:

- (1) performance planning;
- (2) performance evaluation; and
- (3) performance reinforcement

EPA's Performance Management System is designed to evaluate performance in relation to performance standards which are created by first-level supervisors with input from PMRS employees; and to provide a basis for making pay and other personnel decisions.

b. The purpose of the Performance Management and Recognition System (PMRS) is to provide management with a continuous, integrated system for managing performance which includes:

- (1) communicating and clarifying performance expectations through effective performance planning;
- (2) identifying individual accountability for the accomplishment of organizational goals and objectives;
- (3) integrating performance planning with other processes of the Agency;
- (4) evaluating and improving individual and organizational accomplishments;
- (5) providing support for performance improvement and greater tangible rewards for outstanding performance; and
- (6) building individual development and performance improvement objectives back into the performance planning cycle.

c. This plan will enable the Agency to use the results of performance appraisal as a basis for adjusting base pay and determining performance awards, training, rewarding, reassigning, promoting, reducing in grade, retaining and removing employees. Clear linkages between performance appraisal results and individual personnel actions are discussed in detail in Chapter IV.

#### 4. GENERAL POLICY

a. It is the policy of the Environmental Protection Agency to establish a comprehensive pay-for-performance program (as provided for in the Performance Management and Recognition System), which will provide for performance pay and performance awards determinations based on performance appraisal results.

b. All Agency managers, supervisors, and PMRS employees will receive intensive training and updated information on the Performance Management and Recognition System as it is implemented. Thereafter, they will be kept informed of the operation of the system by way of general orientation sessions for new employees, incorporation of PMRS information into the formal training course for new supervisors and managers, and by periodic newsletters and other Agency periodicals.

#### 5. EVALUATION STRATEGY

1. A comprehensive evaluation plan will be developed and administered periodically, but at least annually, to assess the effectiveness of the Performance Management and Recognition System. Specifically, three types of evaluation review will be completed (one of each type annually) on a three year cycle. The purpose of the PMRS portion of each review will be to assess the effectiveness of the Performance Management and Recognition System and to obtain evaluative data which will be used to determine the need for refinement, modification or other improvements in the system.

2. The type, purpose, and reporting requirement for each review are as follows:

Type	Purpose	Reporting Requirement
PME On-Site Review	On-site review of PMRS actions and processes to include pay-fixing actions, review of performance agreements, performance appraisals, performance-based actions.	Summary of findings with recommendations for improvements transmitted from Director of Personnel to Servicing Personnel Officer (SPO). SPO reviews summary and responds to Director of Personnel with follow-up action plan.

Personnel Program Self-Evaluation Review	SPO leads team of subject matter experts to review the effectiveness of PMRS program based on evaluation guide to be provided by Agency Personnel Management Evaluation Staff.	Report of findings developed by Evaluation Officer and submitted to Director of Personnel for appropriate follow-up action.
Personnel Office Effectiveness Self-Assessment Review	SPO completes self-assessment review to determine effectiveness of PMRS processes and activities based on standards established by Agency Personnel Management Evaluation Staff.	SPO reports findings with recommendations for improvements to Director of Personnel. Objectives for improvement to serve as SPO performance objectives for current and future years.

## 6. COVERAGE

a. This plan covers all employees, grades 13 through 15, whose positions are determined to be supervisory or managerial in nature. The definitions of a supervisor and a management official are found in Title 5, Chapter 71, Section 7103, paragraphs (10) and (11), respectively (refer to Chapter IV, paragraph 1(a), pg. 4-1).

b. Part 540 of Title 5, Code of Federal Regulations contains the regulations.

c. Federal Personnel Manual Chapter 540 covers Office of Personnel Management regulations on the Performance Management and Recognition System.

d. The Agency Pay Administration Manual contains additional policies and procedures pertaining to actions that may affect PMRS employees, such as premium pay, grade retention and pay retention.

e. The provisions of this plan for establishing Performance Agreements and for receiving performance appraisals and resulting personnel/pay decisions will not apply to employees who serve with the Agency for less than 120 days in a consecutive twelve month period, or to positions filled by Noncareer Executive Assignments. Other exceptions and related authorities not included in the plan are:

- (1) adverse actions taken under Chapter 752 of the Federal Personnel Manual;



- (2) alcohol and drug abuse related actions taken under Chapter 792 of the Federal Personnel Manual and
- (3) pay administration regulations.

## 7. DEFINITIONS

APPRAISAL is the act or process of reviewing and evaluating the performance of an employee against the described performance standard(s).

APPRAISAL PERIOD means the period of time established by this appraisal system for which an employee's performance will be reviewed.

APPROVING OFFICIAL is the individual with delegated authority for approving the final Performance Agreement, performance appraisal and rating of record, appropriate rewards (including compensation) and other personnel decisions. The PMRS Pool Manager is normally the Approving Official. Assistant Administrators and Regional Administrators are the Approving Official for Performance Awards.

ASSUMPTION is a known factor over which a PMRS employee has little, if any, control, but which might exert a significant impact on the PMRS employee's performance or ability to achieve an objective. Factors which might legitimately and significantly influence the employee's ability to perform are listed under the Assumption heading on the performance standards form.

CRITICAL JOB ELEMENT (CJE) is a component of a job consisting of one or more duties and responsibilities which contribute toward accomplishing organizational goals and objectives and which is of such importance that "Unsatisfactory" performance on the element would result in "Unsatisfactory" performance in the position.

CURRENT YEAR OBJECTIVE is a specific result expected of PMRS employees in their performance of a unique, one-time responsibility or special initiative planned for the current appraisal period.

EFFECTIVELY INFLUENCING POLICY: A situation in which an employee is actively participating in the ultimate determination as to what, in fact, policy will be. The employee's role must be more than that of an "expert" or "resource" person rendering information based solely on expertise and independent judgment. Recommendations must be frequently accepted and must result in setting policy rather than implementing or following prescribed policy.

EFFECTIVELY RECOMMENDS: A situation in which an employee makes suggestions on behalf of management that are based on independent judgment and result in a decision by management. Such suggestions may be considered separately or in conjunction with other recommendations, and may be reviewed at successively higher levels.

GENERAL PAY INCREASE means that portion of the pay adjustment under 5 U.S.C. 5305 (or for special salary rate employees, any adjustment under 5 U.S.C. 5303) granted to PMRS employees based on performance.

INDEPENDENT JUDGMENT: A situation in which an employee's opinions are not dictated by established procedures or directed by higher authority and are evident in recommendations and decisions.

MANAGEMENT OFFICIAL (5 U.S.C. 7103(a)(11)): "... 'management official' means an individual employed by an agency in a position the duties and responsibilities of which require or authorize the individual to formulate, determine, or influence the policies of the organization."

MEASURE is an expression, in terms of quantity, quality, timeliness, and/or manner in which a stated performance objective is to be achieved at each level of performance.

MERIT INCREASE means the increase in basic pay for a PMRS employee granted under 5 U.S.C. 5404 on the basis of the employee's rating of record and position in the pay range. A full merit increase is equivalent to one-ninth of the difference between the maximum rate of the grade or special rate range and the minimum rate of the grade or special rate range.

ONGOING OBJECTIVE is a specific result expected of PMRS employees in the routine performance of their job responsibilities during every performance cycle.

OVERALL PERFORMANCE APPRAISAL CERTIFICATION (OPAC) is the final page of the Performance Agreement. It serves as the rating of record and officially records scores on individual Critical Job Elements, the summary rating, compensation and personnel action decisions. At the conclusion of the performance appraisal and compensation process, the completed and approved OPAC is officially maintained in the Official Personnel Folder for a period of three years.

PAY ADJUSTMENT PERIOD means the period beginning on the first day of the first pay period applicable to the employee starting on or after the first day of the month in which an adjustment would take effect under 5 U.S.C. 5303 or 5 U.S.C. 5305 and ending at the close of the day preceding the beginning of the following pay adjustment period.

PERFORMANCE for the purposes of this plan, means an employee's accomplishment of assigned work as specified in the Critical Job Elements of an employee's position.

PERFORMANCE AGREEMENT is the aggregation of all of an employee's written Critical Job Elements and performance standards. At the end of the appraisal period it also serves as the document for recording the formal appraisal of the employee's performance against those Critical Job Elements and performance standards and compensation and/or other personnel decisions. A PERFORMANCE AGREEMENT includes the Performance Guide, the Overall Performance Appraisal Certification, and performance standard forms.

PERFORMANCE AWARD is a performance-based cash payment to a PMRS employee based on performance-related accomplishments. A performance award does not increase base pay.

PERFORMANCE AWARD BUDGET means the amount of money allocated by an agency for distribution as performance awards to covered employees.

PERFORMANCE GUIDE is the official document that records the Critical Job Elements of a PMRS position, as developed by the immediate supervisor with input from the employee. The second-level supervisor reviews the Performance Guide before it becomes final and makes changes, when appropriate.

PERFORMANCE MANAGEMENT PLAN is the description of the agency's methods to integrate performance, pay and awards with its basic management functions for the purpose of improving individual and organizational effectiveness in the accomplishment of agency mission and goals.

PERFORMANCE OBJECTIVE is a specific result expected of PMRS employees in the routine performance of their job responsibilities.

PERFORMANCE PAY DECISION means the determination of the total amount of the general pay increase, merit increase, and performance award to be granted to an employee made by the officials also responsible for making the performance appraisal decisions, in accordance with OPM instructions.

PERFORMANCE STANDARD means a statement of the expectations or requirements established by management for a Critical Job Element at a particular rating level. A performance standard may include, but is not limited to, factors such as quality, quantity, timeliness, and manner of performance.

POOL MANAGER is a member of the Senior Executive Service (SES) who is charged with the responsibility for approving Performance Agreements, appraisals, and PMRS compensation decisions. The Pool Manager is normally a Regional Administrator or an Office Director.

PROGRESS REVIEW means a review of the employee's progress toward achieving the performance standards and is not in itself a rating.

RATING OFFICIAL is the immediate supervisor who prepares the Performance Agreement and initially recommends the proposed appraisal and summary rating. A Rating Official may make recommendations about pay, performance awards, and other personnel actions, but Rating Officials below the SES level will not make compensation decisions.

RATING OF RECORD means the summary rating, under 5 U.S.C. 4302a, required at the time specified in the performance management plan or at such other times as the plan specifies for special circumstances, including the written notice at any time that an employee's performance is "Unsatisfactory" on one or more Critical Job Elements. It is the only document upon which a performance pay decision can be based.

REVIEWING OFFICIAL is normally the second-level supervisor who reviews and approves the Performance Agreement, the immediate supervisor's proposed appraisal, summary rating and initial pay award, and/or other personnel action recommendations (if any) and transmits concurrence/non-concurrence and recommendations to the Approving Official.

SUMMARY RATING means the written record of the appraisal of each Critical Job Element and the assignment of a summary rating level.

SUPERVISOR (5 U.S.C. 7103(a)(10): "... 'supervisor' means an individual employed by an agency who has the authority in the interest of the agency to hire, direct, assign, promote, reward, transfer, furlough, layoff, recall, suspend, discipline, or remove employees, to adjust their grievances, or to effectively recommend such actions, if the exercise of the authority is not merely routine or clerical in nature but requires the consistent exercise of independent judgment ..."

UNSATISFACTORY PERFORMANCE is the term in EPA's System that equates to "Unacceptable" performance as provided in 5 U.S.C. 4301(3) When an employee's performance is rated "Unsatisfactory" on one or more Critical Job Elements, the rating of record must be "Unsatisfactory" regardless of scores on other elements or total numerical rating.

WEIGHT is a number of points assigned to each ongoing and current year objective that reflects its relative importance to the whole. When added together, the weights for all ongoing and current year objectives must equal 100 points.

#### 8. TIMING OF EVENTS IN PERFORMANCE MANAGEMENT CYCLE

The Agency appraisal period begins October 1 and ends September 30:

EVENT	TIMEFRAME
PERFORMANCE AGREEMENT ° Drafted by employee/supervisor ° Approved by second level supervisor	By October 1
MID-YEAR PROGRESS REVIEW ° Supervisor/employee discussion of employee's performance and review/update of employee's Performance Agreement	By April 30
PERFORMANCE APPRAISAL ° Official appraisal of employee's performance against Performance Agreement and assignment of summary rating.	By October 31
MERIT INCREASE/PERFORMANCE AWARD DECISIONS BASED ON PERFORMANCE RATING	Finalized before end of last pay period in November
RECEIPT OF PMRS MERIT INCREASE IN PAY CHECK	On or before last pay day in December (retroactive to first day of first pay period beginning on or after October 1)

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CHAPTER II - THE PERFORMANCE MANAGEMENT AND RECOGNITION SYSTEM

EPA's Performance Management and Recognition System consists of three interlocked stages:

- (1) performance planning;
- (2) performance evaluation; and
- (3) performance reinforcement.

1. PERFORMANCE PLANNING The performance planning phase occurs at the beginning of the annual performance period and normally coincides with the beginning of a fiscal year. During this time, all PMRS employees and their immediate supervisors mutually complete the Performance Guide and then the entire official Performance Agreement. Step-by-step guidance for completing this process is outlined in "Developing Your Critical Job Elements and Performance Standards; An Employee Workbook". This workbook is available from the Servicing Personnel Office. Performance planning includes the following basic steps:

a. The supervisor communicates organizational goals and objectives to PMRS employees. These organizational goals and objectives will establish and shape the scope, direction, and emphasis for the subsequent performance period.

b. The PMRS employee should use the supervisor's Performance Agreement and stated organizational goals and objectives, the employee's own position description, the organization's functional statements, and other relevant sources to draft the Critical Job Elements, which relate to what the PMRS employee personally commits to, together with what the employee's organization is committed to accomplish. Supervisors have the final determination on all Critical Job Elements.

c. When inconsistencies between proposed Critical Job Elements and the duties and responsibilities of the employee's position description are identified, the supervisor requests assistance from the Servicing Personnel Office to resolve those inconsistencies.

d. The PMRS employee uses the approved Performance Guide, other appropriate planning documents (e.g., affirmative action plans, budget documents, organization planning documents), and a knowledge of the employee's own development needs to draft a preliminary Performance Agreement. PMRS employees should begin by drafting three basic types of performance objectives for their Critical Job Elements: (a) on-going objectives; (b) current year objectives; and (c) personal growth objectives, as appropriate. Generally, PMRS employees should focus on developing approximately 6-10 performance objectives, which relate both to what they personally commit to, and also to what their whole organization is

committed to accomplish. This guideline should serve to emphasize the major results expected during the coming performance period and avoid excessive fragmentation of results. Applying the factors of quantity, quality, timeliness and manner of performance against each objective, the PMRS employee then drafts measures at three performance levels: (a) that measure of achievement against which performance would be judged to be Fully Successful; (b) that measure of achievement against which performance would be judged to be Outstanding; and (c) that measure of achievement against which performance would be judged to be Unsatisfactory. The PMRS employee then assigns relative weights, or priorities, to each on-going and current year performance objective. Personal growth objectives are not weighted. The weights must total 100.

e. The PMRS employee and the supervisor meet to discuss the performance standards, (i.e., performance objectives, measures and weights pertaining to the Critical Job Elements) and to develop a final Performance Agreement. The performance standards must be specific, measurable, attainable, controllable, and must be thoroughly understood by both parties. Supervisors will have the final determination on all performance standards and weights.

f. If inconsistencies are identified between proposed performance standards and the general level of duties and responsibilities of the employee's position description, the supervisor requests assistance from the Servicing Personnel Office to resolve these inconsistencies while proceeding with the performance planning process.

g. The PMRS employee's second-level supervisor, at the minimum, reviews the final Performance Agreement for fairness, equity and consistency across the overall organization and approves it, when appropriate. Both the immediate supervisor and the PMRS employee maintain a copy of the approved Performance Agreement.

h. The review of the Performance Agreement continues through management channels until it reaches the first SES level. This official reviews the Performance Agreement for fairness, equity, and consistency, and is normally the Approving Official. The PMRS Pool Manager may elect to be the Approving Official for Performance Agreements.

i. Requirements for Establishing Performance Agreements.  
As a general rule, all employees, regardless of type of appointment, must have approved Performance Agreements within 30 calendar days of appointment or other position change. Generally, employees are responsible for drafting their Performance Agreements. Performance Agreements must be approved by



management. In cases where an official position change does not occur, or does occur but for a period of less than 120 calendar days, (i.e., details or temporary promotions of less than 120 calendar days), employees and their supervisors should not develop new Performance Agreements but should modify present Performance Agreements to include temporary work assignments.

2. PERFORMANCE EVALUATION The performance evaluation phase consists of two major parts: performance tracking and performance appraisal.

a. Performance tracking is the on-going, informal observation and assessment of performance during the performance period. The assessment begins the day the objectives are set and continues throughout the year. Tracking is done by both the PMRS employee and the supervisor against the ongoing, current-year, and personal growth objectives and provides an opportunity to: discuss progress toward standards; provide for supervisory feedback; and add, delete or modify standards as required. It provides time for discussion of performance achievement, or lack of it, and suggestions for improvement. During this phase the following aspects must be considered.

(1) Since on-going, current-year, and personal growth objectives are totally results-oriented, in-progress tracking during the course of the year is extremely difficult unless an on-going vehicle is available to assist the supervisor and the employee in predicting achievement of the objective, adjusting to or planning for unfavorable situations, and identifying the need for supervisory guidance and assistance in overcoming barriers to success. One such vehicle already available to the supervisor and employee is the organization's existing work planning process. The concept is the same whether the process calls for work plans, action plans, or progress review plans. By adapting these plans to provide for identification of individual employee assignments where necessary, the employee can identify those action steps needed to achieve the end objective and the guideline completion dates, or checkpoints, related to those individual action steps. Using this process, the employee receives built-in motivation and feedback from the action plan itself, as action steps are completed on time, early, or late. Furthermore, the supervisor can quickly and regularly assess the employee's degree of progress toward objectives and can easily record observations or significant circumstances in the "performance highlights" section of the performance standards forms. These notations may be used at the end of the performance year as justification for the rating assigned to the performance objective. Lastly, the action plan process will quickly assist both the supervisor and the employee in determining when and how to change the Performance Agreement.

(2) Continuous face-to-face communication between the supervisor and the employee is an essential part of supervising and almost always occurs in some fashion during the daily work routine. Performance tracking, however, demands a more structured approach to periodic progress reviews which focus on the employee's Performance Agreement and action plans, rather than on daily task assignments and recent crisis situations. For this reason, employee progress reviews should be incorporated in other organizational program review processes. Although quarterly progress reviews are preferred because they are the most beneficial and timely, supervisors not capable of conducting quarterly reviews must, at the minimum, under normal circumstances, conduct a mid-year progress review with each PMRS employee. The purpose of the mid-year progress review is to notate performance highlights to date, to determine the need for adjusting action plans and/or the Performance Agreement itself, and to develop a plan of action for improving performance levels where appropriate. Since mid-year progress reviews are required to be conducted with each PMRS employee, supervisors and employees must sign and date the space designated "mid-year review" located in Section D of the Performance Agreement Form (EPA Form 3115-24). The signatures serve to indicate only that each performance standard has been reviewed and discussed by both the employee and supervisor.

(3) The Performance Agreement is meant to be a "living document," subject to change in order to remain meaningful; but at the same time, it must represent a firm commitment to achieving results. Therefore, changes should be made in cases of: organizational and/or job changes affecting Critical Job Elements; major changes in operating plans, reprogramming, legislative and/or court mandates; or unforeseen, uncontrollable events preventing successful performance. These changes may require: adding, deleting, or revising Critical Job Elements, performance objectives, and measures; revising weights to reflect changes in priorities; or decreasing or extending measures of quantity, quality, timeliness and manner of performance. If the change is lengthy, it is attached to the original Agreement; and if not, it is simply recorded with pen and ink on the document. In any case, the change must be signed and dated by the employee, the immediate supervisor and the Reviewing Official at the minimum. In this way, the Performance Agreement is kept a living document with ongoing relevance, ready to be used for the evaluation of performance at the end of the performance period.

b. Appraisal is the act or process of reviewing and evaluating the performance of an employee against the described performance standards, which results in the assignment of a rating of record. The Agency's minimum appraisal period is 90 calendar days.

(1) Performance Period

(a) The official performance appraisal normally occurs annually in October for all PMRS employees, except for PHS Officers and employees occupying Administratively-Determined (AD) positions who are not included in the PMRS program. The official rating of record given in October serves as the basis for the PMRS pay decisions which are finalized before the end of the last pay period in November.

1 However, those who have not served in a PMRS position for at least 90 calendar days will be evaluated at the end of their 90-day period, at which time a rating of record will be prepared.

2 Other evaluations occurring during the course of the performance period (e.g., completion of details, or temporary assignments of 90 days or more) will result in summary ratings. Summary ratings do not supersede the previous year's rating of record given in October, however they are factored into the preparation of the rating of record in the coming year. For performance periods of less than 90 days, the supervisor should prepare input on the employee's performance for the supervisor of record to use in preparing the rating of record in the coming year.

(b) Employees who have served in a PMRS position, but not in the same job or under the same supervisor, are appraised annually, and provisions for "split appraisals" should be made by the Rating Official. The supervisor of record at the time of the annual appraisal is ultimately responsible for evaluating the employee's performance during the entire performance period. Therefore, the supervisor is responsible for using any appropriate means to obtain the performance data required to accurately assess the employee's performance. Supervisors should consider the following recommendations for obtaining performance data:

1 Modify the Performance Agreement to incorporate the goals of both the previous and the present positions, making the necessary related changes on weights. If this approach is used, changes should be made 90 days or more before the appraisal is to occur.

2 In positions involving multiple supervisors, e.g., matrix management, part-time special projects, etc., the official supervisor of record is responsible for preparing the final rating of record, and should be responsible for obtaining ratings of individual standards from those supervisors having responsibility for those standards.

3 Wherever possible, outgoing supervisors should prepare summary ratings for their subordinate PMRS employees before they leave their position. The outgoing supervisor should evaluate the employee's work for the period of performance and provide a copy of the performance information to both the employee and the new supervisor. For periods of performance which are less than 90 days, the outgoing supervisor should provide input on the employee's performance. For periods of performance which are 90 days or longer, the outgoing supervisor should provide a summary rating. At the conclusion of the performance period, the new supervisor then evaluates the employee against the new position's Performance Agreement and normally calculates a summary rating based on summary ratings and input on performance in all positions held during the performance period. The resulting summary rating should reflect the relative percentage of time spent in each position. Since preparation of summary ratings for input is not always possible when a supervisor leaves, higher-level management should provide for contingencies by assuring that all supervisors maintain adequate supervisory notes of performance data to allow compilation by a new supervisor into a final summary rating.

4 The supervisor may gather performance data from the employee and from other appropriate sources such as operating plans, tracking systems, etc. This data serves as supporting information to the supervisor's official assessment of performance.

(c) Progress reviews of an employee's performance against the goals and measures stated in the Performance Agreement can and should occur throughout the performance period.

(2) Requirements for Appraising "Special Circumstance" Employees

(a) Details and Temporary Promotions of 120 Days or More - When a PMRS employee is detailed or temporarily promoted within the Agency for a period which is expected to last 120 calendar days or longer, Critical Job Elements and performance standards covering the temporary work assignment must be developed and included in the Performance Agreement. The detail or temporary promotion supervisor is required to have Critical Job Elements and performance standards covering the temporary work assignment in place as soon as possible, but no later than thirty calendar days after the beginning of the assignment. The detail or temporary promotion supervisor is responsible for (1) evaluating the employee's performance against the Critical Job Elements and performance standards which have been developed to cover the temporary work assignment;

and (2) for providing a copy of the overall performance score and resulting summary rating to the employee's supervisor of record. At the conclusion of the performance period, the supervisor of record then evaluates the employee's performance against the Performance Agreement which covers the employee's position of record and normally calculates a summary rating based on summary ratings and input on performance in all positions held during the performance period. The resulting summary rating should reflect the relative percentage of time spent in each position.

(b) Position Changes Within the Agency When a PMRS employee changes positions within the Agency, and has been in the position for the 90 day minimum appraisal period, a summary rating must be prepared by the losing supervisor. The losing supervisor must provide a copy of the overall performance score and resulting summary rating to both the employee and the new supervisor. At the conclusion of the performance period, the new supervisor then evaluates the employee against the new position's Performance Agreement and normally calculates a summary rating based on summary ratings and input on performance in all positions held during the performance period. The resulting summary rating should reflect the relative percentage of time spent in each position. When the new supervisor cannot give the employee a rating of record as required by this Plan (i.e., the employee has not served the 90 day minimum appraisal period in the new position), the new supervisor will normally calculate a summary rating based on input and summary ratings on performance in all positions up to the time of the employee's position change. This summary rating serves as the rating of record used to make performance pay decisions. When the employee has completed the 90 day minimum appraisal period in the new position, the new supervisor then evaluates the employee against the new position's Performance Agreement and calculates a summary rating based on the summary rating prepared for pay purposes together with the summary rating for the new position. The resulting summary rating should reflect the relative percentage of time spent in each position and becomes the employee's rating of record for other than pay purposes.

(c) Transfers to a New Agency - When a PMRS employee moves to a new agency after having served the 90 day minimum appraisal period in the EPA position of record, the losing supervisor must evaluate the employee's performance against the Performance Agreement, prepare a summary rating, and forward it to the Servicing Personnel Office. Among other requirements, the Servicing Personnel Office then files the summary rating in the employee's Official Personnel Folder (OPF) before transferring the OPF to the new agency (refer to Chapter IV, para. 4,d.(3)).

(d) Transfers into EPA - When an employee transfers into an EPA PMRS position from a PMRS position in another agency, and the employee has served in the other agency for the 90 day minimum appraisal period, that agency normally prepares and transfers a summary rating. When the summary rating is present, the EPA supervisor will consider it in the employee's final rating of record. When the EPA supervisor cannot give the employee a rating of record as required by this plan (i.e., the employee has not served the 90 day minimum appraisal period in the EPA position), the transferred summary rating will be used only for the purpose of making performance pay decisions. After the employee has completed the 90 day minimum appraisal period in the new position, the EPA supervisor then evaluates the employee against the new position's Performance Agreement and calculates a summary rating based on the transferred summary rating together with the summary rating for the new position. The resulting summary rating should reflect the relative percentage of time spent in each position and becomes the employee's rating of record for other than pay purposes. If the summary rating is not transferred with the employee's OPF to the EPA Servicing Personnel Office, the EPA Servicing Personnel Office shall contact the losing organization in an attempt to obtain it.

(e) Details Outside of EPA - In cases where PMRS employees are detailed outside EPA to other PMRS covered positions, EPA must make a reasonable effort to obtain appraisal information from the outside organization. This information shall be considered in deriving the employee's next rating of record.

1 If the employee has served in EPA for the 90 day minimum appraisal period, the employee must be rated. The rating of record shall also take into consideration performance appraisal information obtained from the borrowing organization.

2 If the employee has not served in the Agency for the 90 day minimum appraisal period, but has served for the 90 day minimum appraisal period outside of EPA, EPA must make a reasonable effort to prepare a rating of record based on performance information obtained from the borrowing organization.

(f) EPA Employees on IPA Assignment - EPA employees on Intergovernmental Personnel Assignment (IPA) must have a Performance Agreement covering their work at EPA if they work at the Agency 90 calendar days or longer during the appraisal period. In this case, the employee's rating of record will be based on the supervisor of record's appraisal of the employee's performance during the 90 day minimum appraisal period. If, due to the length of the IPA assignment, the PMRS employee has

not been with EPA for the 90 day minimum appraisal period, the employee will be designated as unrateable.

(3) The Appraisal Process

(a) The performance appraisal is a process where the employee and the supervisor independently review the employee's accomplishments against those planned in the Performance Agreement. The employee will prepare a self-assessment and submit it to the supervisor. The format of the employee's self-assessment is at the discretion of the supervisor.

(b) The following five element rating levels are used in evaluating each individual performance standard and for determining the element rating for each Critical Job Element:

1 "Outstanding" (measures for which were previously established during the performance planning phase) represents that performance in which everything that should have been done was done, and was done in the manner stated. At the "Outstanding" level, it would be difficult to think of ways in which performance could have been better. Objectives accomplished at the "Outstanding" level are assigned five (5) points.

2 "Exceeds Expectations" signifies that the results achieved are clearly beyond those that could reasonably be expected, even though it may be possible to think of areas in which performance could have been even better. Objectives accomplished at the "Exceeds Expectations" level are assigned four (4) points.

3 "Fully Successful" (measures for which were established during the performance planning phase) represents that performance which can be reasonably expected of any employee on the job in order to fully and adequately achieve the assigned responsibility. "Fully Successful" is the level at which most employees perform. Objectives accomplished at the "Fully Successful" level are assigned three (3) points.

4 "Minimally Satisfactory" indicates that performance is less than "Fully Successful" and improvement is expected. Objectives accomplished at the "Minimally Satisfactory" level are assigned two (2) points.

5 "Unsatisfactory" (measures for which were previously established during the performance planning phase) is the term in EPA's System that equates to "Unacceptable" performance as defined by law. When the employee's performance is rated "Unsatisfactory" on one or more Critical Job Elements, the rating of record must be "Unsatisfactory" regardless of scores on other elements or total numerical rating. Objectives rated at the "Unsatisfactory" level are assigned one (1) point.

(c) Where more than one performance standard exists for a Critical Job Element, the following procedure is used to derive the summary rating for that Critical Job Element:

1 Add the weights assigned to the performance standards pertaining to the Critical Job Element.

2 Add the point values (weight times the numerical rating assigned to each standard pertaining to that element).

3 Divide the values by the weights to arrive at an average numerical rating of 1 through 5.

4 Numerical ratings for Critical Job Elements must be converted to a summary rating according to the following scale:

Equal to or greater than:

4.5 up to and including 5.0 = "Outstanding"  
4.0 but less than 4.5 = "Exceeds Expectations"  
3.0 but less than 4.0 = "Fully Successful"  
2.0 but less than 3.0 = "Minimally Satisfactory"  
1.0 but less than 2.0 = "Unsatisfactory"

5 For example, an employee has two standards under a particular Critical Job Element. On the first standard, the employee receives a "Fully Successful" rating which is assigned a numerical rating of 3. That standard has a weight of 15 points, which results in a value of 45 points. On the second standard, which has a weight of 10, the employee is rated "Outstanding" and receives a numerical rating of 5, which results in a value of 50. The total weights for the two standards under this Critical Job Element equal 25; the total point value assigned is 95. Next, 95 is divided by 25 to arrive at the average numerical rating of 3.8. Using the scale outlined above, this converts to an average rating of "Fully Successful" for that particular Critical Job Element.

6 The addition of the individual values for each performance standard determines the overall performance value.

(d) During the appraisal process, the following procedures will apply:

1 The PMRS employee completes the self-assessment of performance against the Performance Agreement, as described in paragraph 2b(3)(a) on page 2-8 and presents it to the supervisor for consideration in the final ratings.



2 The supervisor considers the PMRS employee's own assessment of performance in arriving at a final proposed performance rating for each performance standard.

3 Using the Overall Performance Appraisal Certification, the supervisor then computes the total performance values and records the summary ratings for each Critical Job Element, as discussed above, and totals all performance values to arrive at an overall performance score. Finally, the supervisor uses the following conversion table to convert the overall performance score to one of the following summary rating levels:

#### EVALUATION SCORING SYSTEM

##### Equal to or greater than:

450 up to and including 500 = "Outstanding"  
400 but less than 450 = "Exceeds Expectations"  
300 but less than 400 = "Fully Successful"  
200 but less than 300 = "Minimally Satisfactory"  
100 but less than 200 = "Unsatisfactory"

a "Outstanding" represents performance that not only exceeds requirements, but is exceptional and requires formal recognition.

b "Exceeds Expectations" represents performance that substantially surpasses normal requirements.

c "Fully Successful" represents performance that meets all requirements, in order to fully and adequately achieve the assigned performance.

d "Minimally Satisfactory" represents performance that is less than "Fully Successful" and improvement is expected.

e "Unsatisfactory" represents performance that in EPA's System equates to "Unacceptable" performance as provided in 5 U.S.C. 4301(3). When an employee's performance is rated "Unsatisfactory" on one or more Critical Job Elements, the rating of record must be "Unsatisfactory" regardless of scores on other elements or total numerical rating.

4 Once supervisors have noted their initial appraisal recommendations and completed the appraisal portion of the Overall Performance Appraisal Certification, the entire package for each employee being rated is submitted to the Reviewing Official for review, discussion (if necessary) and tentative approval of the appraisal recommendations, pending

conduct of the employee appraisal interview. During the employee appraisal interview, the supervisor should consider new or overlooked information provided by the employee. The interview could alter the tentative rating if relevant additional information is presented.

5 Once the supervisor receives the approved tentative rating, the supervisor schedules the performance appraisal interview with the employee. Following the conduct of the appraisal interview, the supervisor should review any new information provided in the session, consider whether or not it should influence the employee ratings previously assigned, and discuss and obtain approval on any significant proposed changes from higher level management.

6 The supervisor and the PMRS employee meet to discuss the rating, and to mutually develop the employee's Performance Improvement Plan (PIP), if necessary.

7 The supervisor and the PMRS employee sign and date the Performance Agreement on the back of the OPAC form to signify that the performance appraisal interview has taken place. Employees' signatures on OPACs indicate that they have conferred with their supervisors about their performance against the established performance standards. Signatures do not indicate concurrence with ratings of record nor do they preclude employees from using the Agency's Administrative Grievance System to submit objections to ratings of record.

8 The supervisor transmits the signed Overall Performance Appraisal Certification to the Reviewing Official with the PMRS employee's comments, if any, along with any Performance Improvement Plan, if such a plan is necessary.

9 The review process continues through the organizational hierarchy until the reviewing level reaches the first SES-level manager, who becomes the Recommending Official for rating, pay, and other personnel decisions. The Administrator, Deputy Administrator, the Inspector General, the General Counsel, Associate Administrators, Assistant Administrators, Regional Administrators, and Staff Office Directors shall be the Rating, Reviewing and Approving Officials for employees reporting directly to them.

10 The Pool Manager, the Approving Official, renders the final decision on the rating of record as well as any compensation/reinforcement recommendations, based on consideration of the materials provided by the Recommending Official, the immediate supervisor, the PMRS employee's comments, if any, and all intervening review levels.

11 After making final decisions, the Pool Manager notifies employees in writing of their final rating of record, and any related compensation decisions. The original, signed OPAC form is submitted to the Servicing Personnel Office for inclusion in the Employee Performance File. Copies of the Performance Agreement, employee/supervisory notes, and any other supporting documentation are retained by the employee and/or supervisor in accordance with the procedures in Chapter 4, paragraph 4,d. (1) and (2), pages 4-6 through 4-9.

### 3. PERFORMANCE REINFORCEMENT

a. Performance reinforcement begins with the employee's own assessment of performance and continues to be emphasized throughout the evaluation process. It includes four aspects:

(1) The supervisor's appraisal of the employee's performance, resulting from the supervisor's consideration of both the PMRS employee's own assessment and the supervisor's assessment of the PMRS employee's performance achievements.

(2) Pay and other personnel decisions, which are based directly on the results of the overall performance score and the conversion of that score to one of the five established summary rating levels.

(3) A Performance Improvement Plan (PIP) if required, which is based on an evaluation of the PMRS employee's performance deficiencies.

(4) The performance appraisal interview between the supervisor and the PMRS employee which communicates the rating of record together with the proposed pay and other personnel decisions, and any required Performance Improvement Plan.

b. Employee Assistance. EPA's PMRS System provides for assisting employees in improving performance rated at a level below the "Fully Successful" level. Such assistance may include, but is not limited to: formal training, on-the-job training, counseling, and closer supervision. In certain cases, supervisors must implement Performance Improvement Plans.

c. Performance Improvement Plan (PIP). A PIP is a document or a collection of documents intended to identify an employee's performance deficiencies, the actions that must be taken by the employee to improve performance, and provisions for counseling, training, or reassignment.

(1) When a PIP Must be Prepared. A supervisor must prepare a PIP for an employee whose performance on one or more CJE's is "Unsatisfactory". This should be done during the appraisal period. However, if this is not done prior to the official appraisal, it must be done as part of the official appraisal.

(2) Documentation Requirements

(a) The first and second-level supervisor must sign the PIP. The supervisor must request that the employee sign and date the PIP. The purpose of the employee's signature is to show that the employee received a copy, not to indicate the employee's concurrence. If the employee refuses to sign, the supervisor should note the fact and the date.

(b) The employee must be provided a copy of the PIP.

(c) The Servicing Personnel Office must receive a copy of the PIP. This will be filed in the Employee Performance File located in the employee's Official Personnel Folder. The PIP will be destroyed if the employee improves performance to an acceptable level.

(3) Format and Content of a PIP

(a) Format of a PIP. A PIP should be in the form of a memorandum from the Rating Official to the employee. A specified beginning and ending date should be designated (generally a 60 calendar day period).

(b) Content of a PIP. Each PIP should be geared to the needs and circumstances of the situation. The tone of the PIP should be factual and constructive. The following information should be included:

1 The employee's name, position title, position number, series, grade, and organizational location.

2 Each CJE in the employee's Performance Agreement. A restatement or clarification of the "Fully Successful" performance level for each CJE should be included. Clarifications should include any numerical criteria or benchmarks being used by the supervisor to interpret the performance standard.

3 That the employee may be demoted or removed, if the employee is rated "Unsatisfactory" during the Performance Improvement Period.

4 What assistance will be available to employees to improve their performance.

(4) Withdrawing or Extending a PIP. A PIP may be withdrawn or extended in situations such as those described below. In each case, the action should be documented by a memorandum which becomes part of the PIP.

(a) A PIP should be withdrawn if the employee is changed to a different position at the same or different grade. The PIP is not continued in effect in the new position.

(b) A PIP may be extended at any time.

(5) Expiration of a PIP. If a PIP is not extended or withdrawn by the designated expiration date, the supervisor must conduct a second appraisal and the following steps should be followed:

(a) If the employee's performance has improved to an acceptable level, a new OPAC is prepared, signed, and approved. The new OPAC is sent to the Servicing Personnel Office. The supervisor and the employee each keep a copy. The Servicing Personnel Office substitutes the new OPAC for the first OPAC in the employee's Employee Performance File located in the Official Personnel Folder.

(b) Employees whose performance has improved to the "Minimally Satisfactory" level, but not to the "Fully Successful" level, if not reassigned, should be given an additional opportunity to demonstrate performance at the "Fully Successful" level or higher.

(c) Employee's whose performance is rated "Unsatisfactory" must be removed from their position. The Servicing Personnel Office must be consulted before taking such steps.

(d) An employee will be reduced in grade or removed based on "Unsatisfactory" performance in accordance with the procedures contained in EPA Order 3110.16, Reduction in Grade and Removal Based on Unacceptable Performance, 5 C.F.R. Part 432 and 5 U.S.C. 4303.

4. PERFORMANCE STANDARDS REVIEW BOARDS (PSRB). The Agency will establish one Performance Standards Review Board for the Office of the Administrator, the Associate Administrator's office, and staff offices reporting directly to the Office of the Administrator, one for each Assistant Administrator, one for the Office of General Counsel, one for the Inspector General, and one for each EPA Region.

a. Composition

(1) Each PSRB will have at least six members with at least one-half of each PSRB being composed of PMRS employees in the competitive service.

(2) The chair of each board will be designated by the Deputy Administrator, or the appropriate Assistant Administrator, Regional Administrator, the General Counsel, or Inspector General.

b. Nominations for PSRB membership will come from the program offices within the organization covered by the board. Appointments will be approved by the Deputy Administrator, or the appropriate Assistant Administrator, Regional Administrator, the General Counsel or Inspector General.

c. Functions and Responsibilities

(1) Each PSRB will be responsible for conducting a random sample review of all established performance standards in the organization. The sample must include standards from each division within the organization. The following procedures will be used by the PSRB in reviewing performance standards:

(a) The performance standards will be reviewed for realistic and measurable factors and for consistency between similar positions.

(b) Constructive feedback on improving performance standards will be given to the appropriate program managers.

(2) The PSRB will review ratings of record for equitable application and proper documentation.

(3) An annual report of findings will be made to the appropriate official e.g., the Deputy Administrator, Assistant Administrator, Regional Administrator, General Counsel, or Inspector General within 30 days of the conclusion of each review.

(4) The PSRB will consider the feasibility of appropriate organizational awards and will provide technical assistance on any demonstration projects on performance appraisal.

CHAPTER III - PERFORMANCE MANAGEMENT AND RECOGNITION SYSTEM  
COMPENSATION

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1. MANAGING PMRS COMPENSATION - Funding. Funds for general increases, merit increases, and performance awards will be provided from the Agency's budget for Personnel Compensation and Benefits (PC&B).

2. MAKING MERIT INCREASE DECISIONS. This plan ensures that "Outstanding" performers receive the highest merit increases. At the same time, it guarantees employees rated "Fully Successful" and above, one-third to a whole within-grade increase each year, depending on position in the salary range.

a. Timing of and Eligibility for Merit Increases.

(1) Merit Increases are to be effective on the first day of the first applicable pay period commencing on or after October 1 of each year. Merit increases may be paid retroactively but must be received by the employee no later than December 31 of the applicable year.

(2) An employee must be in a PMRS position on the effective date of the merit increase to be eligible for a merit increase.

(3) An employee newly appointed to the Government within 90 days of the effective date (including the effective date) of the merit increase shall not be eligible for a merit increase. For the purposes of this paragraph:

(a) A reinstated employee is considered to be a newly appointed employee;

(b) An employee reemployed under Part 351, Subpart J (RIF), is not considered to be a newly appointed employee;

(c) An employee receiving a new appointment without a break in service of one or more work days is not considered to be a newly appointed employee.

(4) If an employee moves into the PMRS on or before the effective date of the merit increase and has received an increase to base pay (promotion, within-grade increase, Quality Step Increase) within 90 days of such effective date, the employee will not receive a merit increase for that fiscal year. An increase occurring on the effective date of the merit increase is considered to be within this 90 day period. Actions covered by this rule include:

(a) Conversion to PMRS;



- (b) Reassignment to the PMRS from another Federal pay system;
- (c) Promotion to the PMRS;
- (d) Temporary promotion to the PMRS.

(5) When an employee's performance cannot be appraised for EPA's minimum 90 day appraisal period, merit increases will be granted in accordance with EPA provisions for unrateable employees. (See b(3)(a)).

b. Guidance for Salary Adjustments.

(1) The ranges of possible salary adjustments are based on two important factors:

(a) The employee's position in the salary range. An employee's salary range is divided into terciles as follows:

1 First Tercile. An employee who is in the lower third of the salary range (below the rate for step 4 of the General Schedule for the employee's grade) is in the first tercile.

2 Upper Terciles. An employee whose pay equals or exceeds the rate for step 4 of the General Schedule for the grade is in the upper terciles.

(b) The employee's performance rating. Performance will be evaluated and a score assigned, in accordance with EPA's Performance Management and Recognition System. Once position in the range (tercile) and performance rating are determined, the chart on the next page will be used to determine the employee's merit increase.

COMPENSATION	MERIT INCREASE	
PERFORMANCE RATING	1ST. TERCILE	UPPER TERCILES
"Outstanding"	FULL WIGI*	FULL WIGI
"Exceeds Expectations"	FULL WIGI	1/2 WIGI
"Fully Successful"	FULL WIGI	1/3 WIGI
"Minimally Satisfactory"	ZERO	ZERO
"Unsatisfactory"	ZERO	ZERO

\*WIGI = WITHIN-GRADE INCREASE EQUIVALENT

(2) The following merit increases are mandated for PMRS employees based on their performance rating and tercile (limited by the maximum rate of pay within each grade):

(a) An employee in the first tercile, who receives a "Fully Successful" rating or above, shall receive the full dollar equivalent of a WIGI.

(b) An employee in the upper terciles, who receives a rating of "Fully Successful", shall receive one-third of the dollar equivalent of a WIGI, rounded to the next higher dollar.

(c) An employee in the upper terciles, who receives a rating of "Exceeds Expectations", shall receive one-half of the dollar equivalent of a WIGI, rounded to the next higher dollar.

(d) An employee in the upper terciles, who receives a rating of "Outstanding", shall receive the full dollar equivalent of a WIGI.

(e) An employee who receives a rating of "Minimally Satisfactory" or "Unsatisfactory", shall receive a zero merit increase.

(3) Granting of Merit Increases to Unrateable Employees.

(a) In general, an unrateable employee is a PMRS employee who has not been under elements and standards for the minimum appraisal period, 90 days. This should be extremely rare. The following are situations in which an employee would be designated as unrateable:

1 The employee was converted, promoted, or temporarily promoted into a PMRS position for less than 90 days.

2 The employee was on long-term training or IPA assignment.

3 The employee had elements and standards, but cannot be rated because the supervisor left the agency before the end of the rating period and no other supervisor or manager has sufficient knowledge of the employee's performance to rate the employee.

(b) Under these circumstances, a merit increase shall be granted using one of the following rules in the order specified:

1 The previous rating of record is extended, if the rating was done no earlier than the previous agency rating period. However, this rating must be a PMRS rating. If an employee moves to a new agency or new organization at any time during the appraisal period, a summary rating must be prepared which must be taken into consideration by the gaining organization when deriving the next rating of record. This summary rating, while not being considered the employee's rating of record for the current appraisal period, is used for the purpose of making performance pay decisions for unrateable employees. Or, if this cannot be done:

2 The employee receives an increase equivalent to that granted an employee receiving a "Fully Successful" rating.

(c) Except for certain employees listed below (d and e), when an employee who cannot be rated returns to a pay status after an approved absence that would be creditable service (e.g. sick leave, annual leave, etc.), which included one or more pay adjustments, the employee's rate of basic pay shall be set at a sum of:

1 The employee's rate of basic pay immediately before the interruption of the employment with the agency; and as appropriate;

2 The general pay increases that would have been required for a "Fully Successful" rating if the employee's service had not been interrupted; and

3 The merit increase received by an employee rated as "Fully Successful".

(d) LWOP. When an employee is on LWOP for a period of time such that the employee is not in a pay status for at least the agency's minimum appraisal period and the employee returns to pay status for (1) a period that is less than 90 days, or (2) after the end of the agency's appraisal period and the effective date of the merit increase, the employee's pay shall be set at the sum of:

1 The employee's rate of basic pay immediately before the effective date of the LWOP; and as appropriate,

2 The general increases that would be required for a "Fully Successful" rating, if the employee had not been on LWOP.

3. Under these circumstances, no merit increase will be granted.

(e) Other Circumstances. An employee's rate of basic pay may need to be set for an unrateable period of service. Examples would be:

1 Service in the armed forces or certain non-Government service;

2 Return to pay status after an IPA assignment;

3 Other service for which an employee's advancement through the pay range is preserved by statute; or

4 A period of time for which an employee received credit for back pay.

Under these circumstances, the employee's pay shall be set at a sum of:

a The employee's rate of basic pay immediately prior to the interruption of duty status, and as appropriate;

b The general increases that would be required for a "Fully Successful" rating if the employee's service had not been interrupted; and

c Merit increases, which will be granted as follows:

1 For the first merit increase during the period of such service, the employee's rating of record or summary rating is extended and the appropriate increase is granted, if the rating was given no earlier than the previous rating period.

2 If there is no rating of record that can be extended, the employee receives an increase equivalent to a "Fully Successful" rating.

3 For all subsequent merit increases, the employee will receive the increase equivalent to that received for a "Fully Successful" rating.

3. MAKING GENERAL INCREASE DECISIONS. The granting of a general increase, or a portion thereof, is determined by the employee's rating of record regardless of tercile. The chart below will be used to determine the employee's general increase..

PERF RATING	GENERAL INCREASE
"Outstanding"	FULL
"Exceeds Expectations"	FULL
"Fully Successful"	FULL
"Minimally Satisfactory"	1/2
"Unsatisfactory"	NONE

a. Except for adjustments of salaries at the minimum or maximum of the range, EPA will determine the general increase for employees at "Fully Successful" or above as follows:

(1) Subtract the minimum rate of the rate range of the employee's position in effect on the day immediately preceding the pay adjustment period from the employee's rate of basic pay;

(2) Subtract the minimum rate of the rate range in effect immediately preceding the pay adjustment period from the maximum of that rate range;

(3) Divide the result of paragraph (1) by the result of paragraph (2);

(4) Subtract the minimum rate of the new rate range for the grade from the maximum rate of that range;

(5) Multiply the result of paragraph (3) by the result of paragraph (4); and

(6) Add the result of paragraph (5) to the new rate range and round to the next higher dollar amount.

The salary of an employee which is at the minimum or maximum of the rate range in effect on the day immediately preceding the pay adjustment period will be adjusted to the minimum or maximum of the new rate range respectively.

b. Except for an employee receiving retained pay, the salary of an employee whose performance is rated at "Minimally Satisfactory", including an employee whose rate of basic pay is less than the minimum rate of the rate range for the employee's position, will be adjusted by multiplying the employee's rate of basic pay on the day immediately preceding the pay adjustment period by one-half of the amount of the general increase applicable to the rate range for the grade of the employee's position for such pay adjustment period.

The salary of an employee whose rate of basic pay is less than the minimum rate of the pay range of the employee's position, and whose performance is rated "Fully Successful" or above, will be adjusted by multiplying the employee's rate of basic pay on the day immediately preceding the pay adjustment period by the full amount of the general increase applicable to the rate range of the grade of the employee's position for such pay adjustment period.

c. An employee who receives a rating of "Unsatisfactory" shall receive no general increase.

d. An employee whose performance is rated "Unsatisfactory" or "Minimally Satisfactory" and, therefore, receives less than the full general increase may be paid less than the minimum rate of the range for the employee's position.

e. An employee who is receiving retained pay will receive one one-half of the general increase, regardless of summary rating level.

f. An employee who cannot be rated shall receive the full general increase.

#### 4. BASIC PAY

The following actions will be processed in accordance with 5 CFR 531:

- a. Appointments (New Hires)
- b. Reassignments
- c. Promotions
- d. Temporary Service in PMRS Positions
- e. Details to PMRS Positions
- f. Change to Lower Grade (Voluntary)
- g. Change to Lower Grade (Involuntary)
- h. Transfers
- i. Interrupted Service
- j. Reinstatement
- k. Premium Pay

#### 5. PERFORMANCE AWARDS.

##### a. Definition

A PMRS performance award is an award based on the evaluation of a PMRS employee's performance against performance standards in the employee's Performance Agreement. While these awards are not added to the base salary, they are considered to be a part of the total compensation decision.

##### b. Eligibility

An employee, who is in a PMRS position on the last day of the appraisal period for which awards are being paid, is eligible to be considered for a PMRS performance award. Temporary employees, employees on temporary promotion, PMRS employees detailed to other positions within or out of PMRS, and PMRS employees who "cannot be rated" are eligible if they meet the above criterion. However, General Schedule employees detailed to PMRS positions are not eligible for PMRS performance awards.

c. Timing

Awards decisions will be completed between October 31 and November 30. Performance awards will be paid as close to the completion of the awards decisions as is practical.

d. Authority to Grant

Assistant Administrators and Regional Administrators retain final responsibility for the following:

- (1) approving PMRS performance award decisions;
- (2) insuring that approved awards do not exceed OPM spending limitations; and
- (3) insuring that funding is available to pay all awards.

e. Procedures For Determining The Performance Awards Budget

(1) Source of Funds. Funds for performance awards must be provided from within the Agency's budget for Personnel, Compensation and Benefits.

(2) Agency Spending Limitations. OPM will provide guidance on the minimum percentage of estimated annual PMRS employee salaries that must be paid in performance awards in a given fiscal year. Minimum funding levels required by law begin at .75% in FY'85 and are increased incrementally each fiscal year to a minimum funding level of 1.15% in FY'89. The maximum permissible Agency expenditure for PMRS performance awards in any fiscal year through FY'89 is 1.5 percent of estimated PMRS salaries.

(3) Calculation of the Awards Pool. The Awards Pool is calculated on a per capita basis using an estimate of the aggregate PMRS salaries for the coming fiscal year. The sum of the salaries of the PMRS employees on board as of the start of business on the first day of the first full pay period on or after October 1 serves as the base for determining the aggregate salaries estimate. Added to this value will be the estimated general increase for the year and the estimated merit increase for the year. The estimated general increase will be calculated by multiplying the sum of the PMRS employee salaries as of the start of business on the first day of the first full pay period on or after October 1 times the percent of the general increase times the fraction of the year that the general increase will be in effect. The estimated merit increase will be calculated by multiplying the per capita



merit increase for the Agency from the preceding fiscal year times the number of PMRS employees on board as of the start of business on the first day of the first full pay period on or after October 1.

The aggregate salaries estimate (i.e. the sum of the salary, general increase and merit increase factors) will be multiplied by the minimum percentage OPM requires Agencies to spend in a given fiscal year. The result is the minimum allowable expenditure for performance awards in that fiscal year. The maximum expenditure is calculated by multiplying the aggregate salaries estimate by 1.5 percent, i.e., the maximum percentage established by law. The Administrator, Assistant Administrators, the General Counsel, the Inspector General and Regional Administrators are authorized to spend an amount equal to or greater than the minimum allowable expenditure for performance awards but no more than the maximum allowable expenditure as calculated for their respective pools.

(4) Management of the Agency's Performance Award Pool.

(a) EPA's PMRS Awards Pool will be officially delegated to and managed by Assistant Administrators, the General Counsel, the Inspector General and Regional Administrators.

(b) Assistant Administrators, the General Counsel, the Inspector General and Regional Administrators may allocate the pool dollars for their employees to subordinate managers for recommending purposes as long as the "sub-pool" allocations are not made to organizational heads below the SES level. When Assistant Administrators, the General Counsel, the Inspector General or Regional Administrators prorate "sub-pools" to subordinate managers, the subordinate organization becomes the "official pool level" for purposes of applying the consistency rules governing relationships of ratings and award amounts.

For Assistant Administrators of large organizations, a two level delegation is possible. They may delegate recommending authority to Office Directors, who may delegate recommending authority to division level. When this two level delegation is made, Office Directors retain responsibility for reviewing decisions emanating from division subpools. However, Assistant Administrators, the General Counsel, the Inspector General and Regional Administrators retain responsibility for approving all award decisions whether or not they delegate recommending authority.

(5) Holdback. Senior managers at various levels may withhold part of the 1.5% spending limit of subordinate pools to provide additional rewards for strong individual performances beyond the limitation of specific subordinate pools.

(a) The EPA Administrator will withhold an equal percentage of awards spending limit from the Awards Pool of each Assistant/Regional Administrator, the General Counsel, and the Inspector General to insure that "Unusually Outstanding" performance awards do not cause the Agency to exceed its awards spending limit.

(b) Assistant Administrators, the General Counsel, the Inspector General and Regional Administrators may withhold equal percentages of the awards spending limit from each subordinate organization. They may use this holdback to provide additional recognition to employees of these organizations beyond the limits of the subpool or to maintain consistency of pay decisions across subordinate organization lines. When the Assistant Administrator delegates management of the awards pool to the Office Director level, both the Assistant Administrator and the Office Director may hold back spending limit. Office Director holdback will also be created by withholding an equal percentage of awards spending limit from subordinate organizations.

(c) When holdback spending limit from any level is applied to an individual's performance award, the sum of the individual's total performance award must comply with the consistency rules.

(d) Holdback spending limit will not be used to raise the total of an individual's performance award for a single performance year to an amount greater than 10% of the awardee's salary on the last day of the performance appraisal period for which awards are being paid (or greater than 20% of salary for Unusually Outstanding Award recipients.)

(e) Unused holdback spending limit from any level may or may not be returned to subordinate organizations for further allocation. However, when it is returned, it will be returned on a pro-rated basis so that organizations receive spending limit in proportion to their initial contribution to the holdback.

(f) All actual funds for awards will be paid using Personnel Compensation and Benefits funds of the recommending organization.

f. Ratings of Record and Performance Awards.

(1) Performance Awards for Employees Rated "Outstanding".

(a) Compensation.

1 An employee whose performance for the appraisal period is rated as "Outstanding" must receive a performance award of at least 2 percent of the employee's rate of basic pay on the last day of the performance appraisal

period for which the award is being given, but not more than 10 percent of basic pay for a given appraisal period.

2 The major pool manager, i.e., the AA, GC, IG, or RA, may grant all employees rated "Outstanding" at the same grade level in the same pool, equal dollar amounts or different dollar amounts in performance awards. The decision to grant awards of different dollar amounts should be based on the following criteria:

- a relative contribution of the performance
- b degree of difficulty of the performance, or
- c employee's position in the pay range.

(b) Compensation Consistency.

1 Employees rated "Outstanding" in a given awards pool must receive performance awards of greater dollar amounts than employees of the same pool and the same grade level rated "Exceeds Expectations" who are granted performance awards in that pool.

2 The major pool manager may choose not to follow the above consistency rule in granting performance awards to persons promoted within the last year. However, any promotee rated "Outstanding" must receive at least 2 percent of the September 30 salary in a performance award.

(2) Performance Awards for Employees Rated "Exceeds Expectations."

(a) Compensation.

1 An employee whose performance for the appraisal period is rated as "Exceeds Expectations" should receive a performance award. This award must not exceed 10 percent of the employee's rate of basic pay on the last day of the performance appraisal period for which the award is being paid.

2 The major pool manager may grant those employees chosen to receive performance awards who are rated "Exceeds Expectations", at the same grade level in the same pool, equal dollar amounts or different dollar amounts in performance awards. The decision to grant awards of different dollar amounts should be based on the following criteria:

- a relative contribution of the performance,
- b degree of difficulty of the performance, or
- c employee's position in the pay range.

(b) Compensation Consistency.

1 Employees rated "Exceeds Expectations" in a given awards pool who are granted performance awards must receive performance awards of lesser dollar amounts than employees of the same grade level rated "Outstanding" in the same pool. They must also receive performance awards of larger dollar amounts than employees at the same grade level rated "Fully Successful" who are granted performance awards.

2 The major pool manager may choose not to follow the consistency rule in granting performance awards to persons promoted within the last year. For example, the major pool manager may grant a performance award to a promotee rated "Exceeds Expectations" of a lesser dollar amount than performance awards granted to employees rated "Fully Successful" at the same grade level in the same pool.

(3) Performance Awards for Employees Rated "Fully Successful."

(a) Compensation.

1 An employee whose performance for the appraisal period is rated as "Fully Successful" may receive a performance award. This award must not exceed 10 percent of the employee's rate of basic pay on the last day of the performance appraisal period for which the award is being paid.

2 The major pool manager may grant those employees chosen to receive performance awards who are rated "Fully Successful" at the same grade level in the same pool, equal dollar amounts or different dollar amounts in performance awards. The decision to grant awards of different dollar amounts should be based on the following criteria:

- a relative contribution of the performance,
- b degree of difficulty of the performance, or
- c employee's position in the pay range.

(b) Compensation Consistency. Employees rated "Fully Successful" in a given awards pool who are granted performance awards must receive awards of lesser dollar amounts than employees at the same grade level in the same pool who are rated "Exceeds Expectations" and granted performance awards.

g. "Unusually Outstanding" ("UO") Performance Awards

(1) Description

When the Administrator of EPA judges a PMRS employee's performance to be "Unusually Outstanding", the Administrator may grant the employee performance awards totaling more than 10% but not more than 20% of the employee's base salary as of the last day of the performance appraisal period for which the award is being paid.

(2) Criteria

(a) The employee must be rated "Outstanding".

(b) The employee must have been granted the largest performance award for the employee's grade level in the Assistant Administrator, General Counsel, Inspector General, Office Director or Regional Administrator pool. Other employees at the same grade in the major pool may have been awarded performance awards of equal dollar amounts but none may have been granted a larger award.

(c) The employee should have accomplishments in one or more of the following categories:

1 managerial excellence in developing and appraising subordinate employees;

2 accomplishments in support of the Agency's mission;

3 accomplishments resulting in actual and significant savings to the government; or

4 outstanding record for taking professional risks in order to advance the state-of-the-art in scientific, technological or managerial areas.

(3) Nomination Process. The Assistant Administrator (AA), the General Counsel (GC), the Inspector General (IG) or Regional Administrator (RA) will nominate employees for "UO" awards based on employees' accomplishments in one or more of the four categories outlined in the criteria. Each AA/GC/IG/RA may nominate 1% of their PMRS workforce or one employee, whichever is greater. In carefully documented, highly unusual circumstances, more nominations may be made.

(4) Timing. Nominations will be accepted immediately after award decisions are completed by the Assistant Administrators, the General Counsel, the Inspector General or the Regional Administrators.

(5) Review and Approval Process. Nominations will be reviewed by EPA's Awards Board, which will recommend approximately five (5) nominees to the Administrator for consideration.

(6) Funding.

(a) Spending limit for the initial prenomination performance award must come from the nominating organization's PMRS awards pool. Additional spending limit will be provided from a centralized Agency-level pool to insure that each "UO" awardee receives a total performance award of more than 10% of the employee's basic pay as of the last day of the appraisal period on which the award is based and that the Agency does not exceed its 1.5% performance award spending limit. This centralized pool will be created by assessing each PMRS Awards Pool an equal percentage of awards spending limit.

(b) While each awardee must receive more than 10% of "basic pay" in performance awards, no awardee may receive more than a total of 20% of "basic pay" in performance awards for a given appraisal period. For example, a Regional employee with a salary of \$50,000 on September 30 might receive a \$3,000 performance award for the appraisal period from the Regional pool. If this employee were to be selected as a "UO" awardee, the employee must receive at least an additional \$2,001 to insure that the total performance award exceeds 10% of the employees' basic salary. In this case, the maximum amount the employee could receive in addition to the initial award would be \$7,000, making the total award \$10,000 or 20% of the employee's basic salary.

(c) Special Act and Suggestion Awards authorized by U.S.C. 5407 are not performance awards and are not counted against the 20% of salary which is the maximum allowable payment for a performance award.

#### h. Awards for "Unrateable" Employees

##### (1) Definition

An employee is "unrateable" for the purposes of granting performance awards, when the employee cannot be provided a current rating of record including a description of performance under elements and standards for at least a 90 day minimum appraisal period in the Agency.

(2) Eligibility. "Unrateable" employees are eligible for performance awards.

##### (3) Determining the Basis for Paying the Performance Award

When no current rating of record is available, a two step process is used to establish a financial level at which the unrateable employee can be paid a performance award. 1) When a PMRS rating of record is available which was given no earlier than the previous appraisal period, this rating is extended and used as the basis for establishing the level of the performance award. A PMRS rating of record that has been transferred with an employee from another agency may also be extended if it was given no earlier than the previous appraisal period. 2) When no rating of record can be extended, an unrateable employee who is granted a performance award will receive payment equivalent to that received by employees rated at the "Fully Successful" level.

The result of the two step process for determining equivalent levels of payment will be used like current ratings of record to guide the decision on whether an award is required or optional and to guide the decision on the amount of the award. Consistency rules will be followed and the basis for granting awards of different dollar amounts to employees of the same grade in the same pool will be: significance of the employee's contribution to the organization or difficulty of the performance.

#### i. Responsibility for Payment

##### (1) Employees Who Leave Government

When an employee receives an "Outstanding" rating of record and leaves the Government, retires or dies before awards are paid out, the Agency must pay the appropriate performance award to the employee or to the employee's estate.

Granting performance awards to employees rated "Exceeds Expectations" or "Fully Successful" is optional. However once the major pool manager has approved performance awards for employees with either of these ratings, the Agency is required to pay the performance awards even if the employees leave the Government, retire or die before receiving payment for the award.

(2) Interagency Transfers

When an employee receives an "Outstanding" rating of record but transfers to another government agency before performance awards are paid, the agency which gave the employee the rating of record is responsible for paying the performance award.

Granting performance awards to employees rated "Exceeds Expectations" or "Fully Successful" is optional. However once the major pool manager has approved performance awards for employees with either of these ratings, the Agency is required to pay the performance awards, even if the employees transfer to other agencies before receiving payment for the award.

Whether an employee who transfers to EPA after receiving a rating of "Exceeds Expectations" or "Fully Successful" at their previous agency, but prior to the payment of performance awards in that agency, is entitled to a performance award, depends on the PMRS Plan of the rating agency. If the plan of the rating agency entitles the employee to a performance award, the rating agency is responsible for paying the award.

(3) Unrateable Employees

The decision to pay a performance award to an unrateable employee is at the discretion of the employing agency, therefore the employing agency is responsible for paying any performance awards granted to unrateable employees.

6. CASH AWARD PROGRAM

a. Description

Title 5, U.S. Code, section 5407 authorizes a cash award program for:

(1) suggestions, inventions, or other unique individual efforts which contribute to the efficiency, economy or other improvement to Government operations or achieve a significant reduction in paperwork; or

(2) special acts or services in the public interest, in connection with or related to the employee's Federal employment.



The Agency's Awards Manual contains additional information on the awards program.

b. Eligibility

PMRS employees are eligible for awards under this program. However the basis for granting the award must be a non-recurring employee or group contribution which is highly exceptional and beyond normal job responsibilities and performance standards. Assistant Administrators, the General Counsel, the Inspector General, and Regional Administrators are responsible for assuring that PMRS employees granted cash awards under this program are not also rewarded with a PMRS performance award for the same accomplishment.

c. Documentation

Supervisors may nominate a PMRS employee or group of employees for these awards at any time during the year using EPA Form 3130-1, Recommendation for Monetary Award. The narrative justification must describe the contribution in simple factual terms, state the tangible and/or intangible benefits and explain the basis for determining them.

d. Amount of Award

The minimum award which may be granted is \$25.00 based on tangible benefits estimated to be \$250.00 or intangible benefits of comparable value. Nominating officials will determine the amount of the award based on the attached tables.

CHAPTER IV - POSITION IDENTIFICATION, AND PERSONNEL MATTERS

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CHAPTER IV - POSITION IDENTIFICATION, AND PERSONNEL MATTERS1. IDENTIFICATION OF POSITIONS

a. A "supervisor" means an individual employed by an agency having authority in the interest of the agency to hire, direct, assign, promote, reward, transfer, furlough, layoff, recall, suspend, discipline, or remove employees, to adjust their grievances, or to effectively recommend such action, with respect to at least one subordinate employee, if the exercise of the authority is not merely routine or clerical in nature but requires the consistent exercise of independent judgment, and includes only those individuals who devote a preponderance of their employment time to exercising such authority.

b. A "management official" is an individual employed by an agency in a position the duties and responsibilities of which require or authorize the individual to formulate, determine, or influence the policies of the organization. A "management official" may or may not exercise supervisory responsibility, and typically has, as one or more primary duties and responsibilities, the performance of any of the following, or similar, functions:

(1) create, establish or prescribe general principles, plans or courses of action for an organization;

(2) decide upon or settle upon general principles, plans or courses of action for an organization; or

(3) bring about or obtain a result as to the adoption of general principles, plans or courses of action for an organization.

Incumbents of this type of management official position must actively participate in the ultimate determination as to what the policy will be. This means more than just interpreting laws and regulations, rendering resource information or recommendations, or serving as an expert or professional whose actions assist in implementing, as opposed to shaping, an activity's policies.

2. IDENTIFICATION PROCESS

a. Identification Process: The following will be used to identify positions and employees to be included:

(1) The Servicing Personnel Office will make an initial determination based on a review of the position description and knowledge of the position.

(2) The Servicing Personnel Office will review the initial determination with the first-level supervisor for the resolution of any disagreements. Impasses will be sent to the second-level supervisor or office head or designee.

(3) The first and second-level supervisor will recommend inclusion on the documentation form, the Servicing Personnel Office will approve.

(4) The Servicing Personnel Office will notify employees of either inclusion or exclusion of their position.

(5) If the actions outlined in (1) through (4) above do not result in resolution of the identification, the following steps are taken:

(a) The Servicing Personnel Office will seek resolution if possible.

(b) The Servicing Personnel Office will make final determination based on a review of the position description and a knowledge of the position. The position description will be corrected, if necessary, to reflect the basis for inclusion or exclusion.

(c) If efforts fail to resolve employee disagreement over the determination, the employee may request formal review through the Agency grievance procedure.

b. Documentation Process: The PMRS Documentation Form must be used to document all current and future grades 13, 14 and 15 positions for inclusion/exclusion in the PMRS. It must be signed by the first-level supervisor, concurred in by the reviewing official (normally, this is the next higher level supervisor) and approved by a representative of the Servicing Personnel Office for retention with the employee's position description.

c. Position Descriptions: Position descriptions must reflect PMRS determinations. The use of the Position Description Amendment Form (EPA Form 3150-5) is encouraged in those cases where position descriptions must be amended to reflect PMRS determinations.

### 3. LINKAGES BETWEEN PMRS AND OTHER PERSONNEL DECISIONS

a. Training and Career Development. Any Individual Development Plans (parts of the Performance Agreement), and

any Performance Improvement Plans that may be generated, should be considered in determining employee training needs and opportunities.

b. Rewards. The overall performance score and the resulting rating of record, coupled with the employee's position in the pay range, will be the only determinants in granting merit increases. The rating of record will be the significant determinant in granting performance awards. The rating of record will not be used for Special Act or Service awards since these awards are granted for achievements not reflected in the rating against the Performance Agreement.

c. Reassignment. The operational needs of the Agency are the reasons for any reassignment. Supervisors must consider the rating of record and the results of any Performance Improvement Plans in making reassignment decisions.

d. Promotion. Where a PMRS employee occupies a position having promotion potential, the employee's overall performance score and the resulting rating of record, will play major roles in the promotion decision. Operational needs of the Agency must also be taken into account. Employees must have a rating of record of "Fully Successful" or better, and be rated as "Fully Successful" or better on each Critical Job Element to be recommended for promotion. Ratings of record will be one determinant in competitive promotions processed through the Agency's Merit Promotion Plan.

e. Reduction in Grade. An "Unsatisfactory" performance rating, as defined in this plan, may be a basis for reduction in grade. More detailed information is available from the Servicing Personnel Office. See EPA Order 3110.16, Reduction in Grade and Removal Based on Unacceptable Performance.

f. Reduction in Force (RIF). Linkages between RIF actions and other personnel decisions will be done in accordance with 5 CFR, Part 351 and EPA Order 3110.10, Reduction in Force Procedure.

g. Retention during Supervisory or Managerial Probationary Period. Supervisors must consider the overall performance score, the resulting rating of record and the Performance Improvement Period (if used) in deciding whether to retain the employee in the position. Such consideration is not necessary in cases involving questions of employee conduct.

h. Retention during Probationary Period. Supervisors must consider the overall performance score, the resulting rating of record, and the Performance Improvement Period (if used) in deciding whether to retain the employee in EPA. Such consideration is not necessary in cases involving questions of employee conduct.

i. Removal. An "Unsatisfactory" rating of record as defined in this plan, may be a basis for removal. More detailed information is available from the Servicing Personnel Office.

j. Vacancies filled through the Merit Promotion Program. Selective factors are identified through job analysis, and are used as screen-out factors in the competitive merit promotion process. Once selection for the vacancy has been made, and the position is filled, any selective factor(s) used in the competitive merit promotion process must be made a part of the employee's Critical Job Elements and performance standards. See EPA Merit Promotion Manual.

#### 4. OTHER CONDITIONS

##### a. Privacy Protections

(1) An employee's salary, both past and present, is public information and, therefore, subject to full disclosure. Since performance and cash awards are compensation in addition to an employee's base salary, the amount of these awards are also subject to disclosure under the Freedom of Information Act (FOIA).

(2) As a general rule, Critical Job Elements and performance standards contained in the Performance Agreement are very similar in nature to position descriptions. Although not expressly provided for in the FOIA regulations, position descriptions have been viewed as public information and subject to disclosure. Therefore, it is likely that a court would require disclosure of Performance Agreements. It should be noted, however, that under certain circumstances disclosure of performance standards may expose the Agency's strategy for detecting violations of law and may result in the use of the disclosed information to circumvent the law. In these circumstances performance standards should be withheld.

(3) As a general rule, written appraisals, including ratings of record and supervisor's notes of prior counselling sessions, if kept, are personal information of the type which, if disclosed, may result in a "clearly unwarranted invasion of privacy". This information should be protected. In special circumstances, a request for disclosure could claim an identifiable public interest, e.g., disclosure is necessary in order for taxpayers to ensure that merit increases/performance awards are not given to poor performers. See Privacy Act Manual.

(4) Offices with questions on the application of these rules should contact the EPA Office of General Counsel or the Privacy Act Officer, Office of Information Resources Management.

b. Employee Appeal and Grievance Rights

(1) PMRS employees may not appeal their Critical Job Elements, their performance standards, their rating of record, or the granting or withholding of a merit increase. An employee may file an allegation with the Special Counsel of the Merit Systems Protection Board if the employee believes a decision or other action taken under this system was the result of a prohibited personnel practice defined in 5 U.S.C. 2302.

(2) The Agency's merit increase-setting process, individual merit increase decisions and the final determination of Critical Job Elements and performance standards are specifically excluded from coverage by the Agency administrative grievance system. See EPA Order 3110.8, EPA Administrative Grievance System.

(3) A decision to grant or not to grant a general increase, merit increase, or performance award under the PMRS system, or a decision on the granting of or failure to grant cash awards or honorary recognition under 5 U.S.C. Chapter 54 are excluded from coverage by the Agency administrative grievance system.

(4) Final performance appraisals and ratings of record are grievable under the Agency's administrative grievance system. See EPA Order 3110.8, EPA Administrative Grievance System.

c. Documentation

(1) Chapter II describes the process for completing the performance appraisal and the Overall Performance Appraisal Certification (OPAC). Chapter III describes the process for arriving at the PMRS compensation decision. This section describes the process for documenting these decisions.

(2) Final documentation records consist of: the Performance Agreement, annotated to reflect the ratings assigned to individual performance standards and any performance highlights added to support the ratings; the completed Overall Performance Appraisal Certification (OPAC); any Performance Improvement Plans prepared as a result of an employee receiving a rating of record of "Unsatisfactory", and the Pool Manager's official notification to the employee of the employee's rating of record and resulting compensation decisions.

(3) The official Pool Manager (Office Director/Regional Administrator) is responsible for providing formal notification of the rating of record and pay decisions no later than 60 calendar days after the effective date of the merit increase. The merit

increase is retroactive to the first day of the first full pay period in October. At the minimum, the official Pool Manager will post the rating of record, the dollar amount of the merit increase, if any, and the amount of any performance award being granted, to the "Compensation Recommendations" section of the OPAC and will note any Performance Improvement Plan or other personnel actions needed in the "Other Personnel Action Recommendations" section of the OPAC. Official Pool Managers who have allocated sub-pools to subordinate levels of the organization may have the sub-pool managers post this information to the OPAC and resubmit the completed OPAC for the official Pool Manager's signature. Regardless of the approach, the official Pool Manager is also responsible for signing the completed OPAC and for providing a copy to the employee. An OPAC must be completed for each PMRS employee. Pool Managers may wish to provide this formal notification in the form of a transmittal memo from the Pool Manager, through subordinate managers to individual employees, attaching a copy of the formal Overall Performance Appraisal Certification with all information posted and signed. The signed, original OPAC is submitted to the Servicing Personnel Office for inclusion in the Employee's Performance File (EPF), which is located in the left side of the Official Personnel Folder (OPF).

(4) The Servicing Personnel Office is responsible for generating an SF-50, Notification of Personnel Action, and for documenting the PMRS compensation decision once the decision has been input into the payroll system. No SF-52, Request for Personnel Action, will be required either to convert an employee from GS to GM, or to effect pay decisions once the PMRS compensation decisions have been made. The ADP Support System for PMRS compensation will provide initial authority to the Servicing Personnel Offices to execute changes and the original copy of each employee's OPAC (sent to the Servicing Personnel Office for retention) will serve as the final authority for Servicing Personnel Offices.

(5) Pool Managers do not need to develop any documentation other than the annotated Performance Agreement to support their decisions. In the case of performance awards, the already documented evaluation of performance against the Performance Agreement is the only documentation needed unless the award is for a special act or service not reflected in the Performance Agreement. For this type award, the Pool Manager must follow the procedures in the Agency Incentives Awards Manual. Otherwise, the Pool Manager only needs to provide a copy of those annotated standards on which the Assistant Administrator, the General Counsel, the Inspector General or the Regional Administrator based approval of the award to the Servicing Personnel Office for concurrence and submission to the Financial Management Division.



d. Records

(1) Performance and PMRS records generated during and at the end of the performance year will be maintained in files as defined below.

(a) An Employee Performance File (EPF), will be established in the Servicing Personnel Office. This file is an envelope maintained on the left (temporary) side of the Official Personnel File (OPF), but withdrawn whenever the remaining contents of the OPF are disclosed. The information maintained in the EPF is covered by OPM's Government-wide Privacy Act system of records.

(b) An Employee Working File will be established by supervisors or managers to maintain performance-related information on each employee under their supervision. This file is considered part of the Employee Performance File System, but may be physically located outside the Servicing Personnel Office. The information maintained in this file is also covered by OPM's Government-wide Privacy Act system of records. This file may contain any performance-related material, such as:

1 Forms or documents which record the performance appraisal, forms or documents used by Rating Officials to recommend personnel actions affecting an employee, when the basis of that action is performance-related;

2 Recommendations for training that are performance-related;

3 Any documentation furnished to support recommended actions and the Agency's final decision on the matters;

4 Any document used by the Rating Official during the appraisal period (such as workplans, production records, or other tracking plans);

5 Appraisals of performance and employee potential used for merit promotion procedures;

6 Copies of Performance Improvement Plans (PIP); and

7 Copies of licenses, certificates of proficiency, or similar documents required for the position, and any general information about the employee (identification data, experience and training).

The PMRS system does not require that all of the above information be maintained by the supervisor. However, it does require that, if maintained, it be maintained solely in the Employee Working File.

(2) Responsibilities for Record-Keeping

(a) Supervisors officially maintain in the Employee Working File for a period of one year:

1 the original copy of the signed Performance Agreement, annotated to reflect the rating assigned to individual performance standards, any performance highlights, and any other related documentation to support the rating;

2 A copy of the employee's Official Performance Appraisal Certification (OPAC) to complete the Performance Agreement;

3 Any PIP prepared as a result of "Unsatisfactory" performance;

4 A copy of the Pool Manager's official notification to the employee of the summary rating and compensation decision; and

5 Copies of other performance-related data, as described in the Employee Working File above, which are necessary in the official performance of supervisory duties.

(b) Personnel Officers officially maintain:

1 The original of the signed and completed Official Performance Appraisal Certification (OPAC). This is maintained in the EPF for a period of three years.

2 A copy of the most recent Performance Agreement. This copy is officially maintained in the Employee Performance File for a period of three years.

(c) Performance-related information may be retained for longer than one year when needed for purposes such as responding to grievances, Merit Systems Protection Board (MSPB) appeals, or other processes.

(d) When an employee is promoted to an SES position within the Agency, the Employee Performance File and performance-related information contained in the Employee Working File will be destroyed by both the supervisor and the Servicing Personnel Office one year after the date of the appointment to the SES.

(3) Transfer of Records

(a) Performance-related records maintained in the Employee Performance File and Employee Working File are not considered permanent in nature and the Employee Performance File is thus filed with other temporary material on the left (temporary) side of the OPF. However, the OPAC's and performance plans contained in the Employee Performance File are crucial in determinations about length of service for reductions in force, and PMRS general and merit increases.

(b) When an employee moves to a new agency at any time during the appraisal period, an interim summary rating must be prepared and forwarded to the Servicing Personnel Office for inclusion in the EPF. This interim rating covers the period of performance since the last most recent rating of record up to the time of the employee's transfer.

(c) When an employee moves to a new organization in EPA, the Employee Working File which is maintained by the supervisor, and the Employee Performance File which is maintained by the Servicing Personnel Office are transferred to the gaining EPA Servicing Personnel Office.

(d) When an OPF of a PMRS employee is sent to another Servicing Personnel Office, to another agency, or to the National Personnel Records Center, the EPA Servicing Personnel Office shall include in the OPF all ratings of record that are three years old or less, together with the employee's interim summary rating which covers the period of performance since the last most recent rating of record up to the time of the employee's position change. The Performance Agreement upon which the last most recent rating is based must also be transferred. EPA will purge from the OPF all ratings of record more than three years old and any Performance Agreement more than one year old.

(e) When the EPA Servicing Personnel Office receives the OPF of a PMRS employee who has transferred to EPA from another agency, the Servicing Personnel Office should assure that the last three performance ratings of record are present together with the employee's interim summary rating covering the period of performance since the last most recent rating of record up to the time of the employee's transfer. The Performance Agreement upon which the last most recent rating is based must also be present. If they are not, the Servicing Personnel Office shall contact the losing organization in an attempt to obtain them.

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(4) Destruction of Records

Performance-related records, as contained in the Employee Working File and the Employee Performance File, must be destroyed in accordance with the schedule provided under (3) above. Records required to be destroyed must be destroyed by shredding or burning. See Records Manual-Records Retention Schedules.

(5) Management Access to the Employee Performance File System

(a) The records maintained in the Employee Performance File system are part of the Government-wide Privacy Act system of records and shall be maintained in accordance with the Privacy Act requirements of the Agency and the Office of Personnel Management. As part of the system, access shall be provided to the employee and the employee's designated representative. Records may also be disclosed to Agency officials who have a need for information in these files in the official performance of their duties. See the Privacy Act Manual and the Records Management Manual.

(b) All other requests for access to performance-related information will be handled in accordance with the procedures of the Freedom of Information Act.

(7) Authority

In accordance with OPM regulations, the Director of Personnel retains the authority to ensure the proper maintenance of the Employee Performance File system. This authority is re-delegated to Servicing Personnel Officers. Servicing Personnel Officers are responsible for ensuring the maintenance of Employee Performance Files in accordance with the requirements described in this manual.