

**Performance  
Management  
Plan for the  
Performance  
Management  
System (PMS)**

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
 PERFORMANCE MANAGEMENT PLAN  
 FOR THE  
 PERFORMANCE MANAGEMENT SYSTEM (PMS)

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## FOREWORD

This plan contains the Department of Housing and Urban Development (HUD) Performance Management System (PMS) policies and procedures for all systems except the Senior Executive Service. The appraisal component of the PMS is called the Employee Performance Planning and Evaluation System (EPPES).

PMS employees covered by this plan include both those represented by the American Federation of Government Employees (AFGE) and those who are not. **Policies and procedures which are exclusively for AFGE bargaining unit employees are identified as such and are printed in boldface type.**

Chapter 2, Performance Appraisal Systems, also contains information on employees in the Performance Management and Recognition System (PMRS). This material is included for convenience only. The PMRS official policy is stated in the Performance Management and Recognition System Plan. If there is any conflict between this document and the PMRS plan, the PMRS plan prevails.

## CHAPTER 1: GENERAL INFORMATION

### 1. Statement of Purpose

- a. Performance Management is the systematic process by which HUD integrates performance, pay, and awards systems with its basic management functions for the purpose of improving individual and organizational effectiveness in the accomplishment of agency mission and goals.
- b. The determination of critical elements and performance standards, known collectively as performance plans, begins with each organization's annual workload planning. Managers and supervisors will have organizational goals and objectives incorporated into their performance plans. Where appropriate, organizational goals and objectives are also incorporated into the individual performance plans of GS and prevailing rate employees.
- c. Accomplishment of goals will be tracked through management plans which contain Secretarial priorities. These will be supplemented by other goals and objectives established by Principal Staff, Regional Administrators-Regional Housing Commissioners, and other managers at lower levels in the Department. Each of these managers will establish their own tracking systems.
- d. In the Performance Management System (PMS), awards will be used to recognize and reward high-level performance. They will be used to motivate employees toward increased productivity and creativity, support and enhance agency and national goals, meet employee recognition needs, and obtain maximum benefits for the Government.
- e. Performance appraisal will be used to determine managerial pay increases and to ensure that only those employees whose work is at an acceptable level of competence receive within-grade increases. It will also be the tool to identify which employees are eligible for quality step increases.

- f. Performance appraisal is the mechanism for identifying poor performers. Managers, supervisors, and employees whose performance is deficient will receive assistance in improving performance. Those who cannot or will not do so will be removed from their positions.
- g. To summarize in light of the above principles, it is the purpose of the HUD PMS to ensure that performance appraisal systems for all HUD managers, supervisors, and employees are used as a tool for executing basic management and supervisory responsibilities by:
  - (1) Communicating and clarifying Departmental goals and objectives;
  - (2) Identifying individual accountability for the accomplishment of organizational goals and objectives;
  - (3) Evaluating and improving individual and organizational accomplishments; and
  - (4) Using the results of performance appraisal as a basis for adjusting basic pay and determining performance awards, training, rewarding, reassigning, promoting, reducing in grade, retaining, and removing employees.

2. Authorities

<u>PMS Component</u>	<u>Authority</u>
Performance Management and Recognition System (PMRS) performance appraisal system	5 U.S.C. 4302a 5 CFR Part 430, Subpart D
General Schedule (GS) and Prevailing Rate performance appraisal system	5 U.S.C. 4301-4305 5 CFR Part 430, Subpart B
GS and Prevailing Rate performance awards	5 U.S.C. Chapters 43 and 45 5 CFR Part 430, Subpart E

Superior Accomplishment Awards for the PMS	5 U.S.C. Chapters 43, 45, and 54
	5 CFR, Part 451
Within-grade Increases	5 U.S.C. 5335 E.O. 11721
	5 CFR Part 531, Subpart D
Quality Step Increases	5 U.S.C. 5336
	E.O. 11721
	5 CFR Part 531, Subpart E

3. Definitions

- a. Acceptable Level of Competence--means fully successful performance by an employee of the duties and responsibilities of his or her assigned position which warrants advancement of the employee's rate of basic pay to the next higher step of the grade of his or her position. Employees must also complete specified waiting periods without receiving an equivalent increase during the waiting period.
- b. Appraisal--means the act or process of reviewing and evaluating the performance of an employee against the described performance standard(s).
- c. Appraisal Period--means the period of time established for which an employee's performance will be reviewed.
- d. Appraisal System--means the performance appraisal system established by HUD which provides for identification of critical elements, establishment of performance standards, communication of elements and standards to employees, appraisal of performance against the established standards, and using appraisal information to make decisions on employees.

- e. Contribution--means an accomplishment achieved through an individual or group effort in the form of a suggestion, an invention, or a special act or service in the public interest connected with or related to official employment, which contributes to the efficiency, economy, or other improvements in Government operations, or achieves a significant reduction in paperwork.
- f. Critical Element--means a component of a position consisting of one or more duties and responsibilities which contributes toward accomplishing organizational goals and objectives and which is of such importance that unacceptable performance on the element would result in unacceptable performance in the position.
- g. Current Performance--means the level at which an employee is performing at any given time. It is based upon a comparison of performance to performance standards. A written rating is not always required for a supervisor to make a judgment on current performance.
- h. Exit Rating--means a rating given when an employee transfers from one Federal agency to another during the agency's appraisal period.
- i. Intangible Benefits--means benefits to the Government which cannot be measured in terms of dollar savings.
- j. Interim Rating--means a rating given when an employee changes positions in HUD.
- k. Non-Monetary Award--means a medal, certificate, plaque, citation, badge, or other similar item that has an honor connotation.
- l. Performance--means an employee's accomplishment of assigned work as specified in the critical elements of the employee's position.
- m. Performance Award--means a performance-based cash payment to an employee based on the employee's rating of record. A performance award does not increase base pay.



- n. Performance Management Plan--means the description of HUD's methods which integrate performance, pay, and awards systems with its basic management functions for the purpose of improving individual and organizational effectiveness in the accomplishment of the Department's mission and goals. Performance Management Plans must be approved by the Office of Personnel Management.
- o. Performance Plan--means the aggregation of all of an employee's written critical elements and performance standards.
- p. Performance Standard--means a statement of the expectations or requirements established by management for a critical 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.
- q. Progress Review--means a review of the employee's progress toward achieving the performance standards and is not in itself a rating.
- r. Quality Step Increase--means the increase in an employee's rate of basic pay from one step of the grade of his or her position to the next higher step of the grade because of exceptional, sustained performance which is expected to continue.
- s. Rating of Record--means an official performance rating recorded on a performance appraisal form and used as a basis for making personnel determinations. Ratings of record are of two types. These are the annual rating of record and a special rating of record.
  - (1) The annual rating of record is the rating given in October or delayed for one of the reasons specified in this plan. Annual ratings of record are used for all personnel determinations.
  - (2) A special rating of record is a rating given solely to support a within-grade increase determination. Special ratings are not used in reduction-in-force or awards determinations. If a special rating is the most recent rating of record at the time a career promotion determination is being made, it is used to make the career promotion determination.

- t. Special Act or Service--means a contribution or accomplishment in the public interest which is:
  - (1) A non-recurring contribution either within or outside of job responsibilities, or
  - (2) A scientific achievement, or
  - (3) An act of heroism.
- u. Summary Rating--means the written record of the appraisal of each critical element and the assignment of a summary rating level.
- v. Superior Accomplishment Award--means a monetary award for a contribution resulting in tangible benefits or savings and/or intangible benefits to the Government.
- w. Tangible Benefits--means benefits or savings to the Government that can be measured in terms of dollars.

#### 4. Training

- a. Employees covered by the PMS and officials who rate employees, review ratings, and recommend and approve awards, within-grade increases, and quality step increases will be issued a copy of the Performance Management Plan and related instructional material. General training sessions will be conducted for all affected employees as needed.
- b. New employees will receive an orientation conducted by their Headquarters Administrative Officer or Regional Servicing Personnel Office for Field employees.
- c. The Office of Personnel and Training will conduct an annual assessment of training needs to identify necessary ongoing training requirements.

#### 5. Evaluation

The efficiency of the Department's system will be evaluated periodically through rating data reports, special reports, remote indicator reports, and on-site evaluations. Principal Staff and Regional Administrators-Regional Housing Commissioners are responsible for submitting requested reports on their use and application of the PMS to the Director of Personnel and Training.

#### 6. Appraising Disabled Veterans

The performance appraisal and resulting rating of a disabled veteran may not be lowered because the veteran has been absent from work to seek medical treatment as provided in Executive Order 5396.

## CHAPTER 2: PERFORMANCE APPRAISAL SYSTEMS

### INTRODUCTION

This chapter states HUD's performance appraisal policies and procedures for the Employee Performance Planning and Evaluation System (EPPES). It includes the versions for managers and supervisors in the Performance Management and Recognition System (PMRS), and General Schedule (GS) and prevailing rate employees in the Performance Management System (PMS). The PMS includes both employees who are in the American Federation of Government Employees (AFGE) bargaining unit and those who are not.

The material on PMRS employees is included for convenience only. The PMRS official policy is stated in the Performance Management and Recognition System Plan. If there is any conflict between this chapter and the PMRS plan, the PMRS plan prevails.

Each page of the chapter is divided into two columns. EPPES for PMRS employees is under the column headed GM, and for PMS employees in the column headed GS. **Policies and procedures which are exclusively for AFGE bargaining unit employees are identified as such and are printed in boldface type.** Note that when the term GS is used, it also includes prevailing rate employees.

In order to follow the policies and procedures for each appraisal system, read down on each page under the appropriate column. If the policies and procedures are written under more than one column, this means that they apply to more than one appraisal system.

When citing individual sections of the chapter, state the column heading first, then the paragraph number, and finally the subparagraph number if applicable. For example, GM paragraph 12f(1) or GS paragraph 12a(1). If the same information covers more than one appraisal system, cite the system being referenced such as GS paragraph 7a. When the reference is strictly for AFGE bargaining unit employees, state the heading as GS-AFGE, e.g., GS-AFGE paragraph 8e.

1. PERFORMANCE APPRAISAL SYSTEM NAME

Employee Performance Planning and Evaluation System (EPPES)

2. EMPLOYEE COVERAGE

Covers PMRS employees but excludes:

- a. Excepted service employees with appointments not reasonably expected to exceed 120 calendar days in a 12-month period (5 CFR 430.403(b)(1))
- b. Employees with Non-career Executive Assignments (5 CFR 430.403(b)(2))

Covers all employees not included in the SES or PMRS appraisal system (including executives in grades GS-16, 17, and 18) but excludes:

- a. Administrative Law Judges (5 U.S.C. 4301(2)(D))
- b. Presidential appointees (5 U.S.C. 4301(2)(F))
- c. Excepted service employees with appointments not reasonably expected to exceed 120 calendar days in a 12-month period. (5 CFR 430.202(c)(1))
- d. Employees with Non-career Executive Assignments (5 CFR 430.202(c)(2))

3. APPRAISAL CYCLESa. Rating Period

October 1 to September 30

b. Time Rating Normally Given

October

c. Minimum Time Required for Rating

90 days under performance plan

a. Rating Period

October 1 to September 30

b. Time Rating Normally Given

October

c. Minimum Time Required for Rating

90 days under performance plan

d. Reason for Appraisal Delays

- (1) The employee has not worked under a performance plan for 90 days. The rating is delayed until the employee works under a performance plan for 90 days, at which point a rating will be given. This delayed rating is used for all purposes except pay determination in the current year.
- (2) The employee cannot be rated because the supervisor left the Department and higher-level supervisors cannot reasonably appraise the employee's performance. The rating is delayed for 90 days. The delayed rating is used for all purposes except pay determination in the current year.
- (3) The only rating an employee has is an exit rating from another Federal agency. This rating is used only for pay determination in the current year. The employee then is given a performance plan in his/her HUD position and is rated after working under it for 90 days. The HUD rating is the annual rating of record.

d. Reason for Appraisal Delays

- (1) The employee has not worked under a performance plan for 90 days. The rating is delayed until the employee works under a performance plan for 90 days.
- (2) Sufficient performance information does not exist for a new supervisor who has not supervised an employee for at least 90 days or a reviewing official to rate. In this case, the rating is delayed for 90 days.
- (3) The employee has an unacceptable performance action pending. An unacceptable performance action begins on the date that an employee receives an opportunity to improve notice. The rating is given after a decision is made on the unacceptable performance action. However, the rating is not necessary if the employee is removed. This reason for delay of a performance rating only applies if the unacceptable performance action began before the appraisal period ended.
- (4) The employee's overall performance is temporarily unacceptable or marginally successful because of illness, alcoholism, drug abuse, or another similar reason when the supervisor expects the performance to become fully successful in the near future. The reason for the delay is that the supervisor expects the employee to recover or the employee has entered a rehabilitation program or gives

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e. Special Ratings

None

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e. Special Ratings

(1) The annual rating of record is given in October or is delayed for one of the reasons specified in this plan and then given at the end of the delay period. In addition, special ratings are also given in the following situations:

- (a) The decision to approve or deny a within-grade increase is inconsistent with the last rating of record; or
- (b) The last rating of record is too old to support a within-grade increase determination; or
- (c) A within-grade increase determination must be made after an employee was demoted or reassigned for unacceptable performance, but before the time to give the next annual rating of record (October) has arrived.

(2) Special ratings are recorded on Form HUD-8054.3, Special Rating. (See Appendix E.)

(3) In addition to being used for within-grade increase determinations, special ratings are also used for career ladder promotion determinations if they are the most recent rating of record.

Special ratings are not used for reduction-in-force purposes or for award determinations.

- (4) A special rating does not end an appraisal period. The critical elements and performance standards that were in effect prior to the special rating remain in effect until the end of the appraisal period. If critical elements and performance standards remain the same after a special rating is given, there is no need to recommunicate them to the employee. However, a copy of the originally communicated performance plan must be maintained to issue the annual rating of record at the end of the appraisal period.

If the employee has received a special rating during the appraisal period, the annual rating of record at the end of the appraisal period includes both:

- (a) The period of time from the original communication of the critical elements and performance standards to the date of the special rating, and
- (b) The period of time from the date of the special rating to the end of the appraisal period.

f. Interim Ratings

- (1) Interim ratings shall be communicated in writing to the employee within 30 workdays from the effective date of a permanent position change (promotion, demotion, reassignment, etc.). Such ratings shall be clearly identified as interim ratings.

f. Interim Ratings

- (2) Interim ratings are grievable. However, interim ratings which have become the rating of record or which are part of the rating of record cannot be grieved if (a) they were grieved when they were given earlier in the appraisal period, or (b) the time limits for grieving them when they were given earlier in the appraisal period have expired.

g. Exit Ratings

- (1) An exit rating is a rating given when an employee transfers from one Federal agency to another during the agency's appraisal period. The employee must have worked under his/her performance plan for at least 90 days to receive an exit rating.
- (2) Exit ratings should be clearly marked "EXIT RATING-NOT A RATING OF RECORD" on the front page of the appraisal form. When an employee leaves the Department, the exit rating is transferred in his/her Official Personnel Folder to his/her new Federal agency.
- (3) An exit rating is not a rating of record. Exit ratings are combined with other interim or exit ratings at the end of the appraisal period to determine the rating of record.
- (4) If an exit rating from another agency is the only rating received by a GM employee, it is not a rating of record except for the purpose of making a PMRS pay determination. A GM employee who only has an exit rating must receive a delayed rating in HUD in order to prepare an annual rating of record.

h. Rating Employees in Various Circumstances

See Addendum A of the "Performance Management Plan for the Performance Management and Recognition System (PMRS)" for a description of various PMRS rating situations.

g. Exit Ratings

- (3) If an exit rating is the only rating given to a GS employee during the appraisal period it will become the rating of record at rating time.

h. Rating Employees in Various Circumstances

See Appendix A for a description of various GS rating situations.



i. Effect of Changing Rating Systems

- (1) Ratings in GS positions are never used to make PMRS pay or awards decisions.
- (2) GM and GS ratings are never combined to produce a rating of record.
- (3) When a GM position is changed to GS and there is no substantive change in the duties, responsibilities, and performance plan, the position will be treated for rating purposes as if it were a GS position for the entire appraisal period. If the change was from GS to GM under the same conditions, the position will be treated for rating purposes as if it were a GM position for the entire rating period.

- (4) All HUD GS interim and exit ratings issued during the appraisal period will be combined to arrive at the annual rating of record, regardless of bargaining unit status.

4. RATING OFFICIALS AND REVIEWING OFFICIALS

- a. The rating official is usually the first-line supervisor. He/she develops elements and standards, elicits employee participation in this process, obtains approval of the elements and standards from the reviewing official, and communicates them to the employee. He/she also conducts progress review meetings after consultation with the reviewing official and gives the employee feedback on performance as needed throughout the appraisal cycle.

At the end of the appraisal period, the rating official makes the initial rating and sends it to the reviewing official for final approval or changes before it is communicated to the employee. The rating official communicates the final rating to the employee.

- b. The reviewing official is normally one level above the rating official. The reviewing official approves elements and standards before they are communicated to the employee and discusses the content of progress review meetings with the rating official before the rating official meets with the employee.

At the end of the appraisal period, the reviewing official approves or changes the initial rating. This is subject to a review of all ratings by Principal Staff or the Regional Administrator-Regional Housing Commissioner to ensure that only those employees whose performance exceeds normal expectations are rated at levels above fully successful. This review by the Head of the organization is called the Regulatory Rating Review. See Appendix B for procedures for the Regulatory Rating Review.

- c. A higher-level official may assume the responsibility of a lower-level rating or reviewing official. When this is done, the higher-level official must sign any forms used as the rating official or reviewing official, as appropriate. However, a lower-level official may be required to communicate performance plans, progress review results, and ratings, even though determinations on these matters were made at higher levels.

NOTE: When the rating official for a GS employee is the Secretary, the Under Secretary, a Deputy Under Secretary or equivalent official, an Assistant Secretary or equivalent official, a Regional Administrator-Regional Housing Commissioner, or Manager (Category A Office), no reviewing official is required. The rating official communicates performance plans, holds progress review meetings, and makes final ratings without higher-level approval. However, a higher-level official may determine that performance plans, progress reviews, and/or ratings will be reviewed and approved at a higher level.

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#### 5. PERFORMANCE PLANS

- a. Performance plan is the term used to identify the total of all critical elements and performance standards communicated to an employee in writing. Only critical elements will be used in performance plans. All parts of a job which are important to successful completion of the job and significant enough to be evaluated must be included within critical elements. Critical elements and performance standards are defined in Chapter 1, paragraph 3.
- b. Performance plans shall be based on the requirements of employees' positions. Accomplishment of organizational objectives must be included in performance plans by incorporating objectives, goals, program plans, workplans, or by other similar means that account for program results.
- b. Performance plans shall be based on the requirements of employees' positions. Accomplishment of organizational objectives should, when appropriate, be included in performance plans by incorporating objectives, goals, program plans, workplans, or by other similar means that account for program results.

- c. Performance plans are communicated to employees in writing at the beginning of an appraisal period, normally within the first 30 days. Written performance plans are also communicated to employees when they enter a new job, again normally within the first 30 days. New critical elements and performance standards or revisions to existing critical elements and performance standards become effective at the time they are approved and communicated to the employee.
- d. Ratings will be made by comparing performance against the performance standards written in performance plans. Employees must be rated on each critical element in their performance plan, unless the employee has had insufficient opportunity to demonstrate performance on an element. Forced distribution of rating levels is prohibited.

#### 6. STRUCTURE OF THE APPRAISAL SYSTEM

- |   |   |
|---|---|
| <p>a. Rating levels for individual critical elements are called:</p> <ul style="list-style-type: none"> <li>o Outstanding*</li> <li>o Highly Successful</li> <li>o Fully Successful*</li> <li>o Marginally Successful</li> <li>o Unacceptable*</li> </ul> | <p>a. Rating levels for individual critical elements are called:</p> <ul style="list-style-type: none"> <li>o Outstanding*</li> <li>o Highly Successful</li> <li>o Fully Successful*</li> <li>o Marginally Successful</li> <li>o Unacceptable*</li> </ul> |
|---|---|

\*Performance standards are written at the level marked with an asterisk. The absence of a written standard at a given rating level does not preclude assignment of a rating at that level.

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|---|---|
| <p>b. Summary ratings are called:</p> <ul style="list-style-type: none"> <li>o Outstanding</li> <li>o Highly Successful</li> <li>o Fully Successful</li> <li>o Marginally Successful</li> <li>o Unacceptable</li> </ul> | <p>b. Summary ratings are called:</p> <ul style="list-style-type: none"> <li>o Outstanding</li> <li>o Highly Successful</li> <li>o Fully Successful</li> <li>o Marginally Successful</li> <li>o Unacceptable</li> </ul> |
|---|---|
- c. Only critical elements will be used. All parts of a job which are important to the successful completion of the job and significant enough to be evaluated must be included within critical elements.
- d. All element ratings other than fully successful must be justified in writing.

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- e. See Addendum D of the PMRS Plan for rating-level definitions and decision rules for converting individual element ratings to a summary rating.

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- e. See Appendix C for rating-level definitions and decision rules for converting individual element ratings to a summary rating.
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## 7. PLANNING PROCESS

- a. Performance planning meetings are held at the beginning of an appraisal cycle or when an employee enters a new position. The purpose of the planning meeting is to communicate critical elements and performance standards (performance plans) to employees in writing, normally within the first 30 days of the appraisal period.
  - b. Employee participation in establishing performance plans is required for GM employees and encouraged for GS employees. However, the supervising officials retain the final decision on the number and content of critical elements and performance standards. Employee participation may be accomplished by means including, but not limited to, the following:
    - (1) Employee and supervisor discuss and develop performance plan together;
    - (2) Employee provides to supervisor a draft performance plan;
    - (3) Employee comments on draft performance plan prepared by supervisor; and
    - (4) Performance plan is prepared by a group of employees occupying similar positions with supervisor's approval.
  - c. Performance plans are communicated to employees in writing after being approved at a higher level.
  - d. See Appendix D for the appraisal form.
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- d. See Appendix D for the appraisal form.

## 8. PROGRESS REVIEW PROCESS

- a. The purpose of progress review meetings is to provide feedback to employees on performance.
  - b. Progress review meetings are held in April.
  - c. The progress review meeting date may change if the employee has had his/her appraisal delayed, entered a new job, or he/she or the supervisor is otherwise not available because of illness, travel, or other legitimate reason.
- b. Process review meetings are held in April.

- d. No rating is given at the progress review meeting. However, employees shall be informed of the level of their performance by comparison with their performance standards. The appraisal form, Form HUD-8054.1, is initialed to show that the meeting was held. If the employee's performance is less than fully successful on an element, appropriate remedial action must be taken (see paragraph 12f). Upon request, employees may receive informal feedback on their performance at other times during the appraisal period.

e. FOR AFGE BARGAINING UNIT EMPLOYEES

Progress review feedback is documented on the Progress Review Record, Form HUD-25002, by checking a box for each element to indicate the current performance level. The Form HUD-8054.1 must also be initialed to indicate that the progress review meeting was held.

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9. EVALUATION PROCESS

- a. Performance ratings are given to employees in writing in October. Performance ratings are made by comparing performance with standards. Prescribed distributions of ratings are prohibited. Supervisors must make meaningful distinctions among employees' performance. When this is done, a summary rating of fully successful is considered to be the norm. Higher ratings should be given only when warranted and supported by statements of demonstrable accomplishments which clearly meet the standards for the upper ranges of performance. Likewise, ratings of less than fully successful must be supported by statements comparing performance or non-performance of critical elements to the standards.
- b. The rating official recommends a rating to the reviewing official.
- c. The reviewing official makes the final rating after completion of a higher-management review. Ratings are reviewed by Principal Staff and Regional Administrators-Regional Housing Commissioners to ensure that only those employees whose performance exceeds normal expectations are rated at levels above fully successful. This review by the Head of the organization is called the Regulatory Rating Review. See Appendix B for procedures for the Regulatory Rating Review.
- d. The rating is communicated to the employee by the rating official. The employee has 3 working days to review and comment.

- e. Ratings are sent to the personnel office, via the local administrative office if appropriate, by the end of October so that merit increases can be computed in November.

For employees who are rated outside of the normal cycle for an authorized reason, ratings are sent to the personnel office no later than 21 working days after the rating has been communicated and the employee comment period has ended.

- f. The performance rating is considered official for awards and reduction-in-force when it is:

- (1) Signed by the rating official and/or reviewing official;
- (2) Signed by the employee or held for the comment period without being signed; and
- (3) Received by the personnel office that maintains the Employee Performance File. This is the Office of Personnel and Training for Headquarters employees and the Regional Personnel Office for Field employees.

- e. Ratings made at the end of the annual appraisal period are sent to the personnel office, via the local administrative office if appropriate, by December 1.

For employees who are rated outside of the normal cycle for an authorized reason, ratings are sent to the personnel office no later than 21 working days after the rating has been communicated and the employee comment period has ended.

#### 10. RATING EMPLOYEES ON DETAILS OR OTHER TEMPORARY ASSIGNMENTS

- a. Employees must receive performance plans for details and other temporary assignments which are expected to last at least 90 days. Written performance plans must be communicated as soon as possible after the beginning of the detail or temporary assignment.
- b. Employees who have spent at least 90 days in their permanent position are rated on each critical element for their permanent position by their permanent supervisor. Employees who have spent at least 90 days on a detail or other temporary assignment are rated on each critical element for the detail or other temporary assignment by their temporary supervisor. (This procedure assumes that the employees have worked under a performance plan for the minimum time.)
- c. The permanent supervisor receives all element ratings, converts them to a summary rating, and then follows normal rating procedures. There is one exception. This occurs when a temporary supervisor:

- (1) Has supervised the employee for at least 90 days (which the employee working under elements and standards for the minimum time); and
- (2) Is still supervising the employee at rating time.

In this situation, it is the current temporary supervisor who receives all element ratings, converts them to a summary rating, and then follows normal rating procedures.

- d. When an employee is detailed to another Federal agency for at least 90 days, an agreement must be made requiring the other Federal agency to assign written critical elements and performance standards and rate the employee's performance. At the end of the detail or appraisal period, the rating from the other Federal agency is to be sent to the employee's HUD supervisor who will use it in preparing the summary rating for the entire appraisal period.
- e. In rating employees detailed to other Federal agencies, the following principles apply:
  - (1) If the employee worked under elements and standards for the minimum time in HUD but not on the detail to the other Federal agency, the HUD rating is used to determine the summary rating.
  - (2) If the employee did not work under elements and standards for the minimum time in HUD, but did work under elements and standards for the minimum time on the detail to the other Federal agency, the rating from the other Federal agency is used to determine the summary rating.
  - (3) If the employee worked under elements and standards for the minimum time in both HUD and the other Federal agency, the ratings are combined to determine the summary rating. See Appendix C, Section 4, for procedures for combining HUD ratings with ratings from another agency.
  - (4) If the employee did not work under elements and standards for the minimum time in either HUD or the other Federal agency, the employee cannot be rated in October. He/she then works under elements and standards until he/she has been under them for the minimum time, at which point he/she receives a rating.

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## 11. APPEALS AND GRIEVANCES

- a. Performance ratings may not be appealed for any group of employees.
- b. Employees may not grieve the substance of their critical elements and performance standards. They may grieve their application.

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- c. Employees may not grieve the results of a progress review meeting, including any written comments.
  - d. Employees may not grieve an opportunity to improve notice or a performance improvement plan.
  - e. See GS paragraph 3f of this Chapter for grievance provisions for interim ratings.
  - f. Employees may not grieve an unacceptable performance rating in one situation. This is the case where the rating has been delayed pending a decision on an unacceptable performance action, and the result of the unacceptable performance action is an unacceptable performance rating and a demotion.

If the employee is covered by a contract which allows grievances on demotions for unacceptable performance, he/she may grieve the demotion decision through the negotiated grievance procedure or appeal it to the Merit Systems Protection Board, but not both. Non-bargaining unit employees may appeal the demotion decision only to the Merit Systems Protection Board.

The purpose of this rule is to avoid duplicate third-party review. The basis of both the performance rating and the demotion is the same. Therefore, the rating will be addressed in the grievance or appeal of the demotion.

If the demotion action is not taken, the employee may grieve the unacceptable performance rating.



12. PERFORMANCE APPRAISAL - PERSONNEL ACTION LINK

a. Awards

See Section IV of the "Performance Management Plan for the Performance Management and Recognition System (PMRS)" for the awards policy for PMRS employees.

b. Pay

See Section IV of the HUD "Performance Management Plan for the Performance Management and Recognition System (PMRS)" for the policy on the link between performance appraisal and pay increases.

c. Promotion

Performance appraisal is one of the factors to be taken into account in considering an employee for promotion. For specific instructions, see current HUD merit staffing policy

a. Awards

- (1) See Chapter 3 and 4 for the policy on performance awards and superior accomplishment awards.
- (2) See Chapter 6 for the policy on quality step increases.

b. Pay

See Chapter 5 for the policy on the link between performance appraisal and within-grade increases.

c. Promotion

- (1) Performance appraisal is one of the factors to be taken into account in considering an employee for competitive promotion. For specific instructions, see current HUD merit staffing policy and, if appropriate, the applicable collective bargaining agreement.
- (2) No employee shall receive a career ladder promotion unless his/her current summary rating of record is fully successful or higher. In addition, no employee may receive a career ladder promotion who has a rating below fully successful on a critical element that is also critical to performance at the next higher grade of the career ladder.

d. Training

The performance appraisal process is a good mechanism for identifying training needs. Training falls into two basic categories: remedial training to correct deficiencies and enhancement training to improve on existing skills and knowledge.

e. Reduction-in-Force (RIF)

- (1) The last three annual ratings of record that are 3 years old or less are used to determine the amount of service credit to be given for performance on a retention register. The 3-year period is counted from the date of issuance of specific RIF notices.
- (2) If the employee had more than three annual ratings of record during the 3-year period, the three most recent ratings are used. An annual rating of record received prior to the 3-year period is not used. If an employee has not received three annual ratings of record during the 3-year period, credit is given for an assumed rating(s) of fully successful to bring the employee's ratings up to three.

d. Traininge. Reduction-in-Force (RIF)

- (3) Special ratings given solely to support within-grade increase determinations are not annual ratings of record. Therefore, they are not used to determine retention standing in a reduction-in-force.

These special rating are ratings which are not the annually scheduled October rating or delayed ratings given because the annual rating of record could not be issued in October. They are recorded on Form HUD-8054.3, Special Rating. (See Appendix E.)

- (4) No rating of record will be given for the sole purpose of affecting an employee's retention standing.

f. Removal and Demotion

The term "Performance Improvement Plan" has a different legal and regulatory meaning for GM positions than it does for GS positions.

For GM positions, a performance improvement plan is the first step of the formal process of dealing with marginally successful or unacceptable performance. Failure to meet the conditions of a performance improvement plan, i.e., failure to raise performance to the fully successful level, can result in removal, demotion, or reassignment.

For GS employees, the term "Performance Improvement Plan" refers to feedback which is informal and is not part of the formal process that can result in removal, demotion, or reassignment. Performance improvement plans are given to GS employees whose performance is at the marginally successful level on one or more critical elements.

The formal process for dealing with poor performance for GS employees begins with what is known as an "Opportunity To Improve Notice." Failure to meet the conditions of an opportunity to improve notice, i.e., failure to raise performance above the unacceptable level, can result in removal, demotion, or reassignment.

Note: By law, the formal process for GS employees is used for those whose performance is unacceptable. The formal process for GM employees is used for those whose performance is marginally successful or unacceptable.

- (1) An employee who receives an marginally successful or unacceptable rating of record must receive a performance improvement plan. If performance does not reach the fully successful level after a reasonable opportunity to improve, the employee may be removed, demoted, or reassigned.

- (1) An employee who receives an unacceptable performance rating of record must receive an opportunity to improve notice. If performance does not improve above the unacceptable level, the employee may be removed, demoted, or reassigned.

- (2) An employee whose performance is determined to be marginally successful or unacceptable during the appraisal period shall be given a performance improvement plan. If performance does not reach the fully successful level after a reasonable opportunity to improve, the employee may be removed, demoted, or reassigned.
- (3) For specific procedures for removal and demotion for performance, see HUD Handbook 752.2 concerning adverse actions.
- (2) An opportunity to improve notice may be given to an employee at any time during the appraisal period when his/her performance becomes unacceptable. If, at the end of the opportunity period, the employee's performance continues to be unacceptable, he/she may be removed, demoted, or reassigned.
- (4) Whenever an employee receives an element rating of marginally successful or notification during a progress review meeting that he/she is performing at the marginally successful level, he/she will receive assistance in improving performance. Such assistance may include, but is not limited to, formal training, on-the-job training, counseling, and closer supervision.

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### 13. PERFORMANCE APPRAISAL RECORDKEEPING

- a. Performance appraisals must be filed in either the Official Personnel Folder (OPF) or the Employee Performance File (EPF).
- b. Performance appraisals for PMRS (GM), GS, and prevailing rate employees must be kept for 3 years.
- c. At the end of the retention periods described in paragraph 13b, performance appraisals must be destroyed. They may not be used to make decisions on employees. Except where prohibited by law, retention of automated records longer than the maximum prescribed in paragraph 13b is permitted for purposes of statistical analysis so long as the data are not used in any action affecting the employee when the manual record has been or should have been destroyed.

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- d. Performance appraisals superseded through an administrative or judicial procedure are to be destroyed.
- e. When the OPF is sent to another personnel office in HUD, to another Federal agency, or to the National Personnel Records Center, the following are to be transferred with the OPF on the left side:
- (1) The most recent rating of record, including the performance plan (i.e., the complete record of the critical elements and performance standards);
  - (2) All other performance ratings of record that are 3 years old or less. In this case, the rating of record is limited to the cover sheet of the appraisal form and does not include the performance plans; and
  - (3) When the employee is moving to another agency, any exit ratings that have been given. Exit ratings should be clearly marked "EXIT RATING-NOT A RATING OF RECORD."
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## CHAPTER 3: PERFORMANCE AWARDS

### 1. Introduction

This chapter states HUD's policy and procedures applied in administering a performance award program for AFGE and non-AFGE GS and prevailing rate employees under the PMS Plan. (Throughout this chapter, the term GS will apply to both General Schedule and prevailing rate employees.)

### 2. Purpose

Performance awards will be used to recognize GS employees who have sustained a high level performance throughout the current appraisal period.

### 3. Eligibility

Performance award determinations are based on each employee's annual summary rating of record. **An AFGE employee must have an annual summary rating of record of outstanding to be considered for a performance award.** A non-AFGE employee must have an annual summary rating of record of at least highly successful to be eligible for award consideration.

### 4. Award Funds

The expenditure of funds for performance awards/quality step increases (See Chapter 6) are centrally managed by the Assistant Secretary for Administration. Each year, the Assistant Secretary for Administration, or his/her designee, will determine whether performance awards/quality step increases (QSIs) will be granted to AFGE and non-AFGE employees. The decision to grant such recognition will be based on funds available in the Department's existing appropriations.

### 5. Award Payments

- a. Each year, the Office of Personnel and Training will issue an awards table which managers and supervisors will use to determine award amounts for eligible employees. The award amounts will be established by grade and will reflect up to 3 percent of the entry level salary for each grade.

- b. The award amounts listed on the table will be the maximum amount granted for each grade. That amount will be granted to AFGE and non-AFGE employees with outstanding ratings. If non-AFGE employees with highly successful ratings are recommended for awards, they must receive an amount less than the amount granted to outstanding employees.
- c. Performance award recommendations usually will be initiated by the employee's immediate supervisor. A form HUD-840, Recommendation for Performance and Incentive Awards, and the cover sheet of form HUD-8054.1, Performance Appraisal, are the documents required to process a Performance Award.
- d. Performance award recommendations usually will be approved by:
  - (1) The employee's second-line supervisor and the Office Director, if this person is different from the second-line supervisor;
  - (2) The recommending organization's Principal Staff (i.e., Assistant Secretary or equivalent official at Headquarters) or Regional Administrator-Regional Housing Commissioner, or designee; and
  - (3) The Director of the Office of Personnel and Training or designee in Headquarters, and the Regional Personnel Officer or designee in the Field.
- e. If the Office Director initiates the award recommendation, the next approval level will be the Principal Staff or Regional Administrator-Regional Housing Commissioner. (Performance awards for employees reporting directly to an Assistant Secretary or equivalent official must be approved by the Under Secretary. Performance awards for employees reporting to a Regional Administrator-Regional Housing Commissioner must be approved by the Deputy Under Secretary for Field Coordination.) The award recommendation will be forwarded to the Office of Personnel and Training or the Regional Personnel Office for processing.
- f. The Director of Personnel and Training and the Regional Personnel Officers retain authority for final administrative approval of awards.

6. General Policy

- a. An employee with an outstanding rating may receive either a performance award (lump sum payment) or a QSI (see Chapter 6). Management determines which type of monetary recognition the employee will be granted.
- b. The granting of or failure to grant a performance award can not be grieved and/or appealed.
- c. A performance award does not increase the rate of base pay and is subject to the withholding of income taxes.

7. Impact of Performance Awards on Promotions

A performance award will be given due weight when rating an employee for promotion as stipulated in the current HUD merit staffing policy.



## CHAPTER 4: INCENTIVE AWARDS

### 1. Introduction

This chapter states HUD's policy and procedures for managing an incentive awards program under the Performance Management System. GS, prevailing rate, and PMRS employees may receive incentive awards. In addition, former employees may receive awards for contributions made while they were Federal employees.

### 2. Superior Accomplishment Awards Program

#### a. Purpose

Superior Accomplishment Awards are designed to motivate employees to increase their productivity and creativity by rewarding them for their efforts which benefit the Government. Recognition granted should be commensurate with the value of the contribution.

- (1) Employees may receive a monetary (i.e., cash) award for contributions resulting in tangible or intangible savings to the Government. Monetary recognition may be presented along with a certificate or plaque.
- (2) Efforts will be made to obtain maximum benefits for the Government, whenever possible, by considering the applicability of employee contributions throughout Government.

#### b. Basis for Granting Awards

Superior Accomplishment Awards are granted in recognition of an individual or group accomplishment in the form of a suggestion, an invention, or a special act or service which contributes to the efficiency, economy, and other improvements to Government operations or achieves a significant reduction in paperwork. The contribution must be connected with or related to the contributor's official employment.

c. Award Funds

Funds for Superior Accomplishment Awards will be provided within the Department's existing appropriated funds. Guidance on determining the appropriate award amount may be found in the Comprehensive Personnel and Training Manual.

d. Award Criteria

The contribution must be made while the contributor is a Government employee and must be supported by a written justification documenting the contribution which merits recognition. The award recommendation normally will be initiated by the contributor's immediate supervisor and approved by:

- (1) The employee's second-line supervisor and the Office Director, if this person is different from the second-line supervisor;
- (2) The recommending organization's Principal Staff (i.e., Assistant Secretary or equivalent official at Headquarters) or Regional Administrator-Regional Housing Commissioner, or designee; and
- (3) The Director of the Office of Personnel and Training or designee in Headquarters, and the Regional Personnel Officer or designee in the Field; or
- (4) The HUD Committee for Employee Recognition, depending on the award amount (i.e., over \$1,000 for an individual award or over \$2,000 for a group award). (The Committee reviews all award recommendations for PMRS employees regardless of the award amount.)

If the Office Director initiates the award recommendation, the next approval level will be the Principal Staff member or Regional Administrator-Regional Housing Commissioner. (Awards for employees reporting directly to an Assistant Secretary or equivalent official must be approved by the Under Secretary. Awards for employees reporting directly to a Regional Administrator-Regional Housing Commissioner must be approved by the Deputy Under Secretary for Field Coordination.) The award will be forwarded to the Office of Personnel and Training or the Regional Personnel Office for approval, or to the HUD Committee for Employee Recognition, if appropriate.

### 3. Presidential Awards

#### a. Purpose

These awards grant Presidential recognition for employee suggestions, inventions, and other personal efforts which contribute to the efficiency, economy, or other improvement of Government operations, or achieve a significant reduction in paperwork. The awards also recognize exceptionally meritorious special acts or service in connection with or related to official employment.

#### b. Award Funds

Funds for the payment of Presidential Awards are deducted from the Department's existing appropriations. Presidential Awards may be given in addition to Superior Accomplishment Awards.

#### c. Candidate(s) Recommendation and Selection

Candidates for Presidential Awards are recommended to the Secretary by the HUD Committee for Employee Recognition. However, prior to referral for the Secretary's approval, the dollar savings resulting from the employee's contribution must be validated by the Office of Inspector General or other appropriate office. If the savings are validated, the Secretary may approve the recommendation. It may then be forwarded for further evaluation by:

- (1) The Office of Personnel Management; and
- (2) The President of the United States.

### 4. Nonmonetary Awards

Nonmonetary awards (certificate, plaque, etc.) may be presented to individuals or groups who have made contributions to the Department that warrant recognition, but do not meet the criteria for a cash award.

### 5. General Policy

- a. Incentive awards may be granted alone or in addition to a performance award or quality step increase.

- b. Cash awards will not be used as a substitute for other personnel actions for pay, or for other forms of monetary recognition.
- c. Cash awards must be documented in the employee's Official Personnel Folder.
- d. Cash awards are not mandatory. (The determination to grant an award and the amount recommended is a management decision.)
- e. Incentive awards will be given due weight when rating and ranking an employee for promotion as stipulated in the current HUD merit staffing policy.

## CHAPTER 5: PERFORMANCE APPRAISAL--WITHIN-GRADE INCREASE LINK

### 1. Basic Policy

- a. The basic HUD policy on within-grade increases is found in the Comprehensive Personnel and Training Manual (CPTM). This chapter is limited to describing the link between performance appraisal and within-grade increases. If any statement appears in the CPTM that conflicts with this chapter, this chapter governs.
- b. To receive a within-grade increase, an employee must meet three requirements. He/she must:
  - (1) Have completed the required waiting period;
  - (2) Have not received an equivalent increase during the waiting period; and
  - (3) Be performing at an acceptable level of competence.
- c. This chapter assumes that the employee has met the time requirements and equivalent increase limitations required by law as prerequisites for within-grade increases.
- d. To be performing at an acceptable level of competence, an employee's last summary rating of record must be fully successful or higher. The fully successful performance standards for critical elements are the means by which the requirements for an acceptable level of competence are communicated to an employee.
- e. In order to receive a rating of record, the employee must work under a performance plan for at least 90 days.
- f. Performance ratings which are not the annual rating of record and which are given solely to determine within-grade increases are called special ratings. When a special rating has been given during the appraisal period, follow the procedures in Chapter 2, paragraph GS 3e(4) when preparing the next annual rating of record.

## 2. Within-grade Increase Approvals

a. A within-grade increase is approved if:

- (1) The employee's last rating of record is fully successful or higher; and
- (2) Current performance is fully successful or higher.

The last rating of record must have been given no earlier than the previous appraisal period. If the last rating of record was given prior to the previous appraisal period, a new rating of record of fully successful or higher must be issued to support the within-grade increase approval.

b. A within-grade increase is approved if:

- (1) The employee's last rating of record is marginally successful or lower; but
- (2) Current performance is fully successful or higher.

A new rating of record of fully successful or higher must be issued to support approval of the within-grade increase.

c. In order to receive a new rating of record in the situations described immediately above, the employee must have worked under a performance plan for 90 days. If the employee has not worked under a performance plan for 90 days, the within-grade increase determination must be delayed until the employee receives a new rating of record. See Paragraph 4 below for procedures to follow when a within-grade increase is delayed.

## 3. Within-grade Increase Denials

a. A within-in grade increase is denied if:

- (1) The employee's current rating of record is marginally successful or lower; and
- (2) Current performance is marginally successful or lower.

A new rating of record does not have to be issued if the last rating of record was given no earlier than the previous appraisal period. If the last rating of record was given prior to the previous appraisal period, a new rating of record of marginally successful or lower must be issued to support the within-grade increase denial.

b. A within-grade increase is denied if:

- (1) The most recent rating of record is fully successful or higher; but
- (2) Current performance is marginally successful or lower.

A new rating of record of marginally successful or lower must be issued at the time the within-grade increase is denied.

c. A within-grade increase is denied if:

- (1) The current rating of record is older than the previous appraisal period; and
- (2) Current performance is marginally successful or lower.

A new rating of record of marginally successful or lower must be prepared at the time the within-grade increase is denied.

d. If a new rating of record as required by the above situations cannot be prepared because the employee has not worked under a performance plan for 90 days, the determination on the within-grade increase is delayed until the employee works under a performance plan for 90 days. See Paragraph 4 below for procedures to follow when a within-grade increase is delayed.

#### 4. Delays in Within-grade Increase Determinations

a. In addition to the delay situations described in Paragraphs 2 and 3 above, within-grade increase determinations must be delayed in each of the following additional situations:

- (1) An employee's most recent performance rating of record in any position is more than 90 days old and the employee does not have a current performance plan. The within-grade increase determination is delayed until the employee receives a performance plan.
  - (2) An employee has been reduced in grade or reassigned for unacceptable performance. He/she will meet the time and equivalent increase requirements for a within-grade increase before he/she has had a performance plan for 90 days. The within-grade increase determination is delayed until the employee works under the performance plan for 90 days.
- b. When a within-grade increase determination is delayed, the employee must be informed in writing of:
- (1) The fact that the decision on his/her within-grade increase is being postponed;
  - (2) The reason for the postponement;
  - (3) The date the determination will be made; and
  - (4) The fact that when the decision is made, it will be retroactive to the date it was originally due.

If the employee does not have a performance plan, he/she must be given one immediately.

- c. At the end of the delay period, the supervisor determines whether to approve or deny the within-grade increase.
- (1) If the delay resulted from a reduction in grade or reassignment for unacceptable performance, a new rating of record is prepared to support the decision to approve or deny the within-grade increase.
  - (2) If the delay resulted solely from the lack of a performance plan when the last rating of record is over 90 days old, a new rating of record does not have to be prepared to support the decision to approve or deny the within-grade increase unless:
    - (a) The determination is inconsistent with the last rating of record; or



- (b) The last rating of record is older than the previous appraisal period.
- d. When a determination is made to approve or deny a within-grade increase after it has been delayed:
  - (1) It will be retroactive to the date it was originally due if the within-grade increase is approved; or
  - (2) If the within-grade increase is denied, the denial will be retroactive to the date it was originally due. The maximum period for making a new within-grade increase determination will be counted from the date the within-grade increase was originally due. The maximum period for a new determination for employees who are not in the AFGE bargaining unit is 52 weeks. The maximum period is 39 weeks for employees who are in the AFGE bargaining unit.

5. Employees Reduced in Grade or Reassigned Because of Unacceptable Performance

If an employee has been reduced in grade or reassigned because of unacceptable performance and has served in one position at the lower grade for at least 90 days under a performance plan, a rating of record at the lower grade shall be used as the basis for approving or denying the within-grade increase.

6. Employees Whose Within-grade Increase Determination is Not Based on a Current Performance Appraisal

A performance appraisal is not needed to make within-grade increase determinations for certain employees who did not work under a performance plan for the minimum time in any position during the appraisal period. These are:

- a. Employees who were absent because of military service and who returned to work through the exercise of a restoration right;
- b. Employees who are/were absent because they were receiving injury compensation;
- c. Employees who are/were on IPA assignments;
- d. Employees who are/were on paid leave;

- e. Employees who received backpay for an unwarranted personnel action;
- f. Employees who are/were on long-term training; and
- g. Employees who are/were detailed to another agency and who did not receive a rating from that agency.

## CHAPTER 6: QUALITY STEP INCREASES

### 1. Introduction

This chapter states HUD's policy and procedures on the granting of quality step increases (QSIs). These provisions apply to AFGE and non-AFGE GS employees only.

### 2. Purpose

QSIs are used to recognize outstanding performance by granting a faster than normal step increase, thereby increasing the employee's base salary.

### 3. Eligibility

A QSI may be granted only to an employee who has received an outstanding annual summary rating of record for the current appraisal cycle.

### 4. QSIs Funds

The expenditure of funds for QSIs/performance awards (see Chapter 3) are centrally managed by the Assistant Secretary for Administration. Each year, the Assistant Secretary, or his/her designee, will determine whether QSIs/performance awards will be granted to AFGE and non-AFGE employees. The decision to grant such recognition will be based on funds available in the Department's existing appropriations.

### 5. Approval of QSIs

- a. A QSI usually will be recommended by the employee's immediate supervisor. A SF-52, Request for Personnel Action, and the cover sheet of form HUD-8054.1, Performance Appraisal, are the documents required to process a QSI.
- b. The recommendation for the QSI usually will be approved by:
  - (1) The employee's second-line supervisor and the Office Director if this person is different from the second-line supervisor;
  - (2) The recommending organization's Principal Staff (i.e., Assistant Secretary or equivalent official at Headquarters) or Regional Administrator-Regional Housing Commissioner, or designee; and

(3) The Director of the Office of Personnel and Training or designee in Headquarters, and the Regional Personnel Officer or designee in the Field.

- c. If the Office Director initiates the recommendation for the QSI, the next approval level will be the Principal Staff or the Regional Administrator-Regional Housing Commissioner. (QSIs for employees reporting directly to an Assistant Secretary or equivalent official must be approved by the Under Secretary. QSIs for employees reporting directly to a Regional Administrator-Regional Housing Commissioner must be approved by the Deputy Under Secretary for Field Coordination.) The QSI recommendation will be forwarded to the Office of Personnel and Training or the Regional Personnel Office for processing.
- d. The Director of Personnel and Training and the Regional Personnel Officers retain authority for final administrative approval of QSIs.

6. General Policy

- a. An employee with an outstanding rating may receive either a performance award (lump sum payment) (see Chapter 3) or a QSI. Management determines which type of monetary recognition the employee will be granted.
- b. A QSI may be granted only once in any 52-week period.
- c. Employees will receive written notice of the number of QSIs granted annually.

APPENDIX A

DESCRIPTION OF VARIOUS RATING SITUATIONS FOR GS EMPLOYEES

The following notes apply to all situations described in this Appendix:

- NOTE 1: All situations described presume that the employee spent 90 days under a performance plan unless stated otherwise.
- NOTE 2: In rating an employee at the end of the appraisal period, interim ratings given in HUD GS positions or exit ratings from GS positions with other agencies are combined with a HUD rating from the current position to arrive at the annual rating of record. If one or more interim or exit ratings are the only ratings that an employee received during the appraisal period, the annual rating of record at the end of the appraisal period is the interim rating, the exit rating, or the combination of interim or exit ratings if there is more than one.
- NOTE 3: All HUD GS interim and exit ratings issued during the appraisal period will be combined to arrive at the annual rating of record, regardless of bargaining unit status.
- NOTE 4: An annual rating of record given by another agency is not combined with any other ratings to arrive at a new annual rating of record.
- NOTE 5: GS ratings are not used to rate PMRS employees or to make merit increase or performance award determinations. Conversely, PMRS ratings for GM employees are not used to rate GS employees. However, they may be used to support within-grade increase determinations.

APPENDIX A

NOTE 6: The rating of record is normally given by the supervisor of the permanent position. The one exception occurs when a temporary supervisor (i.e., one who supervises the employee on a detail or other temporary assignment) has supervised the employee for at least 90 days (with the employee working under elements and standards for the minimum time), and is still supervising the employee at rating time. In this situation, the current temporary supervisor combines ratings and gives the rating of record.

NOTE 7: If rating situations arise which are not covered, supervisors should contact their Administrative Officer or Regional Personnel Office for assistance.

APPENDIX A

Description of Various Rating Situations for GS Employees

Situation	Rating
1. An employee spends the entire appraisal period in one GS position or sufficient time in one GS position to be rated.	Based on position employee occupied.
2. An employee works in more than one permanent GS position at the same grade level.	Elements on each position are rated. Element ratings are combined by the employee's supervisor at rating time and the annual rating of record is based on the combined element ratings.
3. An employee works in both a permanent GS position(s) and a detail or temporary reassignment to a GS position.	Same procedure as No. 2 above.
4. An employee works for 90 or more days in a permanent GS position and less than 90 days on a temporary GS promotion  and  is still on the temporary promotion at rating time.	Made on lower-grade position.
5. An employee works for 90 or more days in a permanent GS position and 90 or more days on a temporary GS promotion  and  is still on the temporary promotion at rating time.	Same procedure as No. 2 above.

APPENDIX A

Description of Various Rating Situations for GS Employees

Situation	Rating
<p>6. An employee works for 90 or more days on a GS temporary promotion</p> <p>and</p> <p>works for less than 90 days in a permanent GS position or spends no time at all in a permanent GS position</p> <p>and</p> <p>is in the temporary promotion at rating time.</p>	<p>Employee rated on position to which he/she is temporarily promoted.</p>
<p>7. An employee works for 90 or more days on a temporary GS promotion</p> <p>and</p> <p>works for less than 90 days in a permanent GS position</p> <p>and</p> <p>is in the permanent position at rating time.</p>	<p>Employee rated on position to which he/she was temporarily promoted by the supervisor of that position.</p>
<p>8. An employee is permanently promoted from one GS position to another</p> <p>and</p> <p>is in the higher-graded position for 90 or more days.</p>	<p>Same procedure as No. 2 above.</p>



APPENDIX A

Description of Various Rating Situations for GS Employees

Situation	Rating
9. An employee is permanently promoted from one GS position to another  and  is in the higher-graded position for less than 90 days.	Made on lower-graded position.
10. An employee is demoted from a GS position to a GS position  and  spends less than 90 days in the lower-graded position.	Employee is rated on the higher-graded position. (An exception occurs if the rating is delayed for the reason indicated in Chapter 2, paragraph GS 3d(5).)
11. An employee is reassigned from a GS position to a GS position  and  spends less than 90 days in the new position.	Employee is rated on the position from which reassigned. (An exception occurs if the rating is delayed for the reason indicated in Chapter 2, paragraph GS 3d(6).)
12. An employee is demoted from a GS position to a GS position  and  spends 90 or more days in the lower-graded position.	Same procedure as No. 2 above.

APPENDIX A

Description of Various Rating Situations for GS Employees

Situation	Rating
13. The employee does not spend at least 90 days in a permanent GS position or in a temporary GS assignment.	The employee's rating is delayed until he/she spends 90 days under a performance plan in either a permanent position or a temporary assignment.
14. The employee is newly appointed to the Government during the last 90 days of the appraisal period.  A reinstated employee is considered to be a newly appointed employee.	The employee is rated after working under a performance plan for 90 days.  If the employee was reinstated and has an exit rating(s) from another Federal agency or an interim rating(s) from HUD for the current appraisal period, the exit rating, interim rating, or combination of exit/interim ratings becomes the annual rating of record.
15. The employee is on long-term training, an IPA assignment, or extended leave and has not spent 90 days in a permanent GS position or a temporary GS assignment during the appraisal period.	When the employee returns from long-term training, leave, or the IPA assignment, he/she receives a performance plan and is rated after working under it for 90 days.
16. The employee cannot be rated because the supervisor left the Department and higher-level supervisors cannot reasonably appraise the employee's performance.	The employee continues under the existing performance plan, or receives a new or revised performance plan, and is rated after working under it for 90 days under the new supervisor(s).

APPENDIX A

Description of Various Rating Situations for GS Employees

Situation	Rating
17. The employee occupies a GM position which is changed to GS with no substantive change in the duties, responsibilities, or performance plan.	The position is treated as if it were a GS position for the entire appraisal period.
18. At any time during the appraisal period, a within-grade increase decision is due and the decision is not consistent with the current rating of record, or the current rating of record is older than the previous appraisal period.	The employee receives a new rating of record. If this rating is a special rating and not the annual rating of record, follow the procedures in Chapter 2, paragraph GS 3e(4) when preparing the annual rating of record.
19. An employee has been demoted or reassigned for unacceptable performance, has worked under a performance plan in the new position for 90 days, and a within-grade increase is due. However, the time to give the next annual rating of record (October) has not yet arrived.	The employee receives a new rating of record. This is a special rating. Follow the procedures in Chapter 2, paragraph GS 3e(4) when preparing the annual rating of record.
20. At any time during the appraisal period, the employee transfers to another Federal agency.	The employee receives an exit rating which should be clearly marked as an exit rating. The exit rating is then transferred with the Official Personnel Folder.

## APPENDIX B

### THE REGULATORY RATING REVIEW

1. Governmentwide regulations of the Office of Personnel Management require that "...agencies must establish procedures, such as reviews of standards and ratings for difficulty and strictness of application, to ensure that only those employees whose performance exceeds normal expectations are rated at levels above fully successful." HUD meets this requirement for PMRS and PMS employees through the Regulatory Rating Review.
2. To implement these regulations, all ratings must be reviewed before they are communicated to employees by Assistant Secretaries or equivalent officials in Headquarters or Regional Administrators-Regional Housing Commissioners in the Field.
3. The manner of conducting the review is the choice of the Assistant Secretary or equivalent official, or Regional Administrator-Regional Housing Commissioner. Some suggested methods are:
  - o Review of the number/percentage of ratings in each rating category;
  - o Review of the number/percentage of ratings that are above fully successful;
  - o Review of a list of names of each employee and his/her tentative rating;
  - o Review of copies of appraisal forms for any employee or any group of employees; and/or
  - o Any other method that meets regulatory objectives.
4. Assistant Secretaries or equivalent officials and Regional Administrators-Regional Housing Commissioners should challenge any proposed ratings that are not adequately justified or in which the standards have been erroneously applied, or return them to lower-levels in the organization for review. In conducting this process, any forced distribution of ratings is prohibited by law. The only basis for a performance rating is the comparison of actual performance to standards.

APPENDIX B

5. The Regulatory Rating Review is conducted in September. Each Assistant Secretary or equivalent official, and Regional Administrator-Regional Housing Commissioner will determine the specific procedures and dates of the review in their organizations.
6. Ratings may not be communicated to employees prior to the completion of this review.

APPENDIX C

ELEMENT RATING DEFINITIONS AND DECISION RULES FOR  
CONVERTING ELEMENT RATINGS TO A SUMMARY RATING FOR  
GS EMPLOYEES

1. ELEMENT RATING DEFINITIONS

<u>Outstanding</u>	Meets the performance standards for the outstanding level.
<u>Highly Successful</u>	Exceeds the performance standards for the fully successful level but does not meet the performance standards for the outstanding level.
<u>Fully Successful</u>	Meets the performance standards for the fully successful level.
<u>Marginally Successful</u>	Exceeds the performance standards for the unacceptable level but does not meet the performance standards for the fully successful level.
<u>Unacceptable</u>	Meets the performance standards for the unacceptable level.

2. DECISION RULES FOR CONVERTING ELEMENT RATINGS TO A SUMMARY RATING FOR A SINGLE HUD POSITION

The following decision rules are used to determine the summary rating of an employee's performance when the employee is rated on a single HUD position:

<u>ELEMENT RATINGS</u>	<u>SUMMARY RATING</u>
One or more elements rated unacceptable	Unacceptable

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<u>ELEMENT RATINGS</u>	<u>SUMMARY RATING</u>
No elements rated unacceptable and two or more elements rated marginally successful, or  There is only one element and it is rated marginally successful	Marginally Successful
One element is rated marginally successful and no elements are rated unacceptable	Fully Successful
No element rated unacceptable or marginally successful, i.e., all elements rated fully successful or higher	Summary rating computed using the following procedure

The following procedure is used to determine a summary rating when all elements are rated fully successful or higher.

<u>STEP</u>	<u>ACTION</u>
1	Assign points as follows:  3 Outstanding 2 Highly Successful 1 Fully Successful
2	Total points and divide by the number of critical elements to yield an average. Compute the average to 2 decimal places.
3	Convert averages to summary rating:

APPENDIX C

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<u>AVERAGE</u>	<u>SUMMARY RATING</u>
2.75 to 3.00	Outstanding
2.00 to 2.74	Highly Successful
1.99 or less	Fully Successful

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3. CONVERTING ELEMENT RATINGS TO A SUMMARY RATING FOR MORE THAN ONE HUD POSITION

If ratings from more than one HUD position are being used to determine a rating of record, elements on each position are rated and combined to arrive at the summary rating.

The decision rules in section 2 above are applied to determine the summary rating with the following exceptions:

EXCEPTION 1: When rating two positions, current and previous, if an element of a previous position is rated unacceptable, the element rating is changed to marginally successful.

EXCEPTION 2: When rating two positions, current and previous, if the element ratings on a previous position would produce a summary rating of marginally successful, and all elements in the employee's current position are rated fully successful or higher, then the summary rating is fully successful.

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NOTE: This procedure only applies when two interim ratings are being combined.

IF The employee received a special rating for a within-grade increase determination during the appraisal period.

THEN The special rating is not treated as an interim rating when arriving at the annual rating of record.

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See Chapter 2, paragraph 3e(4) for instructions on how to prepare the annual rating of record when a special rating was given during the appraisal period.

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4. COMBINING HUD GS RATINGS WITH GS RATINGS FROM ANOTHER AGENCY

USE SUMMARY RATINGS ONLY. DO NOT use element ratings. For each HUD position that is rated, convert the element ratings to a summary rating before applying this procedure.

Disregard GM ratings.

GS ratings from the previous agency are treated as follows:

- o Disregard GS ratings from the other agency if they were given at the end of that agency's appraisal period, because these are annual ratings of record.
- o Consider other GS ratings from the other agency only if they were exit ratings given because the employee left during the appraisal period.

If all positions are rated fully successful or higher, determine the summary rating of record according to the following procedure:

<u>STEP</u>	<u>ACTION</u>
1	Assign points as follows:  3 Outstanding or equivalent summary rating 2 Highly Successful or equivalent summary rating 1 Fully Successful or equivalent summary rating
2	Add points and divide the total by the number of summary ratings.

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3 Convert averages to summary rating:

AVERAGE	SUMMARY RATING
3.0	Outstanding
2.0 to 2.9	Highly Successful
1.0 to 1.9	Fully Successful

If any positions are rated unacceptable or marginally successful, use the following chart.

A	B	C	D
RATING ON CURRENT HUD PERMANENT POSITION	RATING ON PREVIOUS HUD PERMANENT POSITION OR DETAIL OR OTHER TEMPORARY ASSIGNMENT	EXIT RATING FROM ANOTHER AGENCY	SUMMARY RATING OF RECORD
Unacceptable	Any rating	Any rating	Unacceptable
Marginally Successful	Any rating	Any rating	Marginally Successful
Fully Successful or higher	Any position is rated Marginally Successful or Unacceptable	Any position is rated Marginally Successful or Unacceptable	Fully Successful
No rating	*Fully Successful or higher	Marginally Successful or lower	Fully Successful
**No rating	No rating	Any rating	The exit rating from another agency

APPENDIX C

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\* If more than one HUD previous position, detail, or other temporary assignment is rated, the rating listed in Column B is the rating on the position most recently held. Other HUD ratings from previous positions, details, or other temporary assignments will be treated the same as if they were exit ratings from another agency (Column C).

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\*\* If the exit rating from another agency would result in a summary rating of record of unacceptable or marginally successful, the rating on the current HUD position will be delayed in accordance with Chapter 2, paragraph GS 3d(5) or (6), as appropriate.

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# Performance Appraisal

U.S. Department of Housing  
and Urban Development

APPENDIX D



Employee Name		Organizational Segment		Organization Code	
Position Title		Series and Grade		Date of Appraisal Period From _____ To _____	
<input type="checkbox"/> GM (Performance Management and Recognition System)		<input type="checkbox"/> GS (General Schedule)		<input type="checkbox"/> WG (wage Grade) <input type="checkbox"/> GS-AFGE <input type="checkbox"/> WG-AFGE	

Rating Official (Signature and Date)	Employee (Signature and Date)
Reviewing Official (Signature and Date)	<p><b>Note:</b> Employee signature indicates only that the rating has been discussed with the employee and does not signify agreement or disagreement with the rating.</p>

Element Ratings						Progress Review Employee's initials indicate only that the progress review meeting was held. They do not indicate agreement or disagreement with the results.		
Critical Element No.	Outstanding	Highly Successful	Fully Successful	Marginally Successful	Unacceptable	Date	Supervisor's Initials	Employee's Initials

**Summary Ratings**

Outstanding   
  Highly Successful   
  Fully Successful   
  Marginally Successful   
  Unacceptable

Employee is Unratable (PMRS Only). State Reason: \_\_\_\_\_

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**Employee Comments**

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**Rating Official/Reviewing Official Comments**

# Elements & Standards

U.S. Department of Housing  
and Urban Development



Date Assigned	Reviewing Official's Initials	Supervisor's Initials	Employee's Initials	Rating Date	Rating	Element No.
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Critical Element Description

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Employee's initials indicate only that critical elements and performance standards were communicated to him/her. They do not signify agreement or disagreement.

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**Outstanding Performance Standards**

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**Fully Successful Performance Standards**

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**Unacceptable Performance Standards**

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**Actual Accomplishments**

**Special Rating**

U.S. Department of Housing  
and Urban Development



Employee Name		Organizational Segment	Organization Code
Position Title	Series and Grade	Date of Appraisal Period From _____ To _____	Date Rating Made

GM (Performance Management and Recognition System)  
  GS (General Schedule)  
  WG (wage Grade)  
  GS-AFGE  
  WG-AFGE

Rating Official (Signature and Date)	Employee (Signature and Date)
Reviewing Official (Signature and Date)	<p>Note: Employee signature indicates only that the rating has been discussed with the employee and does not signify agreement or disagreement with the rating.</p>

<b>Element Ratings</b>						Progress Review Employee's initials indicate only that the progress review meeting was held. They do not indicate agreement or disagreement with the results.		
Critical Element No.	Outstanding	Highly Successful	Fully Successful	Marginally Successful	Unacceptable	Date	Supervisor's Initials	Employee's Initials

**Summary Ratings**

Outstanding  
  Highly Successful  
  Fully Successful  
  Marginally Successful  
  Unacceptable

Employee is Unratable (PMRS Only). State Reason: \_\_\_\_\_

This is a special rating of record given outside the normal rating time. It is not the annual rating of record. Therefore, it is not used to determine retention standing in a reduction in force or to make award determinations.

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**Employee Comments**

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**Rating Official/Reviewing Official Comments**



# Progress Review Record

U.S. Department of Housing and Urban Development

APPENDIX F



Employee Name	Critical Element No.	Current Performance Level				
		Outstanding	Highly Successful	Fully Successful	Marginally Successful	Unacceptable
Position Title, Series, Grade						
Organization						
Date of Progress Review Meeting						
[Redacted Area]						

(Name of) Reviewing Official Reviewing Official's Signature (Signature signifies that Reviewing Official reviewed this form)

(Name of) Rating Official Rating Official's Signature (Signature signifies that Progress Review meeting was held with employee)

Employee's Signature (Signature signifies that content of this form was discussed with employee at Progress Review meeting. It does not signify agreement or disagreement with what is recorded here)

Previous Edition Obsolete