



**Note: Appendix 2 of this memorandum was revised on July 17, 2025, and the memorandum was revised on March 24, 2026.**

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

## MEMORANDUM

**TO:** Heads and Acting Heads of Departments and Agencies  
**FROM:** Charles Ezell, Acting Director, U.S. Office of Personnel Management  
**DATE:** June 17, 2025  
**RE:** Performance Management for Federal Employees

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Since taking office, President Trump has “commence[d] a critical transformation of the Federal bureaucracy.”<sup>1</sup> As a necessary part of this effort, the President has taken numerous steps to establish a high-performance Federal workplace culture where excellent performance is celebrated and rewarded, and low performance is swiftly addressed by appropriate actions up through and including termination.<sup>2</sup>

Under 5 U.S.C. § 4302(c), each agency performance appraisal system must, *inter alia*, include performance standards that “permit the accurate evaluation of performance” based on objective, job-related criteria; provide a basis for “recognizing and rewarding employees whose performance so warrants”; and provide a basis for reassigning or removing employees who perform unacceptably.

The U.S. Office of Personnel Management (OPM) is required to review and approve agency performance appraisal systems, including for compliance with “applicable law, regulation, [and] OPM policy.”<sup>3</sup> Additionally, chapter 43 of title 5 of the United States Code directs OPM to assist agencies in the development of performance appraisal systems.<sup>4</sup>

To drive a high-performance, high-accountability culture in the Federal workforce, improve services to the American taxpayer, and deliver the agenda that the American people

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<sup>1</sup> President Trump, Executive Order 14120, [Implementing The President’s “Department of Government Efficiency” Workforce Optimization Initiative](#) (Feb. 11, 2025).

<sup>2</sup> See, e.g., President Trump, Executive Order 14284, [Strengthening Probationary Periods in the Federal Service](#) (April 24, 2025); President Trump, Executive Order 14171, [Restoring Accountability to Policy-Influencing Positions Within the Federal Workforce](#) (January 20, 2025); President Trump, Memorandum for the Heads of Executive Departments and Agencies, [Restoring Accountability for Career Senior Executives](#) (January 20, 2025); President Trump, Memorandum for the Heads of Executive Departments and Agencies, [Return to In-Person Work](#) (January 20, 2025).

<sup>3</sup> 5 C.F.R., § 430.210

<sup>4</sup> 5 U.S.C. § 4304(a)

elected President Trump to deliver, OPM is reforming employee performance management across the Federal government to ensure that it “shall reward individual initiative, skills, performance and hard work.”<sup>5</sup> Earlier this year, OPM issued new performance plans for members of the Senior Executive Service (SES)<sup>6</sup> and Senior Level (SL) and Scientific and Professional (ST) (Senior Professional (SP)) employees.<sup>7</sup> Now, OPM is providing enhanced governmentwide standards for performance management, awards programs, and resolving poor performance for the remaining positions covered under subchapter I of chapter 43 of title 5.

To ensure consistency across government and compliance with statutory and regulatory requirements and OPM policy, OPM will require all Executive agencies<sup>8</sup> and the Government Publishing Office to transition to a standardized governmentwide performance appraisal cycle for all non-SES/SP employees, on a fiscal-year cycle, beginning on October 1, 2026, consistent with any bargaining obligations.<sup>9</sup>

## I. Reform of Federal Performance Management

### A. Ending Inflation of Employee Performance Ratings

For many decades now, performance management across the Federal workforce has fallen short of what the American people should expect.<sup>10</sup> Too often, this has resulted in a lack of accountability and inflated performance ratings. Federal employee performance ratings should be normalized and reflect individual contributions to organizational results and outcomes.

Going forward, employee performance plans must “make clear distinctions among what is required to achieve performance at the various performance levels.”<sup>11</sup> In particular, a “fully successful” rating **must** reflect that the employee is achieving all expectations for their position and is contributing in a meaningful way to the agency’s success in meeting organizational goals.

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<sup>5</sup> President Trump, Executive Order 14151, [Ending Radical and Wasteful Government DEI Programs and Preferencing](#) (Jan. 20, 2025).

<sup>6</sup> OPM, [New Senior Executive Service Performance Appraisal System and Performance Plan, and Guidance on Next Steps for Agencies to Implement Restoring Accountability for Career Senior Executives](#) (Feb. 25, 2025).

<sup>7</sup> OPM, [New Senior Professional Performance Appraisal System and Plan](#) (Apr. 3, 2025).

<sup>8</sup> As defined in 5 U.S.C. § 4301(1).

<sup>9</sup> See 5 C.F.R. § 430.210 (agency performance appraisal systems must comply with “the requirements of applicable law, regulation, or OPM policy.”).

<sup>10</sup> U.S. Merit Systems Protection Board (MSPB), [Remedying Unacceptable Employee Performance in the Federal Civil Service](#), at p. 15 (June 18, 2019) (noting that only 26% of supervisors were confident that they could remove a subordinate for poor performance); U.S. Government Accountability Office (GAO), [Opportunities Exist for OPM to Further Innovation in Performance Management](#), GAO-19-35, at p. 1 (November 2018) (“[m]anaging employee performance has been a long-standing government-wide issue”).

<sup>11</sup> OPM, [Applying Rigor in the Performance Management Process and Leveraging Awards Programs for a High-Performing Workforce](#) (July 12, 2019).

Agencies must also define performance beyond the “fully successful” level for each individual performance standard. Ratings above “fully successful” **must** reflect performance that far exceeds the position’s responsibilities.

To ensure effective performance management across the Federal government, agencies should take the following three steps going forward. *First*, agencies should ensure that they are using a pass/fail pattern **only** in connection with seasonal employees, teachers, General Schedule grades 1-4, and Federal Wage System (e.g., wage grade) employees.<sup>12</sup> *Second*, agencies should seek to ensure that a disproportionate number of employees are not rated at the highest performance levels. This is strongly encouraged so that “performance evaluation results . . . make meaningful distinctions based on relative performance.”<sup>13</sup> Further, agencies should ensure that the distribution of performance ratings aligns with the overall performance of the agency or relevant agency sub-unit. *Third*, Senior Executives that manage 10 or more subordinate employees should be required to provide in their annual performance narrative, for the Performance Review Board’s consideration, the rating distribution of subordinate employees and how that rating distribution reflects the performance of their organization.

### ***B. New Required Critical Element and Training for All Supervisors***

No later than 30 days from the issuance of this memorandum, each agency with employees covered under chapter 43 of title 5, United States Code must add a mandatory supervisory critical element to the performance plan of all supervisory non-SES/SP employees. This critical element addresses holding subordinate employees accountable:

- **Holding Employees Accountable.** Ensures subordinate’s commitment to efficient work execution. Models self-accountability and holds subordinates accountable for high-quality results. Recognizes, supports, and rewards excellent work from employees supervised. Timely and efficiently addresses poor and mediocre performance of employees supervised—including seeking appropriate action up to removal from the Federal service. Takes appropriate action when employees report concerns of illegal conduct or waste, fraud, or abuse.<sup>14</sup>

OPM’s regulations require the systematic development of individuals in supervisory, managerial and executive positions, as well as potential internal candidates for those positions.<sup>15</sup>

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<sup>12</sup> Additional use of pass/fail (Pattern A) outside of these exceptions will require approval by OPM. Agencies may submit such requests to [performance-management@opm.gov](mailto:performance-management@opm.gov).

<sup>13</sup> 5 C.F.R. § 430.405(b)(1)(iii).

<sup>14</sup> See 5 U.S.C. § 4302(b)(1)(A) (requiring agency heads to develop supervisory critical elements in consultation with OPM). Performance standards for the new critical element are included in Appendix 2.

<sup>15</sup> 5 C.F.R. § 412.202.

Each supervisor and manager must be provided training on specific topics<sup>16</sup> related to performance management within one year of an employee's initial appointment to a supervisory position, as well as refresher training for all supervisors and managers at least every three years.

Beginning with the Fiscal Year 2026 cycle, supervisors will also be required to successfully complete a supervisory course on this guidance along with skills typically found in new supervisor training such as employee recognition and awards, hiring/firing, performance management (including drafting effective performance goals, elements and standards), and discipline. OPM shall provide supervisory training to help agencies meet this requirement.

## II. Available Tools for Preventing and Addressing Unacceptable Job Performance

Building a high-performance culture is essential to both individual and organizational success throughout the Federal government. Tolerating low performance results in a lack of trust between employees and supervisors, and it hurts the ability of the Federal government to effectively serve the American people.

Below, OPM lists some available tools for supervisors to identify and address poor performance.

### A. Establishing Clear Expectations

Performance appraisal plans should be drafted at the beginning of the appraisal period and discussed in advance with the employee. In addition, they should set forth clear performance expectations and goals that align individual employee efforts with organizational goals, the agency's mission, and the President's policy priorities.<sup>17</sup> “[A]n explicit alignment of daily activities with broader results is one of the defining features of effective performance management systems in high-performing organizations.”<sup>18</sup>

Employee performance plans should be written as clearly and specifically as possible to “provide a firm benchmark towards which employees must aim their performance” and “permit the accurate evaluation of job performance on the basis of objective criteria.”<sup>19</sup> Performance elements and standards should be measurable, understandable, verifiable, and achievable. Performance elements, whether critical or non-critical, tell employees *what* they have to do, and the standards tell them *how well* they have to do it. Performance standards must include a clear

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<sup>16</sup> Agencies must provide training on the use of appropriate actions, options, and strategies to mentor employees; improve employee performance and productivity; conduct employee performance appraisals; and identifying and assisting employees with unacceptable performance (5 C.F.R. § 412.202(b)).

<sup>17</sup> GAO, [Creating a Clear Linkage between Individual Performance and Organizational Success](#), GAO-03-488 (March 2003) (noting, as a key practice, “[a]lign[ing] individual performance expectations with organizational goals”).

<sup>18</sup> GAO, [Opportunities Exist for OPM to Further Innovation in Performance Management](#), GAO-19-35, at p. 10 (November 2018).

<sup>19</sup> OPM, [Applying Rigor in the Performance Management Process and Leveraging Awards Programs for a High-Performing Workforce](#) (July 12, 2019).

result to achieve and a specific measure of success reflecting “fully successful” performance. Additionally, at least one critical element should clearly align to an organizational goal or Trump Administration priority. Through critical elements, the agency will hold employees accountable for work assignments and responsibilities.

### ***B. Regular Performance Check-Ins***

Regular communication is the key for supervisors in monitoring job performance, addressing issues early, and taking appropriate action when necessary. Supervisors should “clarify and flesh out the day-to-day application of performance standards to particular workplace and job requirements, which may evolve during the appraisal period, by providing feedback and examples.”<sup>20</sup> Thus, they should schedule regular performance check-ins with employees they supervise. The regular check-ins can vary from monthly to quarterly but should not prevent more frequent communication to address questions or concerns in real time.

### ***C. Probationary Periods***

Probationary periods (in the competitive service) and trial periods (in the excepted service) for newly-hired employees provide “a longstanding critical tool to assess the fitness of newly hired Federal employees before finalizing their appointments to Federal service.”<sup>21</sup> Pursuant to the new Civil Service Rule XI, agencies “shall utilize probationary and trial periods required upon initial appointment or subsequent reinstatement to evaluate employees’ fitness and whether their continuation of employment advances the public interest.” Agencies must affirmatively certify that a probationer’s appointment will advance the public interest before finalizing it. They thus have broad flexibility in terminating probationary or trial period employees who fail to adequately perform or who fail to advance the organization’s mission.

### ***D. Schedule Policy/Career***

President Trump has directed that OPM create Schedule Policy/Career in the excepted service for career positions that are “of a confidential, policy-determining, policy-making, or policy-advocating character.”<sup>22</sup> This new schedule will allow agencies to expeditiously remove insubordinate, corrupt, or underperforming employees who perform crucial confidential, policy-determining, policy-making, or policy-advocating duties.

### ***E. Post-Appointment Suitability***

President Trump has also directed OPM to amend its regulations to allow for suitability and fitness actions to be taken, based on the employing agency’s referral to OPM, against current

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<sup>20</sup> OPM, [\*Applying Rigor in the Performance Management Process and Leveraging Awards Programs for a High-Performing Workforce\*](#) (July 12, 2019).

<sup>21</sup> President Trump, Executive Order 14284, [\*Strengthening Probationary Periods in the Federal Service\*](#) (April 24, 2025);

<sup>22</sup> President Trump, Executive Order 14171, [\*Restoring Accountability to Policy-Influencing Positions Within the Federal Workforce\*](#) (January 20, 2025).

Federal employees based on grounds including post-appointment misconduct or negligence in Federal employment, criminal conduct, and dishonest conduct.<sup>23</sup>

#### ***F. Chapter 43 Adverse Actions***

Chapter 43 actions allow managers to hold Federal employees accountable for unacceptable performance based on the critical elements set forth in the employee's performance plan.<sup>24</sup> Before pursuing a Chapter 43 action to reduce in grade or remove an employee, the employee must be given "a reasonable opportunity to demonstrate acceptable performance."<sup>25</sup> The burden of proof required to support an agency's action to demote or remove an employee under Chapter 43 is substantial evidence, a deferential standard.<sup>26</sup> Additionally, the penalties of reduction-in-grade or removal taken under Chapter 43 cannot be reduced by the MSPB.<sup>27</sup>

#### ***G. Chapter 75 Adverse Actions***

Agencies also may take an adverse action under Chapter 75 procedures when an employee's performance or conduct is unacceptable. These procedures require agencies to provide the employee advance notice and an opportunity to respond.<sup>28</sup> Chapter 75 procedures do not, however, require an agency to provide the employee with a performance improvement period.<sup>29</sup> Nor do they require that an agency establish a specific standard of performance in advance of taking an adverse action.<sup>30</sup> Rather, the agency must establish by a preponderance of the evidence that its measurement of the employee's performance is accurate and reasonable.<sup>31</sup>

### **III. Changes to Agency Policies to Improve Performance Management**

Agencies should review and update their performance and disciplinary policies to ensure that poor performers can be swiftly removed, reduced in grade, or reassigned.<sup>32</sup> Agencies subject

<sup>23</sup> President Trump, Presidential Memorandum to the OPM Director, [Strengthening the Suitability and Fitness of the Federal Workforce](#) (March 20, 2025); 5 C.F.R. § 731.202.

<sup>24</sup> 5 U.S.C. § 4303.

<sup>25</sup> 5 C.F.R. § 432.104.

<sup>26</sup> 5 U.S.C. § 7701(c)(1)(A).

<sup>27</sup> *Lisiecki v. MSPB*, 769 F.2d 1558, 1567-68 (Fed. Cir. 1985), cert. denied, 475 U.S. 1108 (1986).

<sup>28</sup> 5 U.S.C. §§ 7503, 7513.

<sup>29</sup> *Fairall v. Veterans Admin.*, 33 M.S.P.R. 33, 44 (1987) (citing *Lovshin v. Department of the Navy*, 767 F.2d 826, 842 (Fed.Cir. 1985)).

<sup>30</sup> *Graham v. Dep't of the Air Force*, 46 M.S.P.R. 227, 235-36 (1990).

<sup>31</sup> *Id.*

<sup>32</sup> This is especially important for agencies that have been exempted by President Trump from collective bargaining due to their national security and/or investigative missions and are transitioning from having agency employment policies dictated by collective bargaining. See President Trump, Executive Order 14251, [Exclusions from Labor-Management Programs](#) (Mar. 27, 2025); OPM, [Guidance on Executive Order Exclusions from Federal Labor-Management Programs](#) (Mar. 27, 2025).

to collective bargaining obligations should seek to renegotiate any CBA provisions that would inhibit effective performance management. A list of common policies that agencies should seek to revise are found in Appendix 1.

#### IV. Using Bonus and Award Authorities to Reward High Performance

“Effective awards programs support the retention of high-performing employees.”<sup>33</sup> Further, they should “clearly link employee knowledge, skills, and contributions to organizational results.”<sup>34</sup>

To drive a high-performance workplace culture, agencies must recognize, support and reward outstanding performance, including by monetary and non-monetary incentives (i.e., time off awards). This direct correlation between the objective assessment of an individual’s performance and the potential for additional compensation reinforces the criticality of meaningful and standardized performance management. In addition, outstanding performance should be identified and rewarded in real time throughout the year. Supervisors should not wait for the next scheduled progress review to reward outstanding performance.

To support a high-performance workplace culture, agencies should reward high performers—and only high performers—with meaningful bonuses and awards. A table of Title 5 employee incentive awards programs is found at Appendix 4. Additionally, before the end of the fiscal year, OPM will issue awards guidance that includes tools for rewarding outstanding performance as well as appropriate monetary compensation guidelines.

#### V. Reports

No later than July 31, 2025, agencies must report to OPM on the following, for the period covering January 1, 2025 to present:

1. Progress in implementing the guidance reflected in this memorandum;
2. Any changes to agency performance or disciplinary policies (including those found in CBAs) that the agency has initiated, and the expected completion date for such changes;
3. The number of civilian employees afforded an opportunity period by the agency under section 4302(c)(6) of title 5, United States Code, breaking out the number of such employees receiving an opportunity period longer than 30 days;

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<sup>33</sup> OPM, [Applying Rigor in the Performance Management Process and Leveraging Awards Programs for a High-Performing Workforce](#) (July 12, 2019).

<sup>34</sup> GAO, [Opportunities Exist for OPM to Further Innovation in Performance Management](#), GAO-19-35, at p. 18 (November 2018).

4. The number of adverse personnel actions taken against civilian employees by the agency, broken down by type of adverse personnel action, including reduction in grade or pay (or equivalent), suspension, and removal;
5. The number and key terms of settlements reached by the agency with civilian employees in cases arising out of adverse personnel actions; and
6. The resolutions of litigation about adverse personnel actions involving civilian employees and the agency.

Agencies should submit an additional progress report on October 31, 2025, and submit additional reports each quarter thereafter, on the last business day of the quarter (i.e., December 31, 2025, March 31, 2026, etc.). These reports should be sent to [employeeaccountability@opm.gov](mailto:employeeaccountability@opm.gov).

For questions and support, please reach out to the below points of contact:

Performance Management and Awards: [performance-management@opm.gov](mailto:performance-management@opm.gov)

Adverse Actions and Reports: [employeeaccountability@opm.gov](mailto:employeeaccountability@opm.gov)

cc: Chief Human Capital Officers (CHCOs), Deputy CHCOs, Human Resources Directors, and Chiefs of Staff

Appendix 1: Changes to Agency Policies to Improve Performance Management

Appendix 2: New Required Supervisory Performance Element (Holding Employees Accountable) and Performance Standards

Appendix 3: Template Non-SES/SP Performance Appraisal System

Appendix 4: Table of Title 5 Incentive Awards Programs

Appendix 5: Guidance on Withholding or Reducing Performance-Related Compensation

Appendix 6: Guidance on Summary Rating Derivation Formulas



## **Appendix 1: Changes to Agency Policies to Improve Performance Management**

Consistent with President Trump's Executive Orders 14171 and 14148, agencies should revise their internal policies (including any policies found in collective bargaining agreements) to reflect the following:

- A Performance Improvement Plan (PIP) should be limited to 30 calendar days. A PIP is a formal notice to the employee that their performance is below expectations and needs improvement. An effective PIP will include measurable goals and timelines for achieving those goals along with the outcomes should the goals not be met. The PIP should also offer support and resources to assist the employee in achieving the established goals through periodic check-ins and feedback. At the conclusion of the PIP, it should not be a surprise to the employee whether he or she will be retained, reduced in grade, or removed. Agency human resources offices should be involved in the process to ensure compliance.
- Unsatisfactory performance may be addressed either through the procedures under chapter 75 or chapter 43 of title 5 of the United States Code.
- Supervisors and deciding officials should not be required to use progressive discipline. Actions taken under chapter 75 should be calibrated to the specific facts and circumstances of each individual situation, and agencies should not be prohibited from removing an employee because they did not remove a different employee for comparable conduct. Agencies should rescind any agency policies or guidelines that require the use of a table of penalties.
- Suspension should not be a substitute for removal in circumstances in which removal would be appropriate. If an agency is using a table of penalties, the agency is not required to adhere only to the enumerated penalties and may deviate as circumstances warrant. When taking action under chapter 75, the agency should consider all past misconduct and past work record, not only similar past misconduct.
- The agency should issue decisions on proposed removals taken under chapter 75 within 15 calendar days of the end of the employee's reply period following a notice of proposed removal. Employees placed into "Schedule Policy/Career" positions will be at-will and excepted from adverse action procedures. This allows agencies to quickly remove employees from critical positions who engage in misconduct, perform poorly, or undermine the democratic process by intentionally subverting Presidential directives. Agencies are expected to understand the accountability and flexibility offered by "Schedule Policy/Career" and take appropriate actions to ensure that the federal government runs in a manner expected by the citizens of the United States.

## **Appendix 2: New Required Supervisory Performance Element (Holding Employees Accountable) and Performance Standards**

No later than 30 days from the issuance of this memorandum, each agency with employees covered under chapter 43 of title 5, United States Code shall add a mandatory supervisory critical element to the performance plan of all supervisory non-SES/SP employees.

### *Critical Element*

- **Holding Employees Accountable.** Ensures subordinate's commitment to efficient work execution. Models self-accountability and holds subordinates accountable for high-quality results. Recognizes, supports, and rewards excellent work from employees supervised. Timely and efficiently addresses poor and mediocre performance of employees supervised—including seeking appropriate action up to removal from the Federal service. Takes appropriate action when employees report concerns of illegal conduct or waste, fraud, or abuse.

### *Performance Standards*

**Level 1 (Optional):** The supervisor consistently demonstrates the following behaviors and results:

- Work is below Minimally Satisfactory.

**Level 2 (Optional):** The supervisor consistently demonstrates the following behaviors and results:

- With few exceptions, demonstrates commitment to efficient work execution. Requires reminders and guidance to optimize processes and productivity.
- With few exceptions, holds subordinates accountable for delivering results. Expectations and standards are sometimes clearly defined, leading to inconsistent performance.
- Attempts to recognize or support excellent work. Recognition programs are infrequent or ineffective.
- Occasionally attempts to address poor and mediocre performance, leading to prolonged issues. Corrective actions are insufficient or poorly implemented.
- Takes limited action when employees report concerns of illegal conduct or waste, fraud, or abuse, leading to a lack of trust and transparency.

**Level 3 (Mandatory):** The supervisor consistently demonstrates the following behaviors and results:

- Ensures that subordinates are committed to executing work efficiently and effectively, modeling self-accountability in all tasks.
- Holds subordinates accountable for delivering high-quality results, setting clear expectations and standards.
- Actively recognizes, supports, and rewards excellent work of employees, fostering a

culture of achievement and motivation.

- Addresses poor and mediocre performance in a timely and efficient manner, implementing corrective actions as necessary, including considering removal from Federal service if appropriate.
- Consistently takes appropriate action when employees report concerns of illegal conduct or waste, fraud, or abuse.

**Level 4 (Optional):** The supervisor consistently demonstrates the following behaviors and results:

- Demonstrates strong commitment to efficient work execution among subordinates, consistently optimizing processes to enhance productivity.
- Achieves excellent results through subordinates by setting clear goals and providing the necessary resources and guidance to consistently meet and exceed expectations.
- Actively identifies and celebrates outstanding contributions from employees, implementing effective recognition programs that boost morale and motivation.
- Manages performance issues effectively, resulting in noticeable improvements in employee performance and engagement. Handles complex employee situations with skill, using appropriate administrative actions.
- Fosters an environment where employees feel safe to report concerns of illegal conduct or waste, fraud, or abuse.

**Level 5 (Mandatory):** The supervisor consistently demonstrates the following behaviors and results:

- Consistently demonstrates and instills a strong commitment to efficient work execution among subordinates, leading by example and optimizing processes to enhance productivity.
- Achieves exceptional results through subordinates by setting clear, ambitious goals and providing the necessary resources and guidance to exceed expectations consistently.
- Proactively identifies and celebrates outstanding contributions from employees, implementing innovative recognition programs that significantly boost morale and motivation.
- Effectively manages performance issues with a strategic approach, resulting in noticeable improvements in employee performance and engagement. Demonstrates skillful handling of complex and sensitive employee situations, including successful resolution of performance-related challenges using the full range of administrative actions.
- Fosters a transparent and supportive environment where employees feel safe to report concerns of illegal conduct or waste, fraud, or abuse.

Outstanding performance in this element reflects a supervisor who not only meets the basic requirements but exceeds them by creating a high-performing team that consistently delivers exceptional results, while maintaining a positive and compliant workplace culture.

### Appendix 3: Template Non-SES/SP Performance Appraisal System

#### Agency Name:

#### I. System Coverage

All agency non-SES/SP employees, other than those excluded by 5 U.S.C. 4301(2) or with specific OPM approval as defined in 5 CFR 430.202(d). All exclusion requests must accompany this form.

#### II. Appraisal Period

All programs will have a 1-year appraisal period. All programs will begin on October 1st, except for seasonal workers & teachers.

#### III. Element and Summary Ratings

##### a. Element Ratings

Elements will be rated holistically. The Rating Official will assign a rating level for each element based on their judgment as to the extent the employee's performance demonstrates the established criteria. A single rating level is assigned to the whole element and no rating levels are assigned to individual standards. Element level values shall be established as whole numbers and correspond to the applicable rating level (i.e. a rating level of 3 – Fully Successful, should have a rating value of 3 or 300 for the calculation of the summary rating). Agencies should strongly consider having the same number of element rating levels as their summary rating levels (e.g. if the agency has the summary pattern of B with 3 levels, the elements should also have 3 rating levels).

##### b. Summary Rating Derivation Formula

The summary rating for Pattern A will be a simple pass/fail for which a rating of level 1 for any critical element will yield a summary rating of level 1. Summary ratings for Patterns B, E or H shall utilize either a simple average or a weighted derivation formula (See Appendix 6 for examples).

Summary derivation formula:  Simple Average  Weighted

##### c. Summary Rating Pattern

Each appraisal program under this system will use Pattern B, E or H, except for programs that cover specific groups of excepted employees (i.e., seasonal employees, teachers, General Schedule grades 1-4, and Federal Wage System) that can use Pattern A. Additional use of Pattern A will require approval by OPM.

Pattern Selection	Pattern	Summary Level 1	Summary Level 2	Summary Level 3	Summary Level 4	Summary Level 5
	A	X		X		
	B	X		X		X
	E	X		X	X	X
	H	X	X	X	X	X

#### IV. Appraisal Elements

##### a. Non-Supervisory

Each appraisal program will provide for establishing employee performance plans that include at least three critical elements but no more than six critical elements. Agencies may, where applicable, include non-critical element(s). Non-critical elements should mostly be used for employees in developmental positions.

##### b. Supervisory

Each appraisal program will provide for establishing employee performance plans that include at least four critical elements, one of which is the governmentwide supervisory critical element, and no more than seven critical elements. Agencies may, where applicable, include non-critical element(s). Non-critical elements should mostly be used for employees in developmental positions.

#### V. Minimum Period

Within the following parameters, each appraisal program will have a minimum period of performance that must be completed before a performance rating can be given:

Minimum number of days:

Maximum number of days:

#### VI. Progress Reviews

Each appraisal program will require a minimum of three progress reviews (to include required mid-year progress review) during the performance period to discuss 1) where the employee is failing to meet expectations (if applicable), 2) where the employee is meeting or exceeding expectations, and 3) how the employee can continue to grow.

#### VII. Appraisal Programs

**a. General**

In accordance with 5 C.F.R. § 430.205–208, each appraisal program under this system will:

1. Specify the employees covered by the program;
2. Specify the effective date;
3. Specify the procedures and requirements for planning, monitoring, and rating performance, including how elements and standards will be established and appraised and the pattern and method(s) for assigning summary levels;
4. Designate the appraisal period as the fiscal year, including any exceptions permitted for excepted populations;
5. Establish criteria and procedures to address employee performance for employees who are on detail, who are transferred, and, as needed, for other special circumstances; and
6. Establish a savings provision for the program comparable to 5 CFR 430.201(b), i.e., the processing of any administrative action already initiated when this program becomes effective shall continue consistent with the procedures and requirements of the program in effect when initiating the action.

**b. Separate Appraisal Programs**

- See attached description of criteria and procedures for establishing separate appraisal programs.
- Not applicable—at no time will there be more than one appraisal program established under this system

**c. Additional Appraisal Programs Restrictions or Requirements**

- Appropriate policy documents specifying additional restrictions, requirements, criteria, and procedures by which separate appraisal programs may operate under this appraisal system are attached.
- Not applicable—this system establishes no additional restrictions or requirements for appraisal program design or operation.

**d. Transition Statement**

Between the date the Office of Personnel Management approves this system and the effective date of any new appraisal program established under this system, the agency will continue to use its previous appraisal program(s).

**VIII. Statutory Requirements**

In accordance with 5 U.S.C. 4302, this appraisal system, and its associated appraisal program(s), established by the agency provide or will provide for:

1. Establishing employee performance plans, including, but not limited to, critical elements and performance standards;
2. Communicating performance plans to employees at the beginning of an appraisal period;
3. Evaluating each employee during the appraisal period on the employee's elements and standards;
4. Recognizing and rewarding employees whose performance so warrants;
5. Assisting employees in improving unacceptable performance; and
6. Reassigning, reducing in grade, or removing employees who continue to have unacceptable performance, but only after an opportunity to demonstrate acceptable performance.

#### Appendix 4: Title 5 Non-SES/SP Incentive Awards Programs

	Performance Awards	“Special Act” Awards
<b>Eligibility</b>	Career (General Schedule, other white collar, and Federal Wage System) and Schedule C. Schedule C appointees may not receive performance awards during Presidential election periods.	All employees (individuals or groups), career and political. <sup>35</sup> Schedule C appointees may not receive awards during Presidential election periods.
<b>Statutory Authority</b>	5 U.S.C. §§ 4302, 4502, 4505a, 4508-4509	5 U.S.C. §§ 4502-4503, 4508-4509
<b>Basis for Award</b>	High quality performance during 1-year appraisal period as reflected in a summary performance appraisal rating of record. Requires performance rating of Fully Successful or higher.	Special act or service in the public interest, invention, or suggestion connected with official employment that contributes to improved Government operations
<b>Process</b>	Agency determines.	Agency determines following agency financial management guidelines.
<b>Form of Award</b>	Cash. (Some agencies also provide an award certificate. Time-off without charge to leave may be granted on the basis of a summary appraisal rating, but it is processed as a time-off award, not as a performance award.)	Cash, time-off without charge to leave, honorary recognition (e.g., plaques, certificates, etc.), informal recognition items, or combination thereof.
<b>Cash Award Amounts/ Limitations<sup>36</sup></b>	Not to exceed 10% of basic pay; except up to 20% where agency finds performance unusually outstanding. Agency approves up to \$10,000 for individuals. OPM approves up to \$25,000 for individuals. (Exception: DOD and IRS may approve awards up to \$25,000.) President approves any higher amount.	Agency approves up to \$10,000 for individuals. OPM approves up to \$25,000 for individuals. (Exception: DOD, IRS, and VA may approve awards up to \$25,000.) President approves any higher amount.

<sup>35</sup> For purposes of this chart. “Political” refers to Schedule C employees

<sup>36</sup> (a) The IRS considers cash awards and other awards that qualify as a taxable fringe benefit to be supplemental wages for tax purposes; taxes must be withheld for these supplemental wages.

(b) No award may be paid to an employee in a calendar year if, when added to the total basic pay paid or payable to such employee for service performed in such calendar year, such payment would cause the total to exceed the annual rate of basic pay payable for level I of the Executive Schedule, as of the end of such calendar year. Any amount that is not paid to an employee in a calendar year because of this limitation shall be paid to that employee in a lump sum at the beginning of the following calendar year. Exception: Under certain conditions agencies may pay a higher aggregate limitation on pay for members of the Senior Executive Service and employees in senior-level (SL) and scientific or professional positions (ST) established above GS-15.



## **Appendix 5: Guidance on Withholding or Reducing Performance-Related Compensation Based on Poor Performance**

General Schedule (GS) employees are only eligible for within-grade increases and incentives if their performance is at least “Fully Successful” or equivalent. A GS employee’s performance must be at an acceptable level of competence, as determined by the head of an agency (or designee), to receive a [within-grade increase](#) (5 U.S.C. 5335 and 5 CFR part 531, subpart D). The agency head (or designee) is responsible for ensuring that within-grade increases are not granted to employees with ratings of record below the Fully Successful level and should certify an employee’s performance is qualifying before approving the increase. The payment of within-grade increases should never be viewed as automatic or routine.

In addition, an authorized agency official must terminate a recruitment, relocation, or retention incentive service agreement, or a Federal student loan repayment program service agreement, if an employee receives a rating of record (or an official performance appraisal or evaluation under a system not covered by 5 U.S.C. chapter 43 or 5 CFR part 430) of less than “Fully Successful” or equivalent (5 CFR 537.108, 575.111(b), 575.211(b), and 575.311(b)).

As explained in section II.E., an agency may take an adverse action that affects an employee’s pay if the employee performs at an unacceptable level. For example, if an agency demotes a GS employee, he or she is only entitled to step 1 of the lower grade; thus, an agency should consider reducing an employee’s pay in a demotion adverse action. A GS employee who is reduced in grade based on personal cause, such as unacceptable performance, is not eligible for grade or pay retention under 5 CFR part 536.

Agencies with authority to administratively determine rates of pay must follow the statute that provides for such pay authority. However, for agencies with employees covered by 5 U.S.C. chapters 43 and 75, implementing policies should also address compensation to reward positive performance and have consequences for negative performance consistent with the guidance in this memorandum.

## Appendix 6: Guidance on Summary Rating Derivation Formulas

At present, summary derivation formulas across the government are unnecessarily complicated. Agencies should simplify the formula for how summary ratings are derived for their non-SES/SP employees by selecting from either a simple average or a weighted formula.

Going forward, agencies utilizing Summary Rating Patterns B, E or H should use a simple average or a weighted derivation formula. In a simple average formula, each element is assigned a rating with an associated point value. The performance system will then calculate the average of the points assigned to each element to determine the overall summary rating (see Table 1).

**Table 1: Simple Average Example**

Element	Rating	Numerical Ranges
Element 1	5	Outstanding: 4.7 – 5.0
Element 2	4	Great: 3.7 – 4.69
Element 3	4	Fully Successful: 2.8 – 3.69
Element 4	5	Minimally Satisfactory 2.0 – 2.79
Element 5	4	Unacceptable: Any element rated 1
Average: 4.4		<b>Summary Rating: Great</b>

For the weighted average formula, elements have associated weights that factor into the calculation of the summary rating. The points assigned to each element are multiplied by the element weight and then summed to determine a total. The summed total of points is compared to agency identified ranges to the tenth or hundredth place which determines the overall summary rating (see Table 2).

**Table 2: Weighted Average Example**

Element Rating	Weight	Score	Numerical Ranges
Element 1 = 5	30%	1.5	Outstanding: 4.7 – 5.0 Great: 3.7 – 4.69 Fully Successful: 2.8 – 3.69 Minimally Satisfactory 2.0 – 2.79 Unacceptable: Any element rated 1
Element 2 = 4	20%	0.80	
Element 3 = 4	10%	0.40	
Element 4 = 5	30%	1.5	
Element 5 = 4	10%	0.4	
Total Summed Points: 4.6			