U.S. Department of Transportation

DEPARTMENTAL PERSONNEL MANUAL

Chapter 430

PERFORMANCE MANAGEMENT

THIS DPM CANCELS AND REPLACES ALL PREVIOUSLY ISSUED DPM-430 BULLETINS, LETTERS, AND CHAPTERS RELATED TO PERFORMANCE MANAGEMENT.

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SECTION 1. GENERAL INFORMATION

Purpose

This Chapter establishes the U.S. Department of Transportation (DOT) Performance Appraisal System and sets forth performance management policy for establishing employee performance appraisal systems within DOT. DPM Letter No 430-4, The Department of Transportation Performance Management Framework, dated October 12, 1995, containing policy and instructions, is canceled. However, Operating Administrations (OA) shall continue to use their current performance management systems until new performance management programs created under this directive are approved for implementation by the Departmental Office of Human Resource Management.

Coverage

The DOT Performance Appraisal System applies to all employees employed by the OAs of DOT except:

1. Individuals in the Senior Executive Service (See <u>DPM 920-24, Senior Executive Service (SES) Performance Management System</u>);
2. Individuals appointed by the President; and
3. Individuals excluded from coverage under other applicable law.

Related Topics

The DOT Performance Appraisal System interfaces with various human resource topics:

1. Department of Transportation Awards and Recognition System, DPM Chapter 451
2. Department of Transportation Senior Executive Service (SES) Performance Management System, DPM Letter 920-24.

Authority and References

a. This Chapter is based upon and conforms to the policies and requirements set forth in 5 U.S.C. Chapters 23, 43, 45, 53 and 71; and 5 C.F.R. Parts 430, 432, 451, and 752.

b. This Chapter supplements policies and requirements contained in the references cited in (a) above. This Chapter is not self-contained, and must be read in conjunction with the cited references, and any collective bargaining agreements. The requirements cited in section (a) above apply only to OAs covered by Title 5, United States Code.

c. A "Supervisory Toolkit" has been developed to assist managers and supervisors in the performance of their supervisory duties. It can be found at: http://dothr.ost.dot.gov/Toolkit/toolkit.html.

Policy

OAs' performance management programs will strive to create a results-oriented performance culture by defining, measuring, managing, and improving performance; and by recognizing and rewarding results. It is Departmental policy that all performance management programs will:

a. Be applied fairly and equitably;

b. Be integrated into management processes;

c. Identify employee, team, and supervisory/managerial accountability for achieving organizational goals and objectives;

d. Adhere to merit system principles noted in 5 U.S.C. 2301; and

e. Involve employees and their representatives in program development, implementation, and application.

Definitions

a. *Critical Element*. 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 or unsatisfactory performance on the element would result in unacceptable or unsatisfactory performance in the position.

b. *Operating Administrations and Departmental Offices.* Refers to the Department's OAs, including the Bureau of Transportation Statistics (BTS), the Office of the Secretary (OST), the Office of the Inspector General (OIG), and the Surface Transportation Board (STB).

c. *Managerial Position*. A managerial position is typically involved in directing the work of an organization, monitoring and evaluating an organization's progress toward its goals, and assuming responsibility for the success of specific programs.

d. *Performance Appraisal/Rating*. The act or process of reviewing and evaluating the performance of an employee against prescribed performance standards or indicators.

e. *Performance Management*. The systematic process by which an OA involves its employees in improving organizational effectiveness in the accomplishment of DOT and/or OA mission and strategic goals. Performance management has five components:

   1. Planning work and setting expectations;
   2. Monitoring performance;
   3. Developing employee capabilities;
   4. Providing performance feedback; and
   5. Rewarding superior performance and resolving performance problems.

f. *Performance Management Program.* The specific procedures and requirements for appraisal established within the OAs in accordance with the policies and parameters of the DOT Performance Appraisal System.

g. *Performance Plans*. Documents that define the critical (and non-critical) elements or results, and the performance standards or indicators by which an employee's performance will be appraised.

h. *Performance Standard.* A statement of the expectations or requirements established by management for a critical element at a particular level of performance. A performance standard may include, but is not limited to, factors such as quality, quantity, cost efficiency, timeliness, and manner of performance.

i. *Supervisory Position*.   A supervisory position is established to accomplish work through the direction of other people and meets at least the minimum requirements for coverage under the General Schedule Supervisory Guide or, if under the wage system, the Job Grading Standard for Supervisors.

j. *Team Leader.* A person who is responsible to his/her supervisor for ensuring that work assignments of other employees on the team are carried out. Team leaders are defined at www.opm.gov/fedclass/gslead.pdf, which includes a comparison chart that outlines the major functions of a team leader versus a supervisor.

SECTION 2. RESPONSIBILITIES

a. The Departmental Office of Human Resource Management is responsible for policy formulation, planning, program administration, and evaluation; and for establishing Departmental objectives and strategies.

b. OA Administrators are responsible for ensuring program compliance with applicable laws and regulations, Departmental policies, and collective bargaining agreements. In addition, Administrators shall:

   1. Communicate the Department's and the OA's missions, strategic goals, and objectives to all levels within their OA;

2. Establish and communicate to all levels within their OA the timeframes by which goals and objectives are to be met;
3. Establish clear, documented and transparent performance management policies and procedures;
4. Establish accountability procedures to ensure that the Department's and OA's performance management policies are consistently applied;
5. Ensure that the administrative approval processes are simple, automated (where feasible), and accessible;
6. Establish a positive environment that encourages and supports performance excellence and encourages employees to achieve the goals and objectives of the Department and the OA;
7. Ensure a linkage between individual performance and the goals and objectives of the Department or the OA;
8. Emphasize the importance of communication by supervisors and managers to define the work which is to be performed, to provide feedback on the work performed, and to develop effective employees;
9. Ensure that performance appraisals are used to make administrative decisions concerning training, rewarding, reassigning, promoting, reducing in grade, retaining, and removing employees;
10. Establish recognition programs for rewarding excellent performance;
11. Support managers and supervisors in their efforts to improve the performance of employees that are performing at a less than optimal level;
12. Hold managers and supervisors accountable for their human capital responsibilities, including rewarding superior performance and dealing with poor performers;
13. Ensure that managers and supervisors receive training on human resource principles and techniques;
14. Ensure that employees are informed of their rights and responsibilities;
15. Maintain appropriate records and submit required data and reports on operations, as necessary; and
16. Monitor and evaluate the effectiveness of the program, and take corrective action as warranted.

c. Human Resource and training offices are responsible for:

1. Communicating to supervisors and the workforce the purpose and procedures of the performance management program and its relationship to organizational performance;
2. Training supervisors and employees on performance management;
3. Providing instruction and guidance on how to link critical elements with organizational goals and objectives and establish results-oriented performance standards, with appropriate performance measures;
4. Coordinating and submitting required reports; and
5. Ensuring supervisory and employee adherence to performance management policies and procedures.

SECTION 3. MANAGING PERFORMANCE FOR SUCCESS

An effective performance management system requires a framework that integrates people, planning, and performance with organizational objectives to develop individual and organizational capability that leads to higher performance. It begins with managers and supervisors who communicate to employees a clear sense of where the organization is going and how employees contribute to the overall effort. It holds managers and supervisors accountable for the success of the organization and provides them with the necessary tools to achieve that success. It articulates a philosophy of commitment to achieving the highest level of performance possible.

Key indicators of an effective performance management system include the following:

    a.   Individual performance expectations are aligned with organizational goals;

    b.   Crosscutting organizational goals and objectives are achieved through collaboration, interaction, and teamwork;

    c.   Employees routinely use performance information to track achievement of goals and objectives, and to identify performance gaps;

    d.   Employees are held accountable for making progress in bridging performance gaps;

    e.   Awards and recognition are linked to individual and organizational results;

    f.   Meaningful distinctions are made regarding employee performance; and

    g.   Employees and stakeholders are involved in the design of performance management systems.

SECTION 4. PROGRAM REQUIREMENTS

    a.   Each OA will establish a performance management program that complies with the DOT Performance Appraisal System, and with applicable laws and regulations.

    b.   Each OA's performance management program will:

        1.   Specify which employees are covered, the summary level pattern chosen, and the appraisal period;
        2.   Specify the procedures and requirements for planning, monitoring, developing, evaluating, and rewarding performance;
        3.   Require alignment of employee performance plans with Departmental, OA and/or organizational goals and objectives;
        4.   Require employee performance plans to contain expectations that are clear, specific, and understandable; reasonable and attainable; measurable, observable or verifiable; and results-oriented;

5. Hold managers, supervisors, and team leaders (as appropriate) at the GS-15 level (or equivalent) and below accountable for achieving business results, managing human capital, managing resources, and achieving EEO/Diversity Initiatives;
6. Direct supervisors to use the performance management process to communicate and clarify to employees on an ongoing basis organizational goals and objectives, and to identify individual accountability for achieving organizational goals and objectives;
7. Assess employee (or team/unit, as appropriate) performance annually and provide at least one progress review during the appraisal period;
8. Provide opportunities for employees to participate in the development of their own performance plans;
9. Recognize and reward individual and team performance that achieves results;
10. Educate managers and supervisors on their performance management responsibilities, including communicating organizational goals and objectives, aligning performance plans with those goals and objectives, recognizing and rewarding performance, and effectively dealing with poor performance;
11. Establish policies and procedures for taking corrective action against supervisors who fail to address poor performance; and
12. Ensure that differences among employees that are not related to performance are not allowed to be barriers to performance or recognition.

c. OAs may establish more than one performance appraisal system to meet differing appraisal requirements of various occupational, geographic, or other groups.

d. The summary rating pattern selected by an OA must have a summary level above "fully successful" (level 3).

e. OAs may adopt multi-source feedback systems or other techniques to appraise employee performance.

f. OAs should use electronic information systems to the extent possible to track and monitor performance management, and awards and recognition documentation.

g. Employee performance plans may be supplemented with team or unit plans and performance contracts, which may be used as part of the overall assessment of an employee's performance.

h. Levels of review and approval of performance plans and appraisals will be kept to the lowest practicable organizational level.

i. Employees and their exclusive representatives, as appropriate, should be involved in the development of the OA's performance management program.

SECTION 5. PERFORMANCE PLANS

<u>Development of Performance Plans</u>

  a.   Each Departmental employee shall be given:

    1. A written performance plan within a specified period of time (normally within 30
        days) from the date of an appointment into a new position or the beginning of the
        appraisal period;
    2. At a minimum, one progress review at the mid-point of the appraisal period; and
    3. An appraisal of performance at the end of the appraisal period.

  b. Employee performance plans will be aligned with Departmental and/or OA goals and
      objectives.

  c.   Employee performance plans will be results-oriented, and should include the
      accomplishment of organizational objectives. For guidance, see the Supervisory Toolkit
      located at: http://dothr.ost.dot.gov/Toolkit/toolkit.html.

  d. Every performance plan must include the following:

    1. <u>Critical Elements</u>. A critical element is a work assignment, responsibility, or
        result to be achieved that is of such importance that unacceptable performance in
        that element would result in a determination that the employee's overall
        performance is unacceptable. Critical elements are the cornerstone of individual
        accountability. They describe the work assignments and responsibilities that are
        within the employee's control. All performance plans must have at least one
        critical element.
    2. <u>Performance Standards</u>. Performance standards are statements of expectations or
        requirements for a critical element, which are established at a particular level of
        performance. Performance expectations must be clearly stated in writing and can
        be expressed in terms of quality, quantity, timeliness, and cost effectiveness.
        Numerical and non-numerical expectations are permitted; however, performance
        expectations should be as specific as possible.

  e. The performance of every manager, supervisor, and team leader (as appropriate) at the
      GS-15 level (or equivalent) and below will be evaluated on the following four areas, as
      defined below: (1) Business Results; (2) Managing Human Capital; (3) Managing
      Resources; and (4) EEO/Diversity Initiatives. See Appendix A, Indicators of
      Achievement for Managers and Supervisors, for examples.

    1. <u>Business Results</u> - Interprets, communicates, implements, and applies DOT
        strategies, goals, objectives, policies, and procedures. Develops operational
        and/or program strategies for attaining delivery of products and services that
        result in customer satisfaction or performance meeting pre-determined objectives.

Effectively brings about changes to achieve significant and sustained improvements in organizational and employee performance.

2. <u>Managing Human Capital</u> - Applies human capital strategies and human capital management techniques, and utilizes appropriate HR flexibilities to attract, retain, and leverage the skills and knowledge needed in the organization. Collaborates with human resource personnel on conducting workforce analysis to identify current and future leadership needs, employee competencies, and staffing levels within office or organization. Supports and plans for organizational and employee developmental needs, and creates an environment for continuous learning. Motivates and guides employees in achieving DOT and organizational goals. Acknowledges and rewards superior performance. Addresses, attempts to resolve, or takes formal actions relating to performance or conduct problems.

3. <u>Managing Resources</u> –Communicates with and involves employees in the decision-making process. Implements DOT business processes using a variety of resources to achieve goals. Utilizes resources to support change processes. Ensures that resources are used effectively to produce results. Allocates and monitors usage of financial and physical resources within actual span of control. Anticipates future requirements, develops plans, and establishes priorities. Considers immediate and long-term needs in determining resource allocation. Develops management controls and takes actions to reduce agency vulnerability.

4. <u>EEO/Diversity Initiatives</u> – Emphasizes the value of EEO and diversity efforts through effective leadership. Shows consideration for cultural diversity and other differences, resulting in an environment where people work together to achieve organizational goals. Demonstrates sensitivity to individual and cultural differences and ensures that different views are taken into consideration. Promotes change and new information, adapting work behavior and methods accordingly.

Performance Assessment Process

a. OAs are required to assess each employee's performance annually and to provide ongoing assessments throughout the year, including a progress review.

b. When assessing performance, supervisors and managers will measure an employee's performance as objectively as possible.

c. Managers and supervisors should encourage employees to submit self-assessments of their performance for supervisory consideration.

SECTION 6. MANAGING POOR PERFORMANCE

A results-oriented culture holds managers and supervisors accountable for achieving success. This requires managers and supervisors to monitor the performance of their employees, provide feedback, and to hold them accountable for achieving performance expectations. When an employee's performance drops below the fully satisfactory level, managers and supervisors are responsible for identifying the performance problems and providing assistance to the employee

to improve performance. If informal attempts to improve performance are unsuccessful, managers and supervisors are required to take appropriate formal steps consistent with 5 CFR Part 432 or 5 CFR Part 752.

SECTION 7. EMPLOYEE RECOGNITION

a. An award and recognition program designed to recognize deserving employees must be a component of an OA's performance management program.

b. Each OA shall manage award funds to reward employees, teams, and units based on results, and provide incentives to employees to achieve high levels of performance.

c. OAs may link performance awards to specific performance ratings.

d. OAs shall establish informal recognition programs, and encourage the use of non-monetary forms of recognition in their overall strategy to manage and improve performance. Each OA's strategy shall include a plan to increase managers' awareness of the various forms of meaningful employee recognition available under the strategy.

e. OAs with two-level summary rating patterns shall establish processes for distinguishing levels of performance within their awards and recognition programs.

SECTION 8. TRAINING

OAs shall include a significant module on performance management in supervisory training. Performance Management training should focus on "managing for results," and address the following: linking individual performance and organizational goals and objectives; using the performance management process as a management tool; defining and establishing outcomes; establishing and applying objective measures of performance; and using various forms of rewards and recognition to achieve and sustain higher levels of performance.

SECTION 9. EVALUATION OF PERFORMANCE MANAGEMENT PROGRAMS

Each OA shall monitor and evaluate its performance management program for compliance with DOT policies, and law and regulation. Each OA will document its procedures for ensuring employee compliance with its program policies.

SECTION 10. APPROVALS

OA performance management programs must be submitted to the Departmental Office of Human Resource Management for review and approval prior to implementation. Modifications may be made without prior approval from the Department as long as such modifications conform to the requirements established in this Chapter, and there is no change in the program's coverage, appraisal period, or summary rating pattern. A copy of any modification shall be provided to the Departmental Office of Human Resource Management's Performance Management Program Manager.

APPENDIX A. INDICATORS OF ACHIEVEMENT FOR MANAGERS AND SUPERVISORS

Managers, supervisors, and team leaders (as appropriate) are to be evaluated against four critical areas. Below are examples of indicators of achievement that may be used by raters.

Business Results

- Customers are satisfied with the timely and efficient delivery of quality products and services.
- The majority of decisions concerning "X" activities are sound and further the organization's goal of achieving its business objective.
- Products are produced on time and within budgetary resources.
- Results are achieved using networking and accepted organizational practices.
- Effectively uses balanced scorecard measures to pursue business excellence and is an effective change agent.
- Establishes timely and appropriate accountability processes throughout the organization, and holds self and others accountable for achieving goals.
- Written documents are clear, accurate, concise, and grammatically correct. Rarely are documents returned for correction and/or additional information.
- Assigned projects are completed by deadline, with X percent accuracy, and in accordance with customer specifications.
- Results of surveys (or customer feedback) indicate organizational improvement and increased customer satisfaction.

Managing Human Capital

- Performance plans are prepared on employees within established timeframes; progress reviews are held at mid-cycle; and final appraisals are prepared within 30 days of the end of the appraisal cycle.
- Employees understand how their performance supports organizational goals.
- Work objectives are results-oriented and aligned with Departmental and OA strategic goals and objectives.
- Collaborates with employees in all aspects of the performance management processes, including development of individual development plans.
- Performance feedback is continuous, clear, and constructive.
- Creates an environment for continuous learning.
- Recruitment and hiring efforts are effective and timely.
- Resolves employee work issues, such as poor performance, misconduct, grievances, complaints, workplace hazards, security and safety matters.
- Timely recognizes and rewards levels of performance throughout the year.
- The flow of information is up, down, and across the organization.
- Is cooperative, a team player, and shares his/her knowledge/skills to accomplish an organizational goal.

- Leads by example, through display of high standards of honesty, integrity, trust, openness, and respect for individuals.
- Practices good listening skills and respects the opinion of others.
- Results of employee satisfaction surveys indicate employees are aware of how their job fits into organizational goals, and they are satisfied with the amount and effectiveness of communication from their supervisor on their performance.
- Morale and team cooperation is high within the organization. Very few employees complain regarding their work environment.
- Prepares timely and effective workforce analysis' to identify leadership needs, employee competences, and staffing levels.

Managing Resources

- Resources are linked to Departmental and/or OA goals and objectives in a timely manner.
- Authorized resources are adequate to support and/or facilitate change management process.
- Effective labor/management collaboration results in timely collective bargaining agreements or understandings.
- Provides sufficient autonomy and authority to employees to improve work processes and products.
- Effectively manages and/or timely participates in the budgetary process, which may include preparing and justifying a budget and operating the budget under organizational and/or Congressional procedures.
- Implements cost-effective approaches to financial resources, which may include management of overtime, travel and procurement of supplies and equipment.
- Appropriate mechanisms are developed to prevent waste, fraud and abuse and instill public trust.
- The organization has achieved X percentage of savings through effective management of travel, overtime and/or procurement of supplies.
- Employees do not hesitate to make recommendations to improve work processes or products.

EEO/ Diversity Initiatives

- Communicates Departmental and/or OA policies on affirmative employment, EEO and diversity to all employees on an annual basis and reinforces those policies throughout the year.
- Creates a positive work environment that encourages mutual respect, communication, innovation, learning and support of EEO and diversity.
- Applies EEO principles to personnel management (e.g., hiring, training, work assignments/schedules, discipline, counseling and awards).
- Monitors the work environment to prevent instances of discrimination, disrespect, or harassment.
- Takes timely corrective action if sexual harassment, or other discriminatory/unfair treatment is observed, reported or suspected.

- Participates in EEO/Affirmative Action/Special Emphasis Programs and activities and encourages subordinates to do the same.
- Cooperates with EEO counselors and investigators, or other officials responsible for conducting inquiries into EEO complaints in a timely manner.
- Optimizes employees' skills and abilities, and promotes opportunities for career growth.
- Timely recognizes employee performance in the areas of diversity, equal employment opportunity and affirmative action.
- Employees have not filed any formal complaints during the rating year.