

PART 2060 - PERFORMANCE RATINGS

Subpart A - Rural Development Performance Appraisal

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PART 2060 - PERFORMANCE RATINGS

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§ 2060.1 Overview.

During FY 2006, Rural Development implemented a new 5-tiered performance appraisal system for all of its employees. The Department of Agriculture (USDA) subsequently issued Departmental Regulation (DR) 4040-430 on October 1, 2007. This directive sets forth USDA policy that focuses on developing and maintaining a results-oriented performance culture as reflected in Government Performance and Results Act (GPRA) of 1993, the Chief Human Capital Officers Act (CHCO) of 2002, Office of Personnel Management's Human Capital Accountability and Assessment Framework (HCAAF), and the USDA Strategic and Human Capital Management Plans.

It is Rural Development's policy to: communicate organizational goals to employees, identify individual responsibility for accomplishing team and organizational goals, provide feedback regarding employee performance, evaluate and improve performance, and use performance results as a basis for appropriate personnel actions. All employees will be accountable for accomplishment of their performance management responsibilities as identified in DR 4040-430 and Section 2060.4 of this Instruction.

§ 2060.2 Purpose.

Effective October 1, 2008, the Department's policy on Performance (DR 4040-430) serves as the official Rural Development policy. This Instruction provides supplemental guidance specific to Rural Development for implementing USDA's performance management system in the areas of: organizational alignment, mandatory critical elements and standards, generic performance elements and standards, and addressing unacceptable performance.

§ 2060.3 Legal Authority.

USDA Departmental Regulation Number 4040-430.
<http://www.ocio.usda.gov/directives/doc/DR4040-430.htm>

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Personnel
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§ 2060.4 Responsibilities.

Responsibilities assigned to rating and reviewing officials and employees are in DR 4040-430 Section 7 (d through f). The following are applicable to the Under Secretary, Agency Administrators, Deputy Administrator for Operations and Management, State Directors, and Servicing Human Resources Office:

(a) Under Secretary, Agency Administrators, and Deputy Administrator for Operations and Management. The Under Secretary, Agency Administrators, and Deputy Administrator for Operations and Management are responsible for:

- (1) Monitoring program compliance to ensure consistency with applicable laws and regulations, Departmental policies, and collective bargaining agreements.
- (2) Ensuring program compliance with policy and program direction and administration, including performance management training for supervisors, managers, and employees.
- (3) Communicating to all levels within their operating administration the Agency mission, strategic goals and objectives that will be used in developing individual performance plans and for assessing organizational performance, communicating results to employees, and providing formal guidance to rating officials on how organizational performance is considered when deciding ratings and awards.

(b) State Directors. The State Directors are responsible for:

- (1) Providing performance management oversight for their respective States.
- (2) Serving as the rating and reviewing official for any field position reporting directly to the State Director.
- (3) Establishing a performance culture that supports a high-performing organization through management of individual and organizational performance.
- (4) Ensuring that performance standards and elements adequately reflect appropriate levels of quality and difficulty of performance.

§ 2060.4(b) (Con.)

(5) Communicating to all levels within their jurisdiction the Agency mission, strategic goals and objectives that will be used in developing individual performance plans and for assessing organizational performance.

(c) Servicing Human Resources Office (SHRO). The Servicing Human Resources Office is responsible for:

(1) Providing technical and operational support and advice to the rating and reviewing officials to help them administer the performance management program and ensuring that performance ratings are linked to personnel actions (i.e., train, recognize, reassign, promote, reduce in grade, retain, and remove employees) are used appropriately.

(2) Ensuring that performance plans and ratings of record are maintained in the SHRO in accordance with 5 CFR parts 293 and 297.

(3) Providing training and information on the performance management program to managers, supervisors, and employees.

(4) Providing instruction and guidance for linking performance and organizational goals and establishing performance plans with results-focused performance elements and balanced and credible performance measures and standards.

(5) Assisting in resolving concerns at the lowest level possible.

§ 2060.5 Communicating Expectations.

Communicating expectations to employees are covered in DR 4040-430, Section 9 (a) (5 and 6). In addition to DR 4040-430, Rural Development requires:

(a) Communication between the rating official and the employee so each understands their performance management responsibilities during the performance planning process.

(b) Clarification between the rating official and employee about how performance plans apply within the work environment so there is a common understanding about the expectations for performance.

(c) Discussion between the rating official and employee regarding the goals of the individual work unit and the employee's involvement/contribution to unit goals for the upcoming year.

(d) The rating official is ultimately responsible for establishing performance elements and standards.

§ 2060.6 Organizational Goals.

To develop and maintain a results-oriented performance culture, communication of organizational goals and priorities between the supervisor and employee is necessary. In addition to DR 4040-430, Rural Development requires:

(a) Alignment. Rural Development's goal is to align mission goals with organizational objectives, which are integral to the strategic plan, performance plan, and budget plan. The accomplishment of organizational and individual goals is the responsibility of all employees. To develop performance plans that align individual performance with organizational goals, focus must be placed on accomplishments (i.e., end results) rather than on activities. The first step in developing an employee's performance plan is to determine which organizational goal(s) his or her work unit supports or affects. The next step is to determine the work unit's products or services that support organizational goal achievement. The employee can be held responsible for those products or services. Exhibit A is an eight-step method which was designed to assist organizations in developing performance plans with this emphasis.

(b) Supervisors/Managers. Performance plans for supervisors/managers must include the performance elements and standards cascaded from the Senior Executive Service performance evaluation factors.

(c) Non-supervisory employees. Performance plans for non-supervisory employees must include the performance elements and standards cascaded from the supervisors/manager's performance elements and standards.

§ 2060.7 Performance Plans.

Performance plan requirements for supervisors and non-supervisors are in DR 4040-430, Section 9 (a) (2) (a through g). In addition to DR 4040-430, Rural Development requires the following elements. These elements are designated as "critical."

§ 2060.7 (Con.)

(a) Mandatory elements and standards for supervisors.

(1) Supervision. Performs supervisory/managerial duties in accordance with regulatory requirements and Rural Development guidance governing the following areas (supervisor is defined in DR 4040-430, Section 6):

- (i) Management control activities;
- (ii) Merit system principles;
- (iii) Effective performance management;
- (iv) Effective management of conduct and discipline issues;
and
- (v) Training and Individual Development Plans (IDPs).

(2) Fully Successful Standard. The following are examples of a fully successful standard for the supervisory element that includes the mandatory performance accountability standard for performance management duties, and an appropriate measure/indicator of employee feedback, see DR-4040-430, Section 9 (a) (2) (b).

- (i) Management control systems meet program accountability requirements to reduce or eliminate deficiencies.
- (ii) Merit systems principles are present in management decisions.
- (iii) Performance management responsibilities are implemented: employee performance plans are issued no later than 30 days of the performance appraisal period, at least one (1) formal performance discussion with each employee is conducted by March 30, clear and measurable performance elements and standards are used to appraise each employee's performance, annual performance ratings are complete by the end of the performance appraisal period, and mandatory training for employees is complete for the performance year.
- (iv) Issues relating to misconduct or unacceptable performance are appropriately addressed for resolution.

(v) During the performance appraisal period, IDPs for employees provide short- and long-term training and developmental needs and assess formal and informal training and development opportunities to meet mission-related priorities.

(vi) Communication with employees is open to listen and consider their ideas, concerns, and/or issues that affect organizational achievement.

(2) Resource Management. Performs supervisory/managerial duties in accordance with Rural Development regulatory requirements to monitor allocated funds and maintain complete and accurate records of expenditures; utilizes resources in an efficient and effective manner; and ensures funds, property, and other resources are guarded against waste, loss, unauthorized use, and misappropriation.

(3) Equal Opportunity and Civil Rights. Performs supervisory/managerial duties in accordance with USDA requirements and Rural Development guidance to ensure fairness, cooperation, and respect toward internal/external customers, employees, and co-workers in the performance of official business. Promotes awareness of EO/CR policies and responsibilities of Agency and Departmental goals to value a diverse, yet unified workforce. See Rural Development's Performance Appraisal Handbook for examples of civil rights performance standards.

(4) Mission-related. [This critical element should be linked to the organization's Strategic Plan, holding the employee accountable for achieving measurable results.] Implements business goals and objectives within own organization to support the achievement of Rural Development's strategic goals/initiatives/mission. (See Rural Development's Performance Appraisal Handbook for a list of current mandatory mission-related elements.)

(i) Employee and Customer Perspective. DR 4040-430, Section 9 (a) (2) (b) requires that supervisors' performance plans take into consideration employee and/or customer perspective. See Rural Development's Performance Appraisal Handbook for examples of the employee and customer perspective measures.

§ 2060.7(a) (Con.)

(5) Performance Measures. The performance elements and standards must include credible measures of performance that are observable, measurable, and/or demonstrable. To ensure results, specific performance measures pertaining to quantity, quality, timeliness, cost effectiveness, or manner of performance should be incorporated into the performance standard(s), DR 4040-430, Section 9 (a) (4). See Rural Development's Performance Appraisal Handbook for examples of standards that include performance measures.

(b) Mandatory elements and standards for non-supervisory employees.

(1) Mission-related. [This critical element should be linked to the organization's Strategic Plan, holding the employee accountable for achieving measurable results.] Contributes to the business goals and initiatives within own organization to support the achievement of Rural Development's strategic goals/initiatives/mission. (See Rural Development's Performance Appraisal Handbook for a list of current mandatory mission-related elements.)

(2) Civil Rights (CR). *Address civil rights awareness and interpersonal skills as a performance standard in an existing or newly established performance element*, DR 4040-430, Section 9(a) (2)

(c). The incorporation of a CR standard designates the performance element as "critical." See Rural Development's Performance Appraisal Handbook for examples of civil rights performance standards.

(c) Safety and Health or Protection of Personally Identifiable Information. If warranted by the employee's position, performance elements and/or standards must be established, DR 4040-430, Section 9 (d).

(d) Performance measures. The performance elements and standards must include credible measures of performance that are observable, measurable, and/or demonstrable. To ensure results, specific performance measures pertaining to quantity, quality, timeliness, cost effectiveness, or manner of performance should be incorporated into the performance standard(s), DR 4040-430, Section 9 (a) (4). See Rural Development's Performance Appraisal Handbook for examples of standards that include performance measures.

(e) Documentation of Performance Plans.

(1) Performance plans are documented:

(i) On Form AD-435A, "Performance Plan, Progress Review and Appraisal Worksheet" and Form AD-435B, "Performance Plan, Progress Review and Appraisal Worksheet (Continuation Sheet)." The forms can be found on the USDA, NFC website: <https://www.nfc.usda.gov>.

(ii) All performance plans and changes must be submitted to the reviewing official for approval prior to signing by the employee. The reviews of the performance plans are to ensure appropriate levels of quality and difficulty of performance standards are addressed. In most cases the reviewing official is the second-level supervisor.

§ 2060.8 Non-Mandatory Generic Elements for Similar Occupations.

(a) Standardized generic performance elements. Standardized generic performance elements have been established and are available for use in developing performance plans. All generic elements should be tailored to the position being evaluated. See Rural Development's Performance Handbook for a list of generic elements.

(1) Timeframes and appropriate procedures, when referenced in elements, are derived directly from applicable regulatory guidelines, procedural guides, and/or agency program and supervisory instructions, etc.

(2) Timeframes, quantity, quality, cost-effectiveness, or manner of performance, must be included with applicable elements when not sufficiently specific in agency regulations and guidelines.

(b) Similar occupations. Performance plans may contain generic elements and accompanying standards for similar occupations.

(1) Examples of similar occupations:

(i) Loan Specialist;

§ 2060.8(b)(1) (Con.)

- (ii) Area Specialist;
- (iii) Loan Technician;
- (iv) Area Technician;
- (v) Program Director;
- (vi) Area Director;
- (vii) Administrative Officer; and
- (viii) Human Resource Specialist.

§ 2060.9 Recognizing and Rewarding Performance.

Performance bonuses and Quality Step Increases may be granted to an employee based on his/her rating of record. See RD Instruction 2063-B to obtain guidance on performance awards.

§ 2060.10 Addressing Unacceptable Performance.

Actions based on performance for unacceptable and marginal performance are in DR 4040-430, Section 9 (a) and (f). It is important to contact your servicing human resources office regarding any actions based on performance. In addition to DR 4040-430, Rural Development requires the following:

(a) Critical element. When the supervisor observes that an employee's work is at the "Does Not Meet Fully Successful" level in one or more critical elements, the supervisor shall assist the employee by taking the following steps:

- (1) Inform the employee.

- (2) Review the employee's work more closely.
- (3) Correct and discuss with the employee his/her work products.
- (4) Place the employee on a Performance Improvement Plan (PIP).
- (5) Advise the employee when the "Fully Successful" performance is met.

(b) Performance Improvement Plan (PIP). A PIP provides formal notice to the employee that performance is unacceptable in one or more critical elements and provides the employee a reasonable opportunity to demonstrate acceptable performance. The PIP should include such activities as developmental assignments, structured employee assistance or counseling, formal training, on-the-job training and mentoring. All commitments by supervisory personnel must be honored during the PIP period. For example, if a supervisor agrees to meet with the employee every Thursday at 9:00 a.m., he/she must meet with the employee or assign a designee, and notify the employee in advance, whenever possible. During the PIP, detailed records must be maintained of assistance offered and achieved results. The supervisor should include the following information in the PIP:

- (1) Notice to the employee of the critical element(s) he/she is performing at an unacceptable level.
- (2) Notice to the employee of specific examples of the unacceptable performance.
- (3) Notice to the employee of the performance requirements or standards which must be attained in order to demonstrate acceptable performance.
- (4) The PIP duration, a reasonable opportunity period to demonstrate acceptable performance on the elements at issue. This opportunity period will be at least 60 days following the issuance of the notice. If management determines that additional time is required, the initial opportunity may be extended. The duration will be determined as appropriate (circumstances of the particular case, labor-management agreement, absences, etc.). If it is extended, the employee must be notified in writing of the extension.

§ 2060.10(b) (Con.)

(5) Notice to the employee that he/she must improve to the "fully successful" level by the conclusion of the opportunity period. Fully successful performance must be sustained for at least one year from the start of the opportunity period.

(6) If the employee does not demonstrate an acceptable level of performance during or following the opportunity period, a performance-based action (e.g., reduction in grade or reassignment) may be proposed without an additional opportunity to improve. Supervisors must contact their servicing human resources office or employee relations office for guidance.

(7) If the employee has performed acceptably for one (1) year from the beginning of the opportunity period and the employee's performance once again becomes unacceptable, the rating official must provide the employee an additional opportunity period to demonstrate acceptable performance before determining whether to propose a reassignment, reduction in grade, or removal action.

(8) A proposed action may also be based on instances of unacceptable performance which occur within a one (1) year period ending on the anniversary date of the notice of proposed action.

(9) Administrative actions initiated against an employee whose performance is "Unacceptable" prior to the effective date of this Instruction shall continue to be processed consistent with 5 U.S.C. 4303, 5 CFR 430, and the performance plan or guidance in existence prior to the effective date of this Instruction.

(c) Marginal Performance. Supervisors shall assist employees in improving their performance when it is less than "Fully Successful." When the supervisor observes that an employee's work is at the "Does Not Meet Fully Successful" level, the supervisor shall assist the employee in taking the following steps in:

- (1) Inform the employee.
- (2) Review the employee's work more closely.
- (3) Correct and discuss with the employee his/her work products.
- (4) Advise the employee when the "Fully Successful" performance is met.

§ 2060.11 Program Evaluation.

Evaluation of overall organizational results, employee satisfaction, and consistency with mission objectives will promote the continued enhancement of a performance management program supportive of critical organizational results. Conducting ongoing evaluations of the performance management program will identify opportunities for improvement, and adjustments to the overall policy will be made as necessary.

(a) Instruction. All employees will receive a copy of this Instruction. Managers and employees will receive training in order to successfully carry out the responsibilities explained in this Instruction.

(b) Periodic Evaluation. Periodic evaluations of the performance appraisal process will be made by the Human Resources Programs Branch to determine if improvements of the organizational performance management evaluation system are necessary. Key indicators of an effective performance management system include the following:

- (1) Individual performance expectations are aligned with organizational goals;
- (2) Crosscutting organizational goals and objectives are achieved through collaboration, interaction and teamwork;
- (3) Employees routinely use performance information to track achievement of goals and objectives;
- (4) Employees are held accountable for making progress in bridging performance gaps; and
- (5) Meaningful distinctions are made regarding employee performance.

§§ 2060.12 - 2060.50 [Reserved]

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**QUICK REFERENCE
FOR DEVELOPING EMPLOYEE PERFORMANCE PLANS
THAT LINK TO ORGANIZATIONAL GOALS**

- Step 1 Look at the overall picture.**
Review organizational goals, objectives and performance measures already available. Determine which goals and measures the employee's work unit can affect.
- Step 2 Determine what is going to be measured at the work unit level using any or all of the following methods:**
- Method A (*Results-Oriented*)** Cascade the organization's mission or goals to the work unit level. Determine the work unit's accomplishment(s) that directly affect the organization's mission or goals.
- Method B (*Results-Oriented*)** Determine the product(s) or service(s) (i.e., the accomplishments) that the work unit supplies or provides to its customers.
- Method C (*Process-Oriented*)** Develop a process flow chart for the work unit. Establish key steps in the work process(es). These are the steps that should be measured.
- Step 3 Develop performance elements that support work unit goals and mission or work processes.**
Elements that address individual performance can be critical or non-critical. Any element addressing group performance must be non-critical. However, one way to ensure that those assignments and responsibilities are linked to the organization's mission and goals would be to derive elements from work unit results. The most important aspects of unit performance (results and/or processes) are identified in Step 2.
- Step 4 Determine which performance elements should be critical elements and mark these on the performance plan.**
There is a good possibility that the element should be critical if the element is a major component of the work, if serious consequences would result if the employee performed it unacceptably, if the element requires a significant amount of the employee's time, or if there is a statutory or regulatory requirement related to its performance.

Step 5 Develop work unit and individual measures.

For each element or work accomplishment, determine which general measure(s) (i.e., quantity, quality, timeliness, manner of performance, or cost-effectiveness) are important. If an accomplishment can be measured with numbers, determine the unit of measurement to be used. If performance can only be described (i.e., observed and verified), clarify who will appraise the work and what factors will be appraised.

Step 6 Develop work unit and individual standards.

A "Meets Fully Successful" standard must be established for each element. It should outline the performance requirement(s) or expectation(s) that must be met to be fully successful.

If the measure for the element is numeric, determine minimum number(s) that would represent successful performance. If the measure for the element is descriptive, determine what the rater would see or report that would verify that performance expectations for that element had been met or exceeds and below which a performance problem would exist.

If other work accomplishments or achievements are to be tracked and measured, it is recommended that employees be given a clear idea of the performance expectations to help them and their work units focus on what they are to do. Avoid absolute and backwards performance standards.

Step 7 Determine how performance will be monitored.

Determine what data to collect for each performance element, the source of the data, and whether all the data or just a sample should be collected. Determine when the data should be collected, who should collect it, and who should receive it. Review existing reports for possible use as feedback reports. Create feedback tables or graphs where appropriate, necessary, or desired. Try to design feedback processes that give employee's feedback automatically.

Step 8 Check the performance plan to ensure that elements and standards are effective and meet regulatory requirements.

Are the performance expectations quantifiable, observable, and/or verifiable? Does failure on the element mean that the employee's overall performance is unacceptable? Are the standards attainable and challenging and are expectations reasonable? Do they allow for some margin of error? Can the rater manage the data collected through the measurement process?

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