



## Department of Commerce ST/SL Performance Management System

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## **Department of Commerce ST/SL Performance Management System**

### **General Information and Responsibilities**

#### **1. Purpose**

This framework establishes the Department of Commerce (DOC) Performance Management System (PMS) for Scientific and Professional (ST) and Senior-Level (SL) employees. See Appendix C for a Glossary of Terms used in this document.

#### **2. Scope**

This system covers all ST and SL employees (also referred to as senior professionals) in the DOC 5-level ST/SL PMS. It does not cover senior professionals in the U.S. Patent and Trademark Office or the Office of Inspector General (OIG).

#### **3. Policy**

The DOC PMS holds ST and SL employees accountable for their individual and organizational performance in order to drive organizational excellence and results, including improving the overall efficiency of the DOC. DOC recognizes the importance of aligning its strategic planning, budget and performance integration, performance appraisal, pay, and other award programs into the management of its human resources to promote efficient and effective attainment of its mission, program objectives, and strategic goals and initiatives. DOC's PMS for ST and SL members will provide a documented record of management expectations and an individual's achievement of, or contribution to achievement of those expectations. DOC expects to achieve excellence in ST and SL performance by:

- a. Linking performance management with the results-oriented goals of the Government Performance and Results Act of 1993, the GPRA Modernization Act of 2010, and other strategic planning initiatives;
- b. Setting and communicating individual and organizational goals and expectations;
- c. Systematically appraising senior professionals using measures that balance organizational results with customer, employee, and other perspectives;
- d. Using performance results as a basis for pay, awards, development, retention, removal, and other personnel decisions;
- e. Identifying individual accountability for accomplishing DOC goals and objectives;
- f. Providing an annual assessment of agency performance overall and for each of its major program and functional areas; and
- g. Continually improving the performance management process by reviewing the system and the results of its application, and making refinements as necessary on no less than an annual basis.

#### **4. Authorities**

The ST/SL PMS is established in accordance with the following authorities:

- a. Performance Appraisal - Chapter 43 of title 5, United States Code (U.S.C.), (Performance Appraisal General Provisions); 5 Code of Federal Regulations (CFR), Part 430, Subpart B;
- b. National Defense Authorization Act (Public Law 108-136);
- c. Records of Employee Performance – 5 CFR Part 293, Subpart D; and
- d. Senior Professional Performance Act of 2008 (Public Law 110-372)

## 5. Major Responsibilities

The following are the responsibilities of key officials in the DOC ST/SL rating process.

- a. The **Secretary of Commerce** develops and communicates the DOC strategic plan, and serves as the DOC “appointing authority” for the ST and SL by:
  - (1) Approving individual annual summary ratings at the end of the appraisal period, after the bureau Appointing Authorities’ recommendations and those of the Department’s Senior Assessment Official are considered by the Departmental Executive Resources Board (DERB). This then becomes the official rating;
  - (2) Making final decisions on performance based pay adjustments and bonuses for DOC senior professionals;
  - (3) Nominating DOC senior professionals for Presidential Rank Awards;
  - (4) Approving all monetary awards and performance-based pay adjustments for senior professionals; and
  - (5) Approving all aspects of the ST/SL performance management

program.

b. The **Deputy Secretary**:

- (1) Chairs the Secretary's DERB;
- (2) Chairs the Secretary's Departmental Performance Review Board (DPRB);
- (3) As the Senior Assessment Official (SAO), designated by the Secretary, pursuant to 5 CFR 430.404 (5) provides rigorous oversight of the appraisal process; conducts an annual assessment of the Department's performance; issues guidelines for performance evaluation; certifies that the results of the appraisal process make meaningful distinctions in relative performance; and assures that pay adjustments and levels of pay accurately reflect and recognize performance and/or contribution to the Department's performance; and
- (4) Manages the ST/SL appraisal process, including the issuance of the Secretary's guidance and direction on performance expectations at the beginning of the appraisal process and throughout the appraisal cycle, as required.

c. The **Chief Financial Officer and Assistant Secretary for Administration**, who also serves as the Department's Chief Human Capital Officer (CHCO), and Vice Chair of the DERB, coordinates for the Secretary all aspects of the ST/SL appraisal process. This role is carried out in coordination with the Secretary and applicable DOC Secretarial Officers and Operating Unit Heads, and includes the following responsibilities:

- (1) Coordinating with key DOC officials, who have responsibility for strategic and performance planning to ensure that the appraisal process aligns with strategic planning initiatives as required by law;
- (2) Developing and implementing training on ST/SL related issues, including training for the Performance Review Board (PRB) and Executive Resource Board (ERB) members on their roles and

responsibilities, as required;

- (3) Ensuring that PRBs monitor individual and organizational performance and that membership is published in the Federal Register as required by 5 USC 4314;
  - (5) Providing support and oversight of, for and on behalf of the Secretary, the appraisal process and the workings of the PRBs and DERB;
  - (6) Appointing the Chairperson and members of the DPRB.
- d. **Rating Officials** (senior professionals' supervisors) are responsible for:
- (1) Developing Performance Agreements in consultation with senior professionals and communicating performance elements and requirements to senior career professionals within 30 days of the beginning of the appraisal period (Note: Although the senior professionals being rated should actively participate in setting goals and identifying elements, the rating official's decision will prevail in any disagreement on elements or performance standards);
  - (2) Ensuring that Performance Agreements reflect the goals and objectives identified in DOC and bureau strategic planning initiatives, and are supported by work plans at the agency or bureau level;
  - (3) Conducting at least one progress review with the senior professional by July 1. The supervisor, however, may conduct as many progress reviews as determined necessary. This review may be used to improve communications, to provide guidance, or to provide assistance to improve performance if below fully successful or equivalent. The progress review may also provide an opportunity to modify optional elements and standards;
  - (4) Ensuring that performance appraisals and documentation for recommended awards and performance-based pay adjustments are completed in accordance with appropriate processing

guidelines and submitted to the servicing human resources office by the required DOC due dates; and

(5) Ensuring that the senior professional is aware that he/she may respond to the initial rating, in writing, and that his/her comments become a part of the appraisal package submitted to the PRB.

e. **Chairpersons** of the PRBs are responsible for a variety of activities. Annual guidelines regarding the PRB and the role of the chairperson are issued to supplement information contained in individual PRB Charters.

## **6. Performance Management Principles**

The DOC has adopted the following set of principles to guide performance management for senior professionals:

- a. The ST/SL PMS provides the leadership framework necessary to achieve the Department's mission.
- b. The DOC leaders and managers create a climate for excellence by communicating their vision, values, and expectations clearly and by:
  - (1) Creating an environment in which every employee may excel, regardless of race, color, religion, sex, age, national origin, disability, sexual preference, or parental status, and which is free of sexual harassment;
  - (2) Creating an environment for continual learning;
  - (3) Working in partnership with employees to develop their performance agreements and to ensure they reach their full potential;
  - (4) Recognizing and rewarding excellence with financial incentives and non-financial incentives, such as increased flexibility to do jobs, more meaningful work, and achieving a sense of accomplishment;



- (5) Taking timely action to both reward and correct performance appropriately, and ensuring that excellence is the standard for all;
- (6) Holding senior professionals responsible for balancing organizational results with the perspectives of distinct groups, including customers and employees;
- (7) Holding individuals personally responsible for being results-oriented, performance-based, and customer-focused; and
- (8) Recognizing that leaders, managers, and employees have a mutual obligation to provide value and excellence. This requires each individual to be continually challenged to perform his/her best. Taking action to improve the performance of each individual is imperative to achieving the DOC mission;
- (9) As applicable, holding senior professionals responsible for aligning subordinate performance plans with organizational goals and for rigorously appraising employee performance and ensuring that employees were appraised realistically against clear, measurable standards of performance and within established timeframes.

## **7. Eligibilities**

- a. The Department applies the mandatory 12-month rule for senior professional pay adjustments. ST/SL members may be eligible for performance-based pay adjustments if no adjustment has been made within a 12-month period.
- b. ST and SL members are eligible for performance-based awards and Presidential Rank Awards.

## **8. Performance Appraisal Period**

- a. The DOC performance appraisal period begins annually October 1 and ends the following September 30, unless advanced or delayed by the appropriate authority. Rating officials of senior professionals must communicate performance elements and requirements to senior

- professionals at or before the beginning of each rating period.
- b. The minimum performance appraisal period is 90 days. Every senior professional who occupies a covered position must be under a Performance Agreement for a minimum of 90 days generally as of the end of the appraisal cycle in order to receive an annual performance appraisal.
  - c. There is no minimum period that the rating official must serve prior providing a rating as long as he/she was in the position as the rating official on the last day of the rating period.

## **9. Details and Job Changes Affecting Interim Ratings**

- a. Position Changes Within the Department. When a senior professional has served in a covered position for 90 days or more in an appraisal period and changes to another covered position within the Department, an interim rating must be completed by the executive's supervisor, and signed by the Appointing Authority. The rating must be based on the elements and standards established for the position the senior professional is leaving. Copies of the interim rating must be given to the senior professional, the gaining supervisor, and the servicing human resources management office of the gaining organization. Interim ratings are not reviewed by the PRB, but copies should be furnished to the PRB when it reviews annual ratings of record. The PRB, however, recommends the final annual summary rating. Rating officials must consider interim ratings in determining final ratings of record.
- b. Temporary Assignments Within the Department. If the senior professional is detailed within DOC, and if the assignment is expected to last the minimum appraisal period or longer, written critical elements and performance requirements are to be provided to the senior professional, and a narrative assessment prepared based on the performance during the assignment. The narrative assessment will be considered in the overall assessment of the senior professional's performance at appraisal time.

- c. Temporary Assignments Outside the Department. If the senior professional has been detailed or temporarily assigned outside the DOC, a reasonable effort must be made to obtain a narrative assessment from the organization to which the senior professional was detailed. The narrative assessment will be considered in the overall assessment of the senior professional's performance at appraisal time.
- d. Transfers From Other Agencies. If the senior professional transfers from another agency into the DOC during the appraisal cycle, any rating(s) which are forwarded from the losing agency (and which encompass periods of time included in the DOC's appraisal cycle) must be considered in deriving the rating of record. Weight given to any such rating should be proportionate to the amount of time covered during the appraisal cycle.
- e. Transfers To Other Agencies. When a senior professional transfers from the Department to another Federal agency after serving in a covered position in the Department for more than 90 days, the senior professional's supervisor and the Appointing Authority must complete an interim rating. The interim rating must be transferred to the gaining agency for consideration in the senior professional's next rating of record.
- f. Supervisory Transfers. When the supervisor of a senior professional vacates his/her position before the end of the rating cycle, the supervisor must prepare an interim narrative rating for each employee he/she supervises and provide a copy of the employee and the Appointing Authority. The interim rating must be considered by the new Rating Official when he/she prepares the final ratings of record.

## 10. Performance Agreements

The **ST/SL Performance Agreement** describes the individual and organizational expectations for the appraisal period and establishes the requirements against which performance will be evaluated. Supervisors develop Performance Agreements in consultation with senior professionals and communicate them within 30 days of the beginning of the appraisal period.

Performance Agreements must: (1) describe elements (all of which are critical); (2) describe performance requirements; and (3) align with strategic planning initiatives based on DOC and bureau strategic plans, annual performance plans, organizational work plans, and any other related initiatives.

- a. Each senior professional must have a written Performance Agreement, which describes the individual and organizational expectations for the appraisal period and establishes the requirements against which performance will be evaluated. Performance Agreements should be aligned with bureau or office level work plans (ex. balanced scorecard) to clearly identify expected priorities and results.
- b. The Performance Agreement is the written aggregation of a senior professional's critical elements and performance requirements.
- c. Elements must reflect both individual and organizational performance. They may be either capsulized aspects of the most important duties and responsibilities associated with the ST/SL position or specific projects or tasks which can be logically inferred from the duties and responsibilities cited in the senior professional's position description. Accomplishment of organizational objectives must be included in Performance Agreements by incorporating objectives, goals, program plans, work plans, or by other similar means that account for program results. DOC prescribes **two mandatory elements for all STs** and **three mandatory elements for all SLs**. The bureaus have the option to add up to three bureau-specific elements. (See Section 11.)
- d. Elements for each senior professionals must be consistent with the goals and performance expectations in DOC and bureau strategic planning initiatives.
- e. Final authority for establishing the elements and requirements rests with the rating official, even if the senior professional does not agree with the plan contents. The Performance Agreement can be modified, as appropriate, at any time during the appraisal period, to reflect changing priorities or shifts in workload.

## **11. Establishing Performance Elements and Requirements**

The Performance Agreement consists of performance elements and associated performance requirements, formerly commonly referred to as standards. The DOC prescribes two mandatory elements for ST employees and three mandatory elements for SL employees. ST and SL employees may have up to three bureau-specific optional elements, not to exceed five elements.

a. **Performance Elements:** A performance element is a key component of a position consisting of one or more duties and responsibilities, which contribute toward accomplishing organizational goals and objectives.

(1) Mandatory Elements for ST All ST employees must be rated on the following mandatory elements:

- (a) Customer/Client Service Responsiveness (critical element); and
- (b) Stature in Professional Field (critical element - **60 percent**).

Stature in Professional Field represents **60 percent** of the overall Performance Agreement and is dedicated to business results

(2) Mandatory Elements for SL All SL employees must be rated on the following mandatory elements.

- (a) Leadership (critical element - 25 percent);
- (b) Customer/Client Service Responsiveness (critical element - 15 percent); and
- (c) Business Results Element(s) (critical elements) Rating Officials may add up to three bureau-specific critical elements which represent **60 percent** of the overall performance agreement and must be dedicated to business results. These elements align with the Department and bureau mission.

(3) Critical Elements. All senior professionals' elements are "critical." Collectively, critical elements should cover the major duties and responsibilities of the position. Critical elements are of such importance that an "Unsatisfactory" rating in any one of those elements would result in overall Unsatisfactory performance rating

in the position.

- (4) The performance requirement standard for the "Fully Successful" level is described in writing in the ST/SL Performance Agreement. Like critical elements, performance requirements must be consistent with the goals and performance expectations in DOC's strategic planning initiatives. The absence of a written performance requirement at a given level does not preclude the assignment of a rating at that level.

#### **b. Performance Requirements**

- (1) A performance requirement or standard is a statement of the expectations or requirements established by management for a performance element at a particular rating level. These requirements are the standards against which the senior professional's performance will be appraised. Standards may be based on outcomes and/or work behaviors, as appropriate to the element. It is important that a performance requirement describe performance that is:
  - (a) Observable - can be witnessed;
  - (b) Measurable - can be assessed at different levels; and
  - (c) Achievable - can be accomplished within the time frame specified.
- (2) Each critical element must be accompanied by specific performance requirements written, at a minimum, at the level expected of Fully Successful performance. At the end of the rating period, each element will be rated at one of five levels. **The Department's performance requirement definitions for the five levels listed below are provided on page 15 of this document.**

<b><i>Outstanding (5)</i></b>	Meets or exceeds requirements written at this level.
<b><i>Commendable (4)</i></b>	Meets requirements written at this level.
<b><i>Fully Successful (3)</i></b>	Meets requirements written at this

level.

***Minimally Acceptable (2)***

Meets requirements written at this level.

***Unsatisfactory (1)***

Meets (or falls below) requirements written at this level.

## **12. Five-Level ST/SL Performance Management System Standard of Excellence**

**Outstanding:** This level exemplifies rare, high performance in fostering an organizational climate that sustains excellence and results. It should be thought of as the exception. The Senior Professional's performance has made a positive and significant impact on organizational results in alignment with the mission of Commerce. All element activities are not only achieved, but completed in an exemplary manner. The Senior Professional has exerted a major positive influence on the organization through innovative and effective management practices, procedures and program implementation, building partnerships and coalitions, being responsible to internal and external customers, and leveraging scarce resources, which has contributed substantially to mission accomplishment.

**Commendable:** The Senior Professional demonstrates consistently high performance. Performance has exceeded expectations at the Fully Successful level in accomplishing element activities and sustained results that support the mission.

**Fully Successful:** The Senior Professional's performance meets expectations. The Senior Professional demonstrates sound performance. All elements activities have at least been satisfactorily completed. The Senior Professional has contributed positively to organizational goals and achieved meaningful results.

**Minimally Acceptable:** The Senior Professional does not consistently meet performance expectations. This level of performance, while demonstrating some positive contributions to the organization, shows notable deficiencies. It is below the level expected for the position and requires corrective action. The quality, quantity, or timeliness of the Senior Professional's work is less than Fully Successful, jeopardizing attainment of the element's objective.

**Unsatisfactory:** The Senior Professional does not meet performance expectations on an element/s. Job performance produces unacceptable work products. Minimum requirements of the critical element are not met. Performance deficiencies detract from mission goals and objectives.

### **13. Review of Performance Agreements**

- a. The Secretarial Officer or the Head of the Operating Unit is encouraged to review performance agreements, to ensure appropriate levels of quality and difficulty of performance requirements.
- b. The senior professional and the rating official must sign the performance agreement. The employee's signature acknowledges that he/she has had an opportunity to provide input into the development of the plan; that it was discussed; and that the employee received a copy of the plan. It does not necessarily signify agreement. It also certifies that the employee understands how his/her individual performance is linked to the organization's mission and goals.

### **14. Progress Reviews**

- a. Rating officials must monitor each senior professional's performance during the appraisal period and provide ongoing, timely, and honest feedback to the senior professional on progress in accomplishing the performance elements and requirements described in the Performance Agreement to sustain and reinforce expected performance.
- b. A progress review shall be held for each ST/SL member at least once during the appraisal period, before July 1. At a minimum, senior professionals must be informed about how well he/she is performing by comparing his/her performance with the elements and performance requirements established for his/her position.



- c. The rating official must provide advice and assistance to senior professionals on how to improve their performance.
- d. If either the rating official or the senior professional believes that modifications to previously established elements or performance requirements are warranted because of unforeseen shifts in workload or changes in priorities, he/she must be prepared to discuss possible alternatives. If the rating official believes that performance in one or more of the established elements is lacking, he/she should discuss possible corrective actions as well as the ramifications of unimproved performance. The progress review should not be viewed solely as a discussion of performance weaknesses or deficiencies, but should also serve as a forum for encouraging employees whose performance is Fully Successful to strive for even greater achievement.
- e. If modifications in either elements or requirements are warranted, they must be discussed and recorded during the progress review process. At the end of the review session, both the rating official and the senior professional should share a common understanding of where the employee stands in relationship to his/her Performance Agreement, what is expected of the senior professional through the remainder of the rating period, and what actions, if any, will be initiated as a result of performance to date. The senior professional and the rating official each sign and keep a copy of the Performance Agreement or progress review(s), acknowledging that the progress review was conducted.

## **15. Unsatisfactory Rating**

A summary rating of Unsatisfactory must be assigned to any senior professional who is given an Unsatisfactory rating on one or more elements.

A senior professional whose performance is unacceptable will be given an opportunity to improve his performance. The employee may be placed on a Performance Improvement Plan (PIP).

An action based on Unsatisfactory performance may be taken at any time, either during or at the end of the appraisal cycle.

## 16. Appraising Performance

a. Annual Appraisals. Senior professionals must be appraised annually. Rating officials must appraise each senior professional's performance and assign an initial summary rating at the end of the appraisal period. If a senior professional has received an interim summary performance narrative for service in another covered position within DOC or another agency during the appraisal period, then that summary narrative(s) must be considered in determining the senior professional's annual summary rating.

- (1) Senior professionals must be appraised on the performance of elements in the performance agreement, using the established summary performance levels.
- (2) Appraisals of senior professionals must be based on both individual and organizational performance, taking into account such factors as:
  - (a) Results achieved in accordance with the goals of the Government Performance and Results Act of 1993, Government Performance and Results Modernization Act of 2010, and other strategic planning initiatives;
  - (b) Customer satisfaction;
  - (c) Compliance with the merit system principles set forth under section 2301 of title 5, U.S.C.; and

b. Methodology for Deriving Summary Ratings. The following approach will be followed in DOC for bureaus that use a point system to obtain a summary rating. The rating officials must prepare and discuss an initial written rating of performance with each senior professional they supervise. This rating must be based on an assessment of the senior professional's performance against the requirements established at the beginning of the rating period (or as modified and documented in the Performance Agreement during a progress review) and must include a written rating for each individual performance element based on the following:

***Outstanding (5)***

Meets or exceeds requirements written

at this level.

***Commendable (4)***

Meets requirements written at this level.

***Fully Successful (3)***

Meets requirements written at this level.

***Minimally Acceptable (2)***

Meets requirements written at this level.

***Unsatisfactory (1)***

Meets (or falls below) requirements written at this level.

- (1) If an individual's performance falls between two rating levels, e.g., Commendable (4) and Outstanding (5), the rating official may give a 4.5 element rating.
- (2) To obtain the overall summary rating, each element must be rated using the five-level element rating scale (Outstanding = 5, Commendable = 4, Fully Successful = 3, Minimally Acceptable = 2, and Unsatisfactory = 1). Then, each individual element rating is multiplied by the weight assigned to that element. The summary rating points assigned to the individual elements are then totaled to determine an overall summary rating based on the following scale:

Outstanding	470 - 500
Commendable	380 - 469
Fully Successful	290 - 379
*Minimally Acceptable	200 - 289
*Unsatisfactory	A summary rating of Unsatisfactory must be assigned to any senior professional who is given an unsatisfactory rating on one or more elements.

\* Under DOC policy, a covered senior professional who fails to meet at least the Fully Successful level requirements in one (or more) element(s)

may not be given a Fully Successful or above rating, regardless of the point total.

## **17. Process for Rating Performance**

- a. Initial Summary Rating. The rating official must develop an initial summary rating of the senior professional's performance, in writing, and share that rating with the senior professional. The senior professional may respond in writing, providing additional performance input for consideration. Any response shall be made to the rating official within 10 calendar days after the senior professional receives the initial rating. A rating official may change the initial rating after considering the response received from the senior professional.
- b. Higher Level Review. The senior professional may ask for a higher level official to review the initial summary rating before the initial rating is given to the PRB. The senior professional is entitled to one higher level review. The senior professional may request this higher level review by contacting the servicing Human Resources Manager. Any such request must be made in writing within 10 calendar days after receipt of the initial rating. The Human Resources Manager will appoint a higher level review official within the bureau. If there is no higher level official between the senior professional and the Appointing Authority, the Human Resources Manager will forward the request to the Department's Office of Human Resources Management (OHRM). The Department's Director for Human Resources Management will appoint a member from the DPRB for the review. The higher level review official will consider the initial rating and narrative assessment, if any, and the written comments made by the senior professional. The higher level review official will not consider any written comments by the senior professional to the initial rating not provided to the rating official within the initial 10 calendar day time limit from receipt of the rating. The higher level review official cannot change the rating official's initial summary rating, but may recommend a different rating to the rating official, PRB, and the Appointing Authority. Copies of the higher level review official's findings and recommendations must be given to the senior professional at the same time it is given to the rating official and the PRB.
- c. PRB Review. The initial summary rating, the senior professional's response to the initial rating, if any, and the higher level review official's recommendations must be given to the PRB. The PRB must review the

rating, the response, if any, from the senior professional and the higher level review official's recommendation, and make recommendations to the Appointing Authority. A PRB has the authority to make any inquiry it deems necessary. However, there is no right for the senior professional to make a presentation to the PRB or provide any written comments to the PRB not previously provided to the rating official.

- d. Annual Summary Rating. The Appointing Authority recommends the annual summary rating of the senior professional's performance, in writing, after considering any PRB recommendations. DERB approval of the recommendation is required before the rating can be finalized. This is the official rating.
- e. Extending the Rating Period. When a rating official cannot prepare an annual summary rating at the end of the appraisal period because the senior professional has not completed the minimum appraisal period or other reasons, the bureau may extend the senior professional's appraisal period. Any such extension must be coordinated with the Departmental Office of Human Resources Management, Office of Executive Resources, before it is done.
- f. Appeals. Senior professional performance agreements and ratings are not appealable.

## **18. Using Performance Results**

- a. Rating officials will use the results of performance and ratings as basis for making recommendations for adjusting pay, granting awards, and other personnel decisions. Performance information will also be a factor in assessing a senior professional's continuing development needs.
- b. An annual summary rating for a career senior professional which is at least Fully Successful or equivalent will provide the basis for a senior professional's retention in ST and SL position and will establish the senior professional's eligibility for consideration for performance awards and performance-based pay adjustments.
- c. A senior professional may be removed from the ST and SL position for performance reasons, subject to the provisions of 5 CFR Part 432.

- d. If a senior professional fails to complete the established minimum appraisal period because of reassignment, or other reasons, the issue should be discussed with the DOC Office of Human Resources Management, Office of Executive Resources, on a case-by-case basis.

## **19. Rights of the Senior Professional**

The contents of the performance plan may not be grieved. An employee may request reconsideration of his/her rating. Such reconsideration requests must be processed under the Department's administrative grievance procedure. Section 17b outlines procedures for requesting a higher level review of the initial summary rating.

## **20. Performance Review Boards**

PRBs make recommendations to their respective Appointing Authorities on the performance ratings, performance-based pay adjustments and performance-based bonuses of their senior professionals.

### a. Membership.

- (1) Each PRB must have three or more members who, in consultation with the Director for Human Resources Management and Deputy Chief Human Capital Officer, are appointed by the Appointing Authority or his/her designee acting on behalf of the Bureau. One of these members must be from outside the bureau or appointing authority's organizational portfolio. Bureaus are encouraged to have diversity on their PRBs.
- (2) PRB members must be appointed in a way that assures consistency and objectivity in ST/SL performance appraisal.
- (3) When appraising a career appointee's performance or recommending a career appointee for a performance award, more than one-half of the PRB's members must be SES career appointees.
- (4) Bureaus must publish notice of PRB appointments in the Federal

Register after DOC approval, before service begins.

b. Functions.

- (1) Each PRB must diligently review and evaluate the initial summary rating, the senior professional's response, if any, and the higher level review official's recommendations on the initial summary rating, and conduct any further review needed to make its recommendations. PRBs must evaluate the linkage to strategic goals and alignment.
- (2) The PRB must make a written recommendation to the Appointing Authority about each senior professional's annual summary rating and any performance-based pay adjustment or performance-based bonus recommendation.
- (3) A PRB member must not participate in a senior professional's performance review or discussions or recommendations on that review when:
  - (a) The PRB member is the rating official of the senior professional whose performance appraisal is being reviewed;
  - (b) The PRB member was the designated higher level review official of the senior professional whose performance is being reviewed.
- (4) There is no right to a hearing before the PRB for a senior professional requesting a higher level review, nor may the senior professional provide any additional information not initially provided to the rating official.
- (5) The DPRB provides higher level review for individuals reporting directly to the Appointing Authority.

## **21. Criteria for Review of Performance Appraisals and Ratings**

- A. Performance appraisals, initial summary ratings, senior professionals' written responses, if any, and recommended performance-based pay

adjustments and bonuses are to be reviewed and compared to criteria identified in PRB charters and Office of Personnel Management criteria as follows:

- Alignment - Performance expectations are linked to or derived from the agency's mission, strategic goals, program/policy objectives and/or annual performance plan.
- Consultation - Performance expectations are based on senior employees' involvement and input and were communicated to the employee at the beginning of the appraisal period and appropriate times thereafter.
- Results - Performance expectations for senior employees apply to their respective areas of responsibility; reflect expected agency or organizational performance; clearly describe performance that is measurable, demonstrable, or observable; and focus on tangible outputs, outcomes, milestones, or other deliverables.
- Balance - Performance expectations for senior professionals include appropriate measures or indicators of results; customer/stakeholder feedback; quality, quantity, timeliness, and cost effectiveness as applicable; and competencies or behaviors that contribute to and are necessary to distinguish outstanding performance.
- Assessment and Guidelines - The agency head, or designee, provides assessments of performance of the agency overall, as well as each of its major program and functional areas, such as GPRA goals and other program performance measures and indicators, and evaluation guidelines issued and based, in part, upon those assessments provided to senior professionals, senior professional rating and reviewing officials and PRB members. Assessments and guidelines are to be provided at the conclusion of the appraisal period but before ratings are recommended.
- Oversight - Rigorous oversight of the appraisal process is provided by The agency head, or designee who certifies that: 1) the senior professional appraisal process makes meaningful distinctions based on relative performance; 2) results of the process take into account, as appropriate, the agency's assessment of its performance against



program performance measures; and 3) pay adjustments, cash awards, and levels of pay accurately reflect and recognize both individual and organizational performance.

- Accountability - The senior professional's rating (as well as subordinate employee's performance expectations and ratings for those with supervisory responsibilities) appropriately reflect the employee's performance measures, and any other relevant factors.
- Performance Differentiation - 1) the appraisal system includes a rating level that reflects outstanding performance and provides for clear differentiation of outstanding performance, as defined in the regulations; and 2) the appraisal process results in meaningful distinctions in relative performance based on senior professionals' actual performance against rigorous performance expectations. "Relative performance" in this context does not require ranking senior professionals against each other. Indeed, such ranking is prohibited for the purpose of determining performance ratings. Rather it is defined as the performance of a senior professional with respect to the performance of other senior professionals, including their contribution to agency performance, where appropriate, as determined by the application of a certified appraisal system.
- Pay Differentiation - Individual pay rates and pay adjustments, as well as overall distribution, reflect meaningful distinctions among senior professionals based on their relative contribution to agency performance. Agencies must ensure transparency in the process for making decisions. The highest performing senior professionals should receive the largest pay adjustments and or highest pay (including both basic pay and performance awards), particularly above the rate for level III of the Executive Schedule.

#### B. Other Factors

- Balanced measures - Refers to an approach to performance measurement that balances organizational results with the perspectives of other distinct groups, such as customers, stakeholders, and employees. The Balanced measure approach includes: 1) the Employee perspective which focuses attention on the performance of the key internal processes that

drive the organization. This perspective directs attention to the basis of all future successes – the organization’s people and infrastructure; 2) the Customer perspective which considers the organization’s performance through the eyes of a customer, so that the organization retains a careful focus on customer needs and satisfaction; and 3) the Business perspective which considers *outcomes*, or social/political impacts which define the role of the agency/department within the government and American society, and the *business process* needed for organization efficiency and effectiveness.

## 22. Training and Evaluation

- a. Servicing Human Resources Offices must provide appropriate information and training to rating officials and senior professionals on performance management, including planning and appraising performance.
- b. Information on changes in the operation of the ST/SL PMS are conveyed to DOC management and affected senior professionals through DOC’s OHRM issuances and other means.
- c. OHRM assesses the effectiveness of the ST/SL PMS through an ongoing evaluation program. DOC organizations are evaluated on their technical compliance with law, the OPM performance management regulations, and DOC policy. Evaluations focus on the adequacy of performance plans and ratings as related to the bureau’s accomplishments as reflected in DOC’s strategic plan and bureau organizational assessments provided by the Senior Assessment Official. Also evaluated are overall results of application of the system.
- d. The Secretary and the Senior Assessment Official are responsible for evaluating data and feedback from PRBs and Office of Budget and Performance Improvement, and advising other key officials of any changes or corrective actions associated with the ST/SL PMS. The Secretary, the Departmental Executive Resources Board, Senior Assessment Official, or his/her designee, will conduct an annual

assessment of the bureau systems to ensure that the performance appraisal process is an effective tool for the DOC, and that the DOC's ST/SL PMS meets all OPM regulatory requirements.

## **23. Record Keeping**

- a. Employee performance folders (EPFs). EPFs must be established for each senior professional, retained as separate files, and maintained by the rating official. EPFs must contain the following:
  - (1) The senior professional's performance management records;
  - (2) Documentation of progress review(s);
  - (3) Summary appraisals and ratings;
  - (4) Written comments on ratings, if any;
  - (5) The higher level review official's written recommendations, if any;
  - (6) PRB/DPRB recommendations;
  - (7) Nominations for pay adjustments, and rank awards; and
  - (8) Decisions by the DERB.
- b. All performance related records contained in the EPF must be retained for 4 years.
- c. When a senior professional transfers to another operating unit within DOC or to another federal agency, EPF records must be transferred with the senior professional.
- d. Disclosure of information contained in EPFs may be made only as permitted by the Privacy Act.

## **APPENDIX A**

### **Mandatory Scientific and Professional Element**

#### **Customer/Client Service Responsiveness**

Ensures high degree of responsiveness to organizational leadership, the public, and internal and external customers (i.e., external contacts, staff, bureaus, Department, customer agencies, taxpayers.) Consults, collaborates and builds partnerships with agencies and other stakeholders, and takes decisive action, in accordance with law, regulation, and Department policy. Continuously seeks to improve business processes, sharing those efforts with other units to better overall Department performance.

Demonstrates the importance of customer and employee satisfaction in successfully accomplishing the Department's mission. Demonstrates the importance of customer focus as a critical component of the Department's mission. Listens to customers, systematically gathering their feedback, actively seeking to identify their needs and expectations, and effectively communicating those needs and expectations to superiors and counterparts. Demonstrates promptness, professionalism, fairness and responsibility to the circumstances of individual customers, to the extent permitted by law and regulation. Continuously evaluates organizational performance from a customer's point of view.

#### **Stature in Professional Field (Results)**

Demonstrates integrity, sound judgment, and the highest ethical standards of public service.

Maintains a recognized world-class research program in science, mathematics, or engineering. Conducts high-quality mission-related scientific research and/or monitoring that expands and improves scientific knowledge and understanding in a scientific field or discipline and/or leads to the development of new tools, models, approaches and concepts that improve understanding, management or predictions on materials and environmental issues. Creates and reports on research milestones.

Maintains stature as national or international leader or authority in the appropriate scientific field or discipline. Provides very high-quality professional advisory service and consulting on scientific and technological problems. Consults with industry, academia, and other government agencies and institutions on complex, advanced scientific, mathematics and engineering issues at a very high level of competency. Is sought after to communicate in their area of expertise through research publications and as a speaker and/or leader of forums.

Display high level of creativity, initiative, flexibility, and innovation to produce results that are important to the profession and ultimately the American people. Leverages the capability of colleagues to foster innovative thinking. Uses ingenuity to optimize effectiveness among colleagues.

Participates on national committees and convenes symposia, conferences and workshops.

Keeps abreast of new developments and communicates advances in profession to others. Monitors compliance of research activities with relevant environmental regulations.

## **APPENDIX B**

### **Mandatory Senior Level Elements**

#### **1. Leadership**

Demonstrates integrity, sound judgment, and the highest ethical standards of public service. Effectively executes programmatic and organizational changes as necessary. Effectively develops and executes plans to accomplish strategic goals and organizational objectives, setting clear priorities and acquiring available resources (human, financial, budget, etc) to ensure timely delivery of high quality services and products in compliance with applicable laws, regulations and policies. Demonstrates cooperation, flexibility and teamwork in interactions with all clients.

Achieves the objectives established by the President, the Secretary, Deputy Secretary, and senior management. Focuses on results. Supports the Department by providing responsive, timely and accurate work products and information as requested by Department management. Suggests innovative approaches to knowledge management that improves communication across organizational lines.

#### **2. Customer/Client Service Responsiveness**

Ensures high degree of responsiveness to organizational leadership, the public, and internal and external customers (i.e., external contacts, staff, bureaus, Department, customer agencies, taxpayers.) Consults, collaborates and builds partnerships with agencies and other stakeholders, and takes decisive action, in accordance with law, regulation, and Department policy. Continuously seeks to improve business processes, sharing those efforts with other units to better overall Department performance.

Demonstrates the importance of customer and employee satisfaction in successfully accomplishing the Department's mission. Demonstrates the importance of customer focus as a critical component of the Department's mission. Listens to customers, systematically gathering their feedback, actively seeking to identify their needs and expectations, and effectively communicating those needs and expectations to superiors and counterparts. Demonstrates promptness, professionalism, fairness and responsibility to the circumstances of individual customers, to the extent permitted by law and regulation. Continuously evaluates organizational performance from a customer's point of view.

### **3. Business Results Elements**

In addition to the two elements above, rating officials may add up to three bureau specific critical elements which represent at least **60 percent** of the overall performance agreement and must be dedicated to business results. These elements align with the Department and bureau mission.

## APPENDIX C

### GLOSSARY OF TERMS

**Agency** means the Department of Commerce.

**Alignment** means performance expectations linked to or derived from the DOCs mission, strategic goals, program/policy objectives, and/or annual performance plan.

**Alternative Personnel System** means the Demonstration project that DOC approved for a bureau as an alternative to the existing Departmental ST/SL Performance Management System.

**Appointing Authority** means the Secretary of Commerce or his/her designee, such as a Secretarial Officer or the head of a primary operating unit, or an official so designated by the Secretary of Commerce. For purposes of this guidance, the following list constitutes those positions which meet the definition of “Appointing Authority.”

- Deputy Secretary
- General Counsel
- Chief Financial Officer and Assistant Secretary for Administration
- Under Secretary for Economic Affairs
- Assistant Secretary for Communications and Information
- Assistant Secretary for Economic Development
- Inspector General
- Under Secretary for International Trade
- Under Secretary for Oceans and Atmosphere
- Under Secretary for Export Administration
- Under Secretary for Technology
- Chief Information Officer (Office of the Secretary)
- National Director, Minority Business Development Agency

**Appraisal Period** means the period of time for which a senior professional’s performance will be appraised and rated.

**Approving Official** means the approving official for a senior professional’s



Summary Evaluation Ratings, and base salary increases. The DOC approving official is the Secretary of Commerce who receives recommendations from the PRB.

**Balance** means performance expectations for senior professionals that include appropriate measures or indicators of results, customer/stakeholder feedback; quality, quantity, timeliness, and cost effectiveness, as applicable; and competencies or behaviors that contribute to and are necessary to distinguish outstanding performance.

**Balanced Measures** means an approach to performance measurement that balances organizational results with the perspectives of other distinct groups, such as customers, stakeholders, and employees.

**Base Salary** means the continuing annual salary paid to a senior professional.

**Base Salary Increase** means an increase resulting from a senior professional's final annual summary rating. The Secretary of Commerce approves base salary increases based on recommendations from the DERB and Senior Assessment Official.

**Basic Pay** means the rate of pay fixed by law or administrative action for the position held by a senior professional before any deductions are made and exclusive of additional pay of any kind.

**Bureau** means the following operating units: OS, BIS, ESA, BEA, CENSUS, EDA, MBDA, ITA, NOAA, NIST, and NTIA.

**Consultation** means the supervisor's discussion of performance expectations with the senior professional before the performance agreement is finalized.

**Department or DOC** means the Department of Commerce.

**Departmental Executive Resources Board (DERB)** means the board responsible for establishing the policies and procedures for managing the Department's executive resources.

**Departmental Performance Review Board (DPRB)** means a group of executives designated to make recommendations on the performance of executives requesting higher level reviews and those executives reporting directly to bureau

Appointing Authorities.

**Excess Annual Compensation Amounts** means any sum of money that a senior Professional receives beyond the statutory limitation on the total aggregate amount of money an Executive Branch employee may receive in any 1 calendar year.

**Executive Resources Board (ERB)** means a group comprised of DOC executives which oversees aspects of the SES and Senior Professional performance management systems and advises the SAO and the Secretary of Commerce.

**Fully Successful Rating** means the performance rating for a senior professional who meets the Fully Successful standard and the responsibilities and commitments in his/her Performance Agreement. A Fully Successful senior professional is eligible for base salary increase.

**Generic Elements** means standard Departmentwide required elements.

**Minimally Satisfactory Rating** means the performance rating for a senior professional who fails to meet the retention standard, responsibilities, and/or commitments in his/her Performance Agreement.

**Minimum Appraisal Period** means the minimum number of days a senior professional must be under a Performance Agreement for their position, before the senior professional is eligible for a rating. That minimum is 90 days.

**Official Rating** is the annual final summary rating.

**Outstanding Performance** means performance that exemplifies rare, high performance in fostering an organizational climate that sustains excellence and results. It should be thought of as an exception. The senior professional's performance has made a positive and significant impact on organizational results in alignment with the mission of DOC. All critical element activities are not only achieved, but completed in an exemplary manner. The senior professional has exerted a major positive influence on the organization through innovative and effective management practices, procedures and program implementation, building partnerships and coalitions, being responsive to internal and external customers, and leveraging scarce resources, which has contributed substantially to mission accomplishment.

**Pay Adjustment** is a monetary adjustment to base pay that may be given to a senior professional with at least a Fully Successful annual final summary rating.

**Performance** means the accomplishment of the work described in the senior professional's Performance Agreement.

**Performance Agreement** describes the individual and organizational expectations for the appraisal period and sets the requirements against which the senior professional's performance will be evaluated. Rating officials must develop performance agreements in consultation with senior professionals and communicate them on or before the beginning of the appraisal period. Performance Agreements must: (1) describe critical elements; (2) describe performance requirements; and (3) link with strategic planning initiatives.

**Performance Appraisal** means the review and evaluation of a senior professional's performance against performance elements and requirements, and may take into account their contribution to agency performance, where appropriate.

**Performance Cycle** means the period, typically starting October 1 and ending September 30 for senior professionals, during which a senior professional's performance is evaluated (generally 1 year).

**Performance Element** means a critical component of a senior professional's work that contributes to organizational goals and results, and is so important that unsatisfactory performance of the element would make the senior professional's overall job performance Unsatisfactory.

**Performance Management System** means the framework of policies and practices that the DOC establishes for planning, monitoring, developing, evaluating, and rewarding both individual and organizational performance, and for using resulting performance information in making personnel decisions.

**Performance Requirement** means a statement of the performance expected for an element.

**Performance Review Board** means a group of senior executives who make recommendations to an Appointing Authority on the performance of senior professionals and senior executives under the Appointing Authority's supervision.

PRBs have appointed members in accordance with 5 CFR 430.310. PRB membership must be published in the Federal Register before service begins.

**Progress Review** means a review of the senior professional's progress in meeting performance requirements. A progress review is not a performance rating.

**Presidential Rank Award** means an award (Distinguished for sustained extraordinary accomplishment and Meritorious for sustained accomplishment) given to career SES members and Senior Professionals, to recognize exceptional performance over a period of time. Nominations are submitted by the Secretary of Commerce to the OPM, which, in turn, makes recommendations to the President for approval.

**Rating Official** means the senior professional's supervisor who is responsible for evaluating performance and proposing the ratings for each performance expectation and the initial summary rating.

**Ratings:**

**Initial Summary Rating** means an overall rating level the rating official derives from appraising the senior professional's performance during the appraisal period and forwards to the PRB.

**Annual Summary Rating** means the overall rating level that an Appointing Authority assigns at the end of the appraisal period after considering a PRBs recommendations and receiving DOC approval. This is the official rating.

**Relative Performance** means the performance of a senior professional with respect to the performance of other senior professionals, including his/her contribution to agency performance, where appropriate.

**Results** mean the outcome of performance expectations for senior professionals that apply to his/her respective areas of responsibility; reflect expected agency and/or organizational outcomes and/or outputs, performance targets or metrics, policy/program objectives and/or milestones; and are stated in terms of measurable, demonstrable, or observable performance.

**Reviewing Official** means a manager in the organization at a higher level than the Rating Official, who reviews the self-assessments, summary narratives, and ratings assigned. After this review, they endorse or disapprove the performance rating and/or pay range increase using the Performance Agreement and forwards endorsed package to the PRB.

**Secretary of Commerce** The Secretary of Commerce serves as the Approving Official for summary evaluation ratings, performance-based salary increases and bonuses, and for Presidential Rank Award nominations.

**Senior Assessment Official** means the person designated by the Secretary to provide rigorous oversight of the appraisal process; conduct an annual assessment of the Department's performance; issue guidelines for performance evaluation; certify that the results of the appraisal process make meaningful distinctions; and assure that pay adjustments and levels of pay accurately reflect and recognize performance and/or contributions to the Department's performance.

**Senior Professional** means any ST or SL employee.

**Senior Professional Performance Agreement** means a multipart agreement intended to establish annual performance expectations for senior professionals, which also includes the midyear progress review, Summary Evaluation, and the PRB process. It describes the individual and organizational expectations for the appraisal period and sets the requirements against which performance will be evaluated. Rating officials must develop performance plans in consultation with senior professionals and communicate with them on or before the beginning of the appraisal period. Performance plans must: (1) describe elements; (2) describe measurable performance requirements; and (3) link with strategic planning initiatives.

**Special Act Award** is an action taken outside of the performance appraisal process to recognize and reward individual or team achievements that contribute to meeting organizational goals or improving the efficiency, effectiveness, or economy of the government, or is otherwise in the public interest.

**Strategic Planning Initiatives** means DOC strategic plans, annual performance plans, bureau/organizational work plans, and other related initiatives.

**Work Plans** means working documents supporting performance plan elements and objectives.