

## PERFORMANCE MANAGEMENT SYSTEMS

- 1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) procedures regarding performance management systems.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains VA policy on the title 5 performance appraisal program and title 38 proficiency rating system. The pages in this issuance replace the corresponding page numbers in VA Handbook 5013. Revised text is contained in [brackets]. These changes will be incorporated into the electronic version of VA Handbook 5013 that is maintained on the [Office of Human Resources Management](#) website. This revision replaces use of the terms “unsatisfactory” and “less than fully successful” with “unacceptable” to be more consistent with 5 CFR, part 430 and the VA’s performance appraisal system that was approved by the Office of Personnel Management on May 6, 1996.
- 3. RESPONSIBLE OFFICE:** The Employee Relations and Performance Management Service (051), Office of the Deputy Assistant Secretary for Human Resources Management.
- 4. RELATED HANDBOOK:** VA Handbook 5013, Performance Management Systems.
- 5. RESCISSIONS:** None.

**CERTIFIED BY:**

/s/  
Roger W. Baker  
Assistant Secretary for  
Information and Technology

**BY DIRECTION OF THE SECRETARY  
OF VETERANS AFFAIRS:**

/s/  
John Sepúlveda  
Assistant Secretary for Human  
Resources and Administration

ELECTRONIC DISTRIBUTION ONLY



### 3. GENERAL PROVISIONS

- a. Performance will be rated for each element as Exceptional, Fully Successful, or [Unacceptable], and at a summary level as Outstanding, Excellent, Fully Successful, Minimally Satisfactory, or [Unacceptable], which correspond to Levels 1 through 5--Pattern H. (See VA Handbook 5013, Part I, Appendix A, subparagraph 5d.)
- b. The results of the performance appraisal are used as the basis for granting within-grade and quality step increases, and for determining performance awards, as well as training, rewarding, reassigning, promoting, reducing in grade, retaining and removing employees.
- c. The appraisal period is the one-year period that begins on October 1 and ends on September 30 unless otherwise designated by an Under Secretary, Assistant Secretary, or Other Key Official. In the case where a change in rating cycle is being made, notification will be issued establishing and defining an alternative appraisal cycle.
- d. The performance management [program] for VBA non-executive directors is contained in VA Handbook 5013, Part I, Appendices D and E.
- e. Performance plans will be documented on VA Form 0750, [Performance Appraisal Program] or VA Form 3482e [for employees covered by the VHA Performance Appraisal Program,] as appropriate.

**4. EVALUATION.** Administration Heads, Assistant Secretaries and Other Key Officials will periodically evaluate the effectiveness of performance management within their respective organizations. The Deputy Assistant Secretary for Human Resources Management will analyze and evaluate the overall effectiveness of VA's performance appraisal program and recommend modifications as necessary.

### 5. DEFINITIONS

a. **Achievement Level.** The overall level of accomplishment for each element as measured against the pre-established performance standards. Achievement levels are defined as follows:

(1) **Exceptional.** All Fully Successful performance standards for the element are significantly surpassed. This level is reserved for employees whose performance in the element far exceeds normal expectations and results in significant contributions to the organization.

(2) **Fully Successful.** Performance standards for the particular element when taken as a whole are being met. This level is a positive indication of employee performance and means the employee is effectively meeting performance demands for this component of the job.

(3) **[Unacceptable].** A level of performance that does not meet a standard established for the Fully Successful level. Assignment of this achievement level means that performance of the element is not acceptable.

b. **Appraisal.** The process under which performance is reviewed and evaluated.

- c. **Appraisal Cycle.** The specific dates that mark the beginning and ending of an appraisal period.
- d. **Appraisal Period.** The established period of time for which performance will be reviewed and a rating of record will be prepared.
- e. **Approval Official.** The designated official at a higher management level than the Rater who reviews and approves at least all Minimally Satisfactory and [Unacceptable] ratings at the end of the appraisal period. Organizations may decide to have some or all ratings above Minimally Satisfactory subject to review by Approval Officials. The Secretary and the Inspector General are the only officials who can serve as both the Rater and Approval Official.
- f. **Days.** Calendar days, unless otherwise specified.
- g. **Element.** A component of a position sufficiently important to warrant appraisal. The element may be either critical or noncritical and is defined as follows:

(1) **Critical Element.** Any element that contributes toward the accomplishment of organizational goals and objectives, and is of such importance that [Unacceptable] performance of it would result in unacceptable performance in the position.

(2) **Noncritical Element.** Any element that does not meet the definition of critical element but is still of sufficient importance to warrant written appraisal.

**NOTE:** *The term “noncritical” does not imply that the goals and/or functions described in these elements are of an unimportant nature. The makers of policy for the VHA Performance Appraisal Program would prefer to refer to these elements as “other elements.”*

(3) **Additional Element.** A dimension or aspect of individual, team or organizational performance that is not used in assigning a summary level but, like critical and noncritical elements, is useful for purposes such as communicating performance expectations and serving as the basis for granting awards. Such elements could be used as a means of communicating expected performance where the performance threshold is beyond the employee’s immediate control in areas such as attainment of organizational goals, work plans, work objectives or program plans.

h. **Minimum Appraisal Period.** The 90-day period during which an employee must have performed under communicated performance elements and standards that may result in a performance rating.

i. **Performance Plan.** All written or otherwise recorded critical, and noncritical and additional performance elements and standards that identify expected performance.

j. **Performance Standard.** The management approved expression of the performance threshold(s), requirement(s) or expectation(s) that must be met to be appraised at a particular level of performance. A performance standard may include, but is not limited to, factors such as quality, quantity, timeliness and manner of performance. They shall also include specific recurring and nonrecurring goals, program plans, priority programs, etc., since accomplishment of organizational objectives should be reflected in performance plans when appropriate.

k. **Progress Review.** Communication with employees, at least once during the appraisal period, about their performance.

l. **Rater.** The official, usually the immediate supervisor, who is responsible for developing performance plans, providing feedback and progress reviews, appraising employee performance, and recommending a performance rating.

m. **Rating of Record.** The performance rating prepared at the end of an appraisal period for performance over the entire period and the assignment of a summary level. This constitutes the official rating of record.

n. **Summary Rating.** The record of the appraisal of all critical and noncritical elements and the assignment of an overall rating. These ratings will be assigned in accordance with the following criteria:

(1) **Outstanding.** The achievement levels for all elements are designated as Exceptional.

(2) **Excellent.** The achievement levels for all critical elements are designated as Exceptional. Achievement levels for noncritical elements are designated as at least Fully Successful. Some, but not all, noncritical elements may be designated as Exceptional.

(3) **Fully Successful.** The achievement level for at least one critical element is designated as Fully Successful. Achievement levels for other critical and noncritical elements are designated as at least Fully Successful or higher.

(4) **Minimally Satisfactory.** The achievement levels for all critical elements are designated as at least Fully Successful. However, the achievement level(s) for one (or more) noncritical element(s) is (are) designated as [Unacceptable].

(5) **[Unacceptable].** The achievement level(s) for one (or more) critical elements is (are) designated as [Unacceptable].

## 6. PLANNING PERFORMANCE

a. A performance plan will be developed to measure the performance requirements of each employee's position.

(1) Solicitation of input from employees and employee representatives in the development and revision of performance plans is encouraged.

(2) Performance plan input may be sought from multiple sources, including customers, peers and others involved in the supervision of the employee. Unless an employee is working more than one position, he/she will normally not have more than one supervisor.

(3) Performance plans shall be established in conjunction with the reaction of and classification of new positions.

## **7. MONITORING PERFORMANCE**

a. The minimum appraisal period is 90 calendar days under a performance plan.

b. Each employee must receive and have documented at least one progress review during the appraisal period. This progress review will be documented on VA Form 0750 or VA Form 3482e, as appropriate. Additional informal communication about an employee's progress in meeting performance standards is encouraged and may be conducted as appropriate.

c. Employees whose performance is [Unacceptable] in one or more critical elements must be notified in writing and be given a reasonable opportunity to improve their performance to the Fully Successful level. See VA Handbook 5013, Part I, Appendix C for a sample performance improvement plan.

(1) Employees who improve their performance to the Fully Successful level during the opportunity period must sustain Fully Successful performance for 1 year in the critical element(s) on which they were provided an opportunity to improve. The 1-year time period starts from the beginning of their opportunity period. If, during that 1-year period, the employee's performance become [Unacceptable] again in the same critical elements, a performance-based adverse action may be proposed without the benefit of an additional opportunity to improve.

(2) Unless reassigned, employees whose performance is determined Unacceptable at the conclusion of the opportunity period may be reduced in grade or removed. Sample letters may be found in VA Handbook 5021, Employee/Management Relations.

## **8. APPRAISING PERFORMANCE**

a. Employees will be appraised at the end of the appraisal period using VA Form 0750 or VA Form 3482e, as appropriate.

b. Raters must consider improvements in efficiency, productivity, timeliness, quality of work or service, accomplishment of goals, as well as any other relevant information in appraising performance. They shall also consider feedback from multiple sources, including customers, peers or other appropriate sources, and encourage employees to keep records and notes related to their accomplishments during the appraisal period for the purpose of submitting voluntary self-assessments that will also be considered in developing ratings.

c. Employees must receive a written or otherwise recorded rating of record no later than 60 days following the end of the appraisal period.

d. Performance may be determined to be at the levels other than Fully Successful even though standards are not established at those levels.

e. Within 10 workdays after the conclusion of the appraisal period, employees may submit to the Rater a self-assessment or other information related to their performance during the appraisal period. Such information will generally relate to the established performance plan. The Rater will consider this information, if submitted, and all other information relevant to the employee's performance that is available and assign one achievement level for each element.



f. An achievement level must be assigned for each critical and noncritical element of the performance plan on which the employee has had a chance to perform. If an employee submits a self-assessment and the Rater can verify its accuracy and completeness, the self-assessment can be used as the justification for an assigned rating. Otherwise, if an achievement level other than Fully Successful is assigned, specific examples supporting that level must be documented in the portion of the rating form provided for this purpose. When an achievement level of Fully Successful is assigned, a description or documentation of performance is not required.

g. Ratings of record will be assigned in accordance with the following criteria:

(1) **Outstanding.** The achievement levels for all elements are designated as Exceptional.

(2) **Excellent.** The achievement levels for all critical elements are designated as Exceptional. Achievement levels for noncritical elements are designated as at least Fully Successful. Some, but not all, noncritical elements may be designated as Exceptional.

(3) **Fully Successful.** The achievement level for at least one critical element is designated as Fully Successful. Achievement levels for other critical and noncritical elements are designated as at least Fully Successful or higher.

(4) **Minimally Satisfactory.** The achievement levels for all critical elements are designated as at least Fully Successful. However, the achievement level(s) for one (or more) noncritical element(s) is (are) designated as [Unacceptable].

(5) **[Unacceptable].** The achievement level(s) for one (or more) critical elements is (are) designated as [Unacceptable].

h. Following the assignment of performance ratings, the Rater will forward all appraisal forms to the Approval Official. A list of all Fully Successful and above ratings and recommendations for performance awards shall be forwarded at the same time. Ratings and award recommendations will not be communicated to employees prior to final approval by the official with the authority to approve awards. The Approval Official will review all [Unacceptable], Minimally Satisfactory and other ratings as appropriate, and either concur with those ratings or assign a different rating. He/she may discuss with or request additional justification for the recommended performance rating from the Rater. If a different rating is assigned by the Approval Official, the performance-based reason for the change must be explained on the form. This explanation shall specify which achievement levels for which elements were changed and why. The appropriate ratings will be signed by the Approval Official and documented on the rating form no later than 4 weeks following completion of the appraisal period. This time requirement will be met if possible, but may be extended for mission critical reasons.

i. Within 5 weeks from the end of the rating period, the Approval Official is responsible for forwarding rating information and award recommendations on a VA Performance Management Certification Form, through appropriate channels, to the Performance Awards budget official. This time requirement may be extended for good reasons.



**APPENDIX D.**  
**PERFORMANCE APPRAISAL PROGRAM FOR VETERANS BENEFITS ADMINISTRATION**  
**NON-EXECUTIVE DIRECTORS**

**NOTE:** *The performance appraisal program described in this appendix is for Veterans Benefits Administration (VBA) non-executive directors only.*

**1. PURPOSE.** The performance appraisal program established under this appendix shall serve as a tool for executing basic management and supervisory responsibilities by:

- a. Communicating and clarifying organizational goals and objectives.
- b. Identifying individual accountability for the accomplishment of Department goals and objectives.
- c. Evaluating and improving individual and organizational accomplishments.
- d. Providing a basis for certain personnel actions to include reassignments, reduction-in-force, and removals.

**2. DEFINITIONS**

a. **Achievement Level.** The one overall level of accomplishment for each element as measured against the established performance standards. Achievement levels are defined as follows:

(1) **Fully Successful.** Performance standards for the particular element when taken as a whole are being met. This level is a positive indication of employee performance and means that the employee is effectively meeting performance demands for this component of the job.

(2) **Exceptional.** Fully successful performance standards for the element are being significantly surpassed. This level is reserved for employees whose performance in the element far exceeds normal expectations and results in major contributions to the organization.

(3) **[Unacceptable].** A level of performance that does not meet the standards established for the fully successful level. Assignment of this achievement level means that performance of the element is [unacceptable].

b. **Appraisal.** The act or process of reviewing and evaluating the performance of an employee against the described performance standards. It is the process by which an achievement level is established for each element and upon which a summary rating level is assigned.

c. **Approval Official.** The official who approves each rating.



(3) **Fully Successful.** The achievement level(s) for one (or more) critical element(s) is (are) designated as fully successful. Achievement levels for other critical and non-critical elements are designated as at least fully successful or higher.

(4) **Minimally Satisfactory.** Achievement levels for all critical elements are designated as at least fully successful. However, the achievement level(s) for one (or more) non-critical element(s) is (are) designated as [unacceptable].

(5) **[Unacceptable].** The achievement level(s) for one (or more) critical element(s) is (are) designated as [unacceptable].

### 3. PROGRAM RESPONSIBILITIES

a. **The Under Secretary for Veterans Benefits Administration.** Periodically evaluates the effectiveness of this program and modify as required.

b. **The Deputy Assistant Secretary for Human Resources Management [ ]**

(1) Provides technical advice and assistance on this performance appraisal program;

(2) Provides appropriate training and information to supervisors and employees to ensure effective administration of the performance appraisal program;

(3) Provides technical and administrative support;

(4) Coordinates the processing and coding of performance ratings;

(5) Maintains Employee Performance Folders for all non-executive directors; and

(6) Evaluates the effectiveness of this performance appraisal program and recommend modifications as appropriate. Methods used to evaluate the program may include rater/ratee questionnaires and/or review and analysis of performance plans and rating patterns.

c. **Supervisors.** Supervisors are responsible for ensuring that the requirements of this appendix relating to the establishment and communication of performance plans and the processing of performance appraisals and ratings are fulfilled. This includes ensuring that higher level supervisory officials are appropriately involved in the development of performance plans and appraisals.

### 4. GENERAL

a. **Performance Appraisal Period.** The minimum performance appraisal period for non-executive directors covered by this appendix is 90 days. Generally, the appraisal period will be October 1 through September 30.



## PART I

## APPENDIX D

b. **Extension of Appraisal Period.** If a non-executive director was initially appointed to his or her position after July 2, the appraisal period will be extended to December 31. The appraisal period may also be extended under the special circumstances described in paragraph 8c.

c. **Performance Appraisal Forms.** VA Form 3482d, Non-executive Directors-- Performance Appraisal Program, will be used to document the performance plan approved for each employee and the appraisal and rating recommended by the rater and reviewing official (if applicable). VA Form 3482d will be used to document the final rating of record authorized by the approval official.

d. **Calendar Days.** Unless otherwise specified, references to "days" in this appendix refer to calendar days.

## 5. PERFORMANCE PLAN

### a. Basic Requirements

(1) At or before the beginning of the appraisal period, the elements and standards of each employee's performance plan will be communicated to the employee. The rater is responsible for communicating proposed elements and standards; consulting with the employee, and if appropriate, the higher level supervisory official, on the plan's content; and providing a written performance plan to the employee within 30 days of the beginning of the appraisal period.

(2) The performance plan will be based on the duties and responsibilities established for the position and will reflect responsibility for accomplishment of agency goals and objectives. The performance plan will include:

(a) Every position will have at least one element designated as a critical element and one designated as a non-critical element.

(b) The individual and organizational performance standards or results to be achieved for each element. Performance standards must be written at the fully successful level of achievement. The absence of written standards for the exceptional or [unacceptable] achievement levels shall not preclude assignment of those levels. To the extent possible, these performance standards should be stated in objective and measurable terms.

### b. Work Plan Approach

(1) The performance plans for all non-executive directors whose positions include significant managerial responsibilities will include a performance element, "Work Plan Accomplishment," or a similar element.

(2) The work plan will identify high priority goals and projects to be individually tracked during the appraisal period.



## PART I

## APPENDIX D

e. **Employee Participation.** Raters may ask non-executive directors to submit proposed performance plans before the beginning of the appraisal period. When this is done, the supervisor will review the proposed plan, discuss any changes or modifications, and provide a written copy of the approved performance plan.

f. **Continuing Review of Performance Plan.** The performance plan should be reviewed by both the employee and the rater during the appraisal period. Changes in program emphasis or other developments that would make the standards inappropriate for the current situation may necessitate changes to the plan. The rater will document in writing any revisions or deletions to the performance plan and communicate them to the employee. Normally, performance plans will not be changed within 90 days of the end of the appraisal period.

## 6. PROGRESS REVIEW

a. The rater shall hold a progress review for each employee at least once during the appraisal period. At a minimum, an employee shall be informed of his or her level of performance by comparison with the elements and performance standards established for his/her position. The progress review should also be used as an opportunity to review employee performance plans. Additional informal communication about an employee's progress in meeting performance standards is encouraged and may be conducted as appropriate.

b. Employees whose performance is [unacceptable] in one or more critical elements must be notified in writing and be given a reasonable opportunity to improve their performance to the fully successful level.

c. Employees who improve their performance to the fully successful level during the opportunity period must sustain fully successful performance in the critical element(s) on which they were provided an opportunity to improve for one year from the beginning of the opportunity period. A performance-based adverse action may be proposed without the benefit of an additional opportunity to improve should their performance again become [unacceptable] in one or more of the critical elements during the 1-year period.

## 7. THE RATING PROCESS

### a. General Requirements

(1) A rating is the written record of the appraisal of each critical and non-critical element and the assignment of a summary rating level by the rater. Ratings will be documented on VA Form 3482d or its electronic equivalent. The original appraisal form will be kept in the employee's Employee Performance Folder and a copy will be provided to the employee.

(2) In accordance with paragraph 8, ratings are generally prepared at the end of the appraisal period. Ratings are also required under the following circumstances: