

For: FSA Employees

Important Reminders About Performance Management and Performance Awards

Approved by: Deputy Administrator, Management



1 Overview

A Background

Notice PM-2733:

- announced the revision of 5-PM which now includes the awards program
- included guidance on closing out the FY 2009 performance appraisal period and preparing for the FY 2010 performance appraisal period.

B Purpose

This notice highlights key reminders (EmpowHR, due dates, responsibilities, and training) for the FY 2010 (October 1, 2009, to September 30, 2010) performance appraisal period and FY 2009 performance awards.

C Accessing 5-PM and the FY 2009 Sample Performance Awards Spreadsheet

5-PM:

- covers the awards program and performance management for all of FSA
- can be accessed at ftp://ftp.fsa.usda.gov/manuals/5-pm_r11_a01.pdf.

The 2009 Sample Performance Awards Spreadsheet can be accessed at <http://www.fsa.usda.gov/FSA/hrdapp?area=home&subject=erpm&topic=emr>.

Disposal Date	Distribution
October 1, 2010	All FSA employees; State Offices relay to County Offices

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1 Overview (Continued)

D Coverage

All FSA employees nationwide are **required** to have a performance plan established according to 5-PM in EmpowHR, **except**:

- individuals in the Senior Executive Service (SES)
- individuals for which employment is not reasonably expected to exceed the minimum appraisal period (90 calendar days) in a consecutive 12-month period

Note: Temporary intermittent employees would only be subject to the performance management system if they actually work a continuous 90-calendar day period, regardless of the length of their appointment.

- STC and COC members
- individuals excluded from coverage by statute or by OPM regulation.

2 Reminders for FY 2010 Performance Appraisal Period

A When to Establish or Revise Performance Elements

Rating officials shall establish or revise performance elements:

- at the beginning of the appraisal period
- within 30 calendar days of an employee's assignment to a position because of 1 of the following:
 - appointment
 - change to lower grade
 - promotion
 - reassignment
 - temporary promotion or detail for 120 calendar days or more
 - each time a work assignment changes significantly, whether or **not** a personnel action is effected.

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2 Reminders for FY 2010 Performance Appraisal Period (Continued)

A When to Establish or Revise Performance Elements (Continued)

Note: An interim rating should be given if the employee gains a new supervisor during the performance year in EmpowHR. The previous supervisor should transfer this rating in hard copy to his or her supervisor to be given to the new supervisor. Once the new supervisor has gained EmpowHR access they will have access to the employee's performance plan and the hard copy will serve as a back up copy.

If the employee leaves FSA during the performance year and has been under a performance plan for at least 90 calendar days he or she must receive a performance rating in EmpowHR before departing. Supervisors should also maintain a hard copy for their record which will serve as back up.

B EmpowHR

All FSA offices are required to use EmpowHR's employee self service and manager self service functions for performance plans, reviews, appraisals, and awards in FY 2010.

Before employees and managers use EmpowHR, training must be completed on using EmpowHR.

C Performance Management Training

Training is critical to the performance management program. Each year supervisors and nonsupervisors will receive training and retraining on the requirements and operation of the program. All supervisors, managers, and employees **must** know how the performance management program operates. Training courses are available for both supervisory and nonsupervisory employees in AgLearn.

DD's shall ensure that each COC chairperson receives a hard copy of each of the supervisory Performance Management Desk Guides. DD's and CED's shall continue to educate and involve COC in discussions involving the performance appraisal and in performance plan development.

See 5-PM, Part 4 for more information on the performance management training available in AgLearn.

Additional training resources are available on the HRD web site at <http://www.fsa.usda.gov/FSA/hrdapp?area=hrdwebapp&subject=landing&topic=emp>.

The training provided at the 2009 AO/SED National Training Conference is available to view at <http://www.fsa.usda.gov/FSA/hrdapp?area=home&subject=erpm&topic=prm>.

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2 Reminders for FY 2010 Performance Appraisal Period (Continued)

D USDA and FSA Regulations on Employee Responsibilities and Conduct

EmpowHR requires that employees acknowledge the following.

“I have a copy of USDA and Agency regulations on employee responsibilities and conduct; I have discussed them with my supervisor and questions have been answered to my satisfaction”.

A copy of the USDA and FSA regulations on employee responsibilities and conduct is available at

<http://www.fsa.usda.gov/FSA/hrdapp?area=home&subject=erpm&topic=prm>.

3 Reminders for FY 2009 Performance Awards

A Funding

FY 2009 award funds are available for rating based awards **only**, funding has been allocated to the Deputy Administrators and States on a per capita basis.

Rating-based awards funds are to be used to recognize employees whose rating of record is outstanding or superior for FY 2009.

B General Information

Rating-based awards are based on employee performance accomplishments during the rating cycle, as documented on the employee's Rating of Record. If funds are available, all employees rated outstanding and superior **must** be given a rating-based award.

C Outstanding-Superior Ratio

The value of a Cash or Cash/Time-Off Award for an employee rated superior **must** be half the amount of the Cash or Cash/Time-Off Award for an employee rated outstanding. All award pools **must** adhere to this 2:1 ratio when granting rating-based awards. When calculating this ratio, use the amounts employees rated outstanding actually received.

Example: If the employee's outstanding award would have been \$6,000, but was reduced to \$3,200 because of the limitations in 5-PM, subparagraph 64, use \$3,200 for the 2:1 ratio calculations.

D Types of Rating-Based Awards

Employees may receive 1 of the following types/combinations of awards in recognition of their performance throughout the rating period:

- QSI
- Cash Award (lump-sum) **only**
- combination Cash (lump-sum) and Time-Off Award.

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3 Reminders for FY 2009 Performance Awards (Continued)

E Eligibility

All FSA employees, GS and CO, with a rating of record of outstanding or superior **must** be placed in an award pool. All employees with a rating of record of outstanding are eligible for QSI. Employees rated fully successful or below are **not** eligible for rating-based awards.

F Award Pools

For rating-based award purposes, FSA funds will be divided into award pools. Each award pool will be given a rating-based award budget. Award pools are as follows:

- Office of the Administrator (immediate Office of the Administrator and staff offices reporting to the Administrator)
- OBF
- DACO
- DAFLP
- DAFO, **excluding** State and County Offices
- DAFP
- DAM
- FSA, OCIO
- each State Office.

Notes: Each State Office, including Puerto Rico, will have 2 award pools, 1 for GS employees and 1 for CO employees.

The U.S. Virgin Islands GS employees will be included with the Florida Federal award pool. U.S. Virgin Islands CO employees will have a separate pool. **Only** the Office of the Administrator award pool may create sub-pools, to be determined by their award pool executive. **No** other pools may create sub-pools.

G Award Pool Executive Responsibilities

Each award pool will be headed by an award pool executive. The award pool executive will be:

- AAOM for the Office of the Administrator award pool
- SED for each State Office award pool (both GS and CO)
- the appropriate Deputy Administrator for the other award pools.

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3 Reminders for FY 2009 Performance Awards (Continued)

G Award Pool Executive Responsibilities (Continued)

Award pool executives shall:

- select the award pool manager and provide his/her name to SPO
- determine which rating-based awards system the award pool will use

Note: Only 1 option may be selected and the option **must** be applied to the **entire** award pool.

- ensure that QSI criteria is followed
- be the approving official for QSI's
- ensure that **all** annual ratings of record are completed and entered into EmpowHR before entering awards into EmpowHR.

H Award Pool Manager Responsibilities

The award pool managers shall:

- receive lists of employee ratings from supervisors
- ensure that the award pool includes **all** eligible employees with outstanding and superior ratings (except employees selected for QSI) and provide list to SPO
- calculate award amounts using option 1 or 2 (see 5-PM, Exhibit 18 for option 1)
- ensure that consistency is applied throughout the award pool
- notify supervisors of their employee's award amounts
- ensure that all award actions are completed by supervisors
- ensure that all, or as much as possible, allocated awards money is used
- ensure that spending does **not** exceed allocated awards money
- provide a list of employee ratings and awards granted to SPO, by name and amount.

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3 Reminders for FY 2009 Performance Awards (Continued)

I Supervisor Responsibilities

Supervisors (rating and reviewing officials) shall:

- review the employee's work and reward noteworthy accomplishments and contributions
- complete the annual rating of record for each employee within 30 calendar days of the end of the rating cycle
- provide award pool manager with list of employee ratings
- after receiving award amounts from pool manager, initiate recognition action in EmpowHR for rating-based awards.

J Prorating Award Amounts

Supervisors shall prorate rating-based awards for either of the following:

- new employees with less than 1 year of service with FSA
- all part-time employees.

Award amounts should be prorated depending on the number of months the employee has worked for FSA.

Example 1: Full-time employee started working and was put on a performance plan on February 1, 2008. Therefore, the employee has been on the rolls for 8 months by the end of the rating period (September 30, 2008). The award amount is \$1,789.

8 months divided by 12 months = 0.66666 (2/3 year)
\$1,789 times 0.66666 = \$1,192.65 (round to the nearest dollar).
The prorated award amount is **\$1,193**.

Example 2: Part-time employee worked approximately 20 hours per week. The part-time employee's calculation **must** be based on the actual hours worked. During the rating period, the employee worked 1,080 hours. The award amount is \$1,789.

1,080 hours divided by 2,087 work hours per year = 0.5174892 (about ½ year)
\$1,789 times 0.5174892 = \$925.79 (round to the nearest dollar).
The prorated award amount is **\$926**.

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4 QSI's

A Overview

QSI's are a faster-than-normal WGI used to reward employees at any GS or CO grade level who receive a rating of record of outstanding. Receiving QSI's will **not** affect receiving the next WGI, unless the employee is in step 3 or step 6 **before** receiving QSI, in which case receiving WGI will be pushed back exactly 1 year. QSI's are earned by employees who have far exceeded job expectations and their performance is expected to continue into the future.

B Allocation

QSI's are handled separately from the cash award allocation. Each award pool may give a number of QSI's up to 1 1/2 percent of the total number of ratings of record given that year. Fractions of 0.5 or greater shall be rounded up; fractions less than 0.5 shall be rounded down.

Example: An award pool gives 210 ratings of record; 1 1/2 percent of 210 is 3.15. A maximum of 3 QSI's may be given in this award pool.

Notes: For small award pools where the percentage would **not** allow any QSI's, one QSI per award pool may be given.

The award pool executive will make all decisions about QSI's.

The QSI value shall **not** be deducted from the cash award allocation.

C Criteria

QSI is the highest rating-based award that an employee can earn. FSA has established stringent criterion for QSI's to maintain integrity. The following criteria **must** be met to be considered for QSI:

- rating of record **must** be outstanding
- employee must **not** have received QSI within the last 52 weeks
- employee must **not** be at step 10 of their grade level
- employee **must** demonstrate sustained high-quality performance, significantly above expectations, and be expected to continue the high-quality performance in the future
- employee **must** have held the same grade and type of position (or similar position) in a pay status for at least 6 months **before** the end of the appraisal cycle.

Note: If an employee is in the process of being promoted within 60 calendar days after the effective date of QSI, check the next salary level to ensure that QSI will **not** be lost.

4 QSI's (Continued)

D Employees at Step 10

Employees at step 10 of their grade who are selected by the award pool executive for QSI, which will be of no value to the employee because they are at step 10, will be given a Cash Award that is equivalent in value to QSI they would have received. The QSI cash value:

- will be the difference between step 9 and step 10 of the employee's grade
- will **not** reduce or impact the rating-based award pool allocation; however, it will count against the 1 1/2 percent QSI award pool.

Note: If an employee at step 10 receiving a Cash Award, instead of QSI, results in the employee receiving a smaller award than other employees in the same location receiving Cash Awards for ratings of record of outstanding, the step 10 employee shall be placed in the rating-based awards pool and receive a Cash Award equivalent in amount with everyone else in the award pool with an outstanding rating is to receive. In this case, the Cash Award does **not** count against the 1 1/2 percent QSI award pool and this "slot" can be used for another employee. This applies **only** if an employee at step 10 is receiving a Cash Award instead of QSI. If the employee is not at step 10, the provisions of this subparagraph do **not** apply.

E Effective Date

QSI's will be made effective the first day of the pay period after written notification is received in SPO that QSI should be processed. Written notification may take place through EmpowHR or by using some other form of written communication, such as a spreadsheet or memorandum. The effective date may be delayed up to 4 pay periods when advantageous to the employee.

Note: Employees may **not** receive **both** of the following based on a rating of record for the same appraisal period:

- QSI
- Cash/Time-Off Award.

5 Cash Award Only Option

A Overview

When giving a Cash Award **only**, determining the individual award amounts may be accomplished by using option 1 (subparagraph C) or 2 (subparagraph D).

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5 Cash Award Only Option (Continued)

B Cash Award Limits

An employee's cash award based on a rating of record may **not** exceed \$3,200. If an employee's Cash Award calculation exceeds \$3,200, the employee will be awarded the \$3,200 and the excess funds will be transferred to the award pool's superior accomplishment awards funds. This money may be used immediately for superior accomplishment awards.

Note: See subparagraph C for the additional restriction on award amounts if using option 1.

C Option 1 - Award Amount Based on Employee's Salary

FSA has developed a spreadsheet containing a formula that:

- provides consistency throughout the program area/State
- shows distinctions based on levels of performance
- is based on the employee's annual base pay; annual base pay is considered to be GS or CO pay plus locality pay.

The sample spreadsheet can be obtained from the HRD web site at www.fsa.usda.gov/FSA/hrdapp?area=home&subject=erpm&topic=emr, under "Sample Awards Spreadsheet", CLICK "FY 20XX Sample" ("XX" indicates year).

Notes: See 5-PM, Exhibit 18 for the spreadsheet and steps used for determining Cash Award amounts.

If using option 1, award amounts **cannot** exceed the value of QSI at the employee's grade. See 5-PM, Exhibit 18 for QSI amounts at each grade.

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5 Cash Award Only Option (Continued)

D Option 2 - Award Amount Based on “Share” Concept

Calculate the Cash Award amount according to the following.

Step	Action
1	Determine the total number of employees rated “Outstanding”. Note: Do not include employees rated “Outstanding” who received QSI.
2	Multiply the number in step 1 times 2.
3	Determine the total number of employees rated “Superior”.
4	Add the amounts from steps 2 and 3 together.
5	Provide award pool budget by the number from step 4; this is the value of 1 “share”. Round the value to the nearest dollar.
6	To determine the Cash Award for employees rated: <ul style="list-style-type: none"> • “Superior”, take the “share” value from step 5 • “Outstanding”, multiply the “share” value from step 5 times 2. <p>Example: Pool “A” has a cash award budget of \$19,551, with:</p> <ul style="list-style-type: none"> • 14 employees rated “Outstanding” • 28 employees rated “Superior”. <p>Total employees rated “Outstanding” is 14. $14 \times 2 = 28$ Total employees rated “Superiors” is 28. $28 + 28 = 56$ $\\$19,551/56 = \\349.125 (round to nearest whole dollar). Value of 1 “share” is \$349. Cash award amounts for employees rated:</p> <ul style="list-style-type: none"> • “Superior” is \$349 • “Outstanding” is $2 \times \\$349 = \\698.

E Effective Date

Cash Awards will be made effective the first day of the pay period **after** written notification is received in SPO that it should be processed. Written notification may take place through EmpowHR or by using some other form of written communication, such as a spreadsheet or memorandum.

6 Combined Cash and Time-Off Award Option

A General Information

FSA recognizes that time off is a valuable tool in rewarding the workforce. Time off given along with cash also enhances what in certain circumstances might be a minimal cash award amount.

B Cash and Time-Off Awards

Cash Awards may be enhanced by providing a Time-Off Award along with the Cash Award. Up to 40 hours of time off may be given. However, approving officials **must** ensure that meaningful distinctions are made when giving Time-Off Awards.

Employees rated “Outstanding” **must** receive 2 times the amount of time off as employees rated “Superior”.

Note: Although employees may only receive 40 hours for each Time-Off Award, full-time employees may be granted a total of 80 hours as Time-Off Awards during a leave year. Part-time employees or employees with an uncommon tour of duty may be granted up to the average number of hours worked in a pay period or the employee’s scheduled tour of duty. Total Time-Off Award limits include time off given as both rating-based and superior accomplishment awards.

Award pool executives could mitigate differences in award amounts, for the same rating, between the States 2 award pools, by adding Time-Off Awards to the lesser award pool recipients’ monetary award levels. This would result in similar award values for both groups.

Example: If a superior rating results in different award values for GS and CO award pools within the State; that is \$1000 and \$500, the award pool executive could mitigate some of the difference by adding a Time-Off Award to the lesser award value; that is add 16 hours to the \$500 award to bring the award value closer to \$1000.

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6 Combined Cash and Time-Off Award Option

E Contact Information

If there are any questions about this notice, supervisors may contact the appropriate SPO according to the following.

IF located in...	THEN contact...
Washington, DC, National Office	HRD, Benefits and Performance Management Section (BPMS) at 1 of the following: <ul style="list-style-type: none"> • 202-401-0694 • 202-401-0679 • 202-205-9057 (TTY).
<ul style="list-style-type: none"> • APFO • FMD, Financial Services Center • HRD, KCHRO • ITSD, ADC • ITSD, OTC • KCCO • MSD, Kansas City Administrative Services Branch 	KC HRD, BPMS: <ul style="list-style-type: none"> • 816-926-6117 • 816-926-6259 • 800-735-2966 (TTY).
State or County Office	State Office administrative officer.