

MPMC LABORATORY PERSONNEL MANAGEMENT DEMONSTRATION PROJECT

Pay for Performance Management System (PPMS)

PURPOSE AND SCOPE

To establish policy guidance and administrative direction on the various components of the Pay for Performance Management System (PPMS). This policy is applicable to all civilian employees and supervisors/managers (civilian and military) covered by the provisions of the Personnel Demonstration Project (PDP).

RESPONSIBILITIES

1. Performance management is an inherent responsibility for all those in positions of leadership. Those being rated also have significant roles and responsibilities. Specifically as follows:
 - a. Commanders/Directors are responsible for the success of the performance management system. Specifically, he/she will ensure fair and consistent application of the provisions of the PPMS and will make sure PPMS is in compliance with governing laws, rules, and regulations. This will include ensuring consistent and comparable pay treatment for employees. In addition, the Commanders/Directors will ensure that all (civilian supervisors, military supervisors who rate civilians, union representatives, and employees) receive adequate training or orientation concerning the PPMS and will hold supervisors accountable for timely preparation of performance objectives and completed performance appraisals.
 - b. Pay Pool Managers are appointed by each Commander/Director and are responsible for managing the allocated pay pool. They also ensure timely completion of performance appraisals and must certify in writing to the Commander/Director no later than 45 days following the end of the rating period that all performance appraisals have been completed.

Additionally, pay pool managers may request approval from the Commanders/Directors to grant a performance pay increase to an employee that is higher than the compensation formula

to recognize extraordinary achievement or to provide accelerated compensation for interns.

- c. Reviewing officials (senior raters) are responsible for communicating organizational goals and for assessing individual contributions in the broader perspective of overall mission accomplishment. They will make decisions on performance ratings and will consider these when making other personnel management decisions. In fulfilling these responsibilities, senior raters will review performance appraisals in a timely manner and will assure accuracy and compliance with requirements. They will resolve disagreements between supervisors and employees.
- d. Rating supervisors are responsible for assigning work, rating performance and working with employees in establishing performance objectives and element weights. They provide information to and obtain feedback from employees on the units goals and priorities, performance, and professional development plans. They identify the performance rating chains to their employees; conduct formal performance-related discussions at the midpoint and end of each rating period and at any other time that the need arises; make appropriate revisions as needed to individual performance objectives; prepare timely written performance appraisals that accurately assess the employee's attainment of performance objectives when measured against benchmark performance standards; use sound, equitable personnel decisions; and elevate disagreements, which cannot be resolved, to the reviewing official.
- e. Employees are responsible for learning what is expected of them and for discussing their ideas about the work and professional development goals with the supervisor. They are to take an active role in developing their performance and professional development objectives and provide their supervisor with timely feedback on their accomplishments that the supervisor can use in preparing performance appraisals. Additionally, they are responsible for performing to the best of their abilities.
- f. The MRMC PDP Manager is responsible for oversight of the PPMS and keeping the Personnel Management Board and Commanding General apprised of program status and needed changes. They are also responsible for ensuring the PPMS timelines are met, in conjunction with the CPAC, to ensure pay for performance payouts are processed timely. They train or arrange training

for supervisors and disseminate information to employees concerning the performance management system.

- g. The Civilian Human Resources Agency (CHRA) is responsible for supporting MRMC in implementing and administering a performance management program. They advise and assist supervisors in executing their daily performance management responsibilities. They enter performance rating data into the personnel database to generate payouts and file annual performance appraisals.

PROCEDURES

1. The purpose of the PDP PPMS is to provide an effective, efficient and flexible method for assessing, compensating and managing the workforce. PPMS is essential for the development of a highly productive workforce and to provide management (at the lowest practical level) the authority, control and flexibility needed to achieve a quality command and quality products. The PPMS allows for more employee involvement in the assessment process, and is designed to increase communication between supervisor and employee, and promote a clear accountability of performance.
2. PPMS also creates a method to more directly link pay to performance. The system combines goal setting, tied to objectives, resulting in an overall performance assessment. The performance evaluations made under the demonstration project will ensure that top performers receive a performance payout commensurate with their achievements.
3. Employees within the Command will be placed into pay pools. The Commanders/Directors will establish the amount of funds (a designated percentage) assigned to each pay pool at the beginning of each rating cycle. No changes will be made to locality pay under the demonstration project and all employees rated as "A", "B", or "C" continue to receive the annual general pay increases.
4. Labor management relations obligations will be satisfied prior to applying this updated policy to any bargaining unit that participates in the PDP.

APPENDIX

1. Appendix A contains pertinent definitions used in the PPMS system.

2. Appendix B outlines the performance evaluation process.
3. Appendix C describes how performance payout will occur and how pay pools will function.
4. Appendix D - Payout Process
5. Appendix E are the forms used in the PPMS system.
6. Appendix F contains Benchmark Performance Standards which are to be used to evaluate and score performance against the weighted performance elements.
7. Appendix G contains information on supervisory bonuses and the supervisory bonus agreement.

POC: MRMC PDP Manager

APPENDIX A

PAY FOR PERFORMANCE MANAGEMENT DEFINITIONS

1. **Award** - Recognition of an employee with or without a monetary component.
2. **Base Salary** - Compensation due an employee before adjustments such as locality pay, etc., are added.
3. **Benchmark Performance Standards** - A statement that expresses the performance threshold(s), requirement(s), or expectations(s) that must be met to be appraised at a particular level of performance. These benchmark performance standards may include, but are not limited to, quality, quantity, timeliness, and manner of performance. Benchmark performance standards are described for performance levels 100%, 70%, 50%, and unsatisfactory.
4. **Bonus** - Payout for employees who are at the top of the payband and whose rating indicates a performance based increase is warranted. This payout is a one-time lump sum and does not affect future annual salary or benefits. Note: a pay for performance bonus payment constitutes a discretionary award. Therefore the ability make performance bonus payments is subject to MEDCOM, Army, Department of Defense, Office of Management and Budget and other federal government discretionary award related statutes, policies, rules, and regulations.
5. **Day** - means calendar day.
6. **Employees** - All of the civilian individuals to whom this regulation applies.
7. **Official Rating Chain** - The employee and the rating officials (i.e., rating supervisor, reviewing official, and pay pool manager) involved in the appraisal process.
8. **Pay Pool** - A group of employees from any and all occupational families, in the same organizational element established for the purpose of granting compensation for performance. A pay pool must be large enough to allow for a range of ratings, and to encompass a reasonable distribution of ratings.

9. **Pay Pool Manager** - The manager responsible for certifying that all performance ratings within each pay pool have been prepared, and submitted. The pay pool manager is also responsible for allocating salary increases and bonuses within a pay pool.
10. **Paybands** - Paybands in the demo project classification system replace grade levels in the GS classification system. Each payband covers the same pay range now covered by one or more grades.
11. **Performance** - An employee's accomplishment of assigned duties and responsibilities in accordance with weighted common performance elements and performance objectives as compared to established benchmark performance standards.
12. **Performance Appraisal** - Periodic evaluation of an employee's performance of duties and responsibilities as measured by expectations established by the weighted common performance elements of the position.
13. **Performance Elements** - The generic, critical attributes of job performance that are of sufficient importance.
14. **Performance Improvement Plan (PIP)** - A "formal" process for an "F" performer in which the employee has an opportunity to improve his/her performance rating within a specific period of time.
15. **Performance Objectives** - Statements of specific job responsibilities expected of the employee during the rating period. These are to be based on the work unit's mission and goals and should be consistent with the employee's job description.
16. **Performance Scores** - Weighted points assigned to an employee's performance assisted by use of benchmark performance standards. The overall score is the sum of the individual element scores. Employees will receive an alpha rating of "A", "B", "C", or "F" depending upon the quality of goal attainment. An assignment of less than 50 percent in ANY element will result in an "F" rating.
17. **Probationary Period** - A period of time, up to 3 years, for all newly hired employees to allow supervisors an adequate period of time to fully evaluate an employee's ability.

18. **Promotion** - The movement of an employee to a higher payband within the same occupational family or to a payband in a different occupational family which results in an immediate increase in the employee's salary.
19. **Rating Period** - The period of time during which an employee's performance will be appraised. This is normally one year for annual appraisals. If a performance appraisal is postponed, the rating period includes the length of time covered by the postponement. The minimum period to receive an annual appraisal is 60 days under approved objectives.
20. **Rating Supervisor** - The person assigned responsibility for directing and appraising an employee's performance. This is normally the employee's immediate supervisor.
21. **Reviewing Official** - The individual in the employee's performance appraisal chain who reviews and finalizes performance appraisals, normally referred to as "senior rater."
22. **Share Value** - Share value is computed by dividing the amount of the pay pool by the sum of each pay pool member's salary multiplied by his/her share(s). An individual's performance payout equals the share value times the individual's salary times his/her individual share(s).

APPENDIX B

PAY FOR PERFORMANCE MANAGEMENT - PERFORMANCE EVALUATION

1. SETTING/IDENTIFYING OBJECTIVES, ELEMENTS and WEIGHTS:

- a. Performance Objectives - Employees and supervisors will jointly develop performance objectives. These objectives will be based on and reflect the types of duties and responsibilities expected at the respective payband.
 - (1) The performance objectives, representing joint efforts between employees and their supervisory rating chains, should be in place within 30 days after the beginning of each rating period.
 - (2) Objectives may be modified during the rating period as necessary to reflect significant changes.
 - (3) Performance objectives are recorded on USAMRMC Form 70-R-E at Appendix E and become effective on the date the senior rater initials the form.

- b. Performance Elements - Performance elements are generic attributes of job performance, such as technical competence, that an employee exhibits in performing job responsibilities and associated performance objectives. Each performance element is assigned a weight, in multiples of five, within a prescribed range. The total weight of all performance elements in a performance plan is 100 points. The supervisor, following a discussion with the employee assigns each element some portion of the 100 points in accordance with its importance for mission attainment. As a general rule, essentially identical positions will have the same critical elements and the same weights. These weights will be developed along with employee performance objectives and recorded on the reverse side of USAMRMC Form 70-R-E at Appendix E. All employees will be rated against at least the five generic performance elements listed (1)-(5) below. All of these elements are critical. In case of disagreements, the decision of the rater will prevail. Only those employees whose duties require supervisor or manager/leader responsibilities will be rated on critical element (6). Supervisors will be rated against an additional critical performance element, listed at (7) below:

- (1) **Technical Competence** - Exhibits and maintains current technical knowledge, skills, and abilities to produce timely, quality work with the appropriate level of supervision. Makes technically sound decisions and recommendations that add value to mission priorities and needs. For appropriate career paths, seeks and accepts developmental and/or special assignments. Adaptive to technological change. (Weight range: 15 to 50)
- (2) **Working Relationships** - Accepts personal responsibility for assigned tasks. Considerate of others' views and open to compromise on areas of difference, if allowed by technology, scope, budget, and direction. Exercises tact and diplomacy and maintains effective relationships, particularly in immediate work environment and team situations. Always willing to give assistance. Shows appropriate respect and courtesy. (Weight range: 5 to 15)
- (3) **Communications** - Provides or exchanges oral/written ideas and information in a manner that is timely, accurate and cogent. Listens effectively so that resultant actions show understanding of what was said. Coordinates so that all relevant individuals and functions are included in, and informed of, decisions and actions. (Weight range: 5 to 15)
- (4) **Resource Management** - Meets schedules and deadlines, accomplishes work in order of priority; generates and accepts ideas and methods for increasing work efficiency; effectively utilizes and properly controls available resources; supports organizational resource development and conservation goals. (Weight range: 15 to 50)
- (5) **Customer Relations** - Demonstrates care for customers through respectful, courteous, reliable and conscientious actions. Seeks and develops solid working relationships with customers to identify their needs, quantifies those needs, and develops practical solutions. Keeps customer informed and prevents surprises. Within the scope of job responsibility, seeks out and develops new programs and reimbursable customer work. (Weight range: 10 to 50)
- (6) **Management/Leadership** - Actively furthers the mission of the organization. As appropriate, participates in the development and implementation of strategic and operational plans of the organization. Develops and

implements tactical plans. Exercises leadership skills within the environment. Mentors junior personnel in career development, technical competence, and interpersonal skills. Exercises due responsibility to oversee technical acquisition/organizational positions assigned to them. (Weight range: 0 to 50)

- (7) **Supervision/EEO** - Works toward recruiting, developing motivating, and retaining quality team members; takes timely/appropriate actions, applies EEO/merit principles; communication mission and organizational goals; by example, creates a positive safe, and challenging work environment; distributes work and empowers team members. (Weight range: 15 to 50)

c. Mid-Year Review - A mid-year review between a supervisor and an employee will be held to determine whether objectives are being met and whether performance objectives should be modified to reflect changes in planning, workload, and resource allocation. Additional reviews may be held as deemed necessary by the supervisor. The weights assigned to performance elements may be changed, as necessary. If the supervisor determines that an employee is not performing at an acceptable level on one or more elements, the supervisor must notify the employee and document the problem(s). The feedback will be provided at any time during the rating cycle. Verification that the mid-year review has taken place is documented by the rater and ratee by initialing on the reverse side of USAMRMC Form 70-R-E at Appendix E.

d. Performance Appraisals

- (1) A performance appraisal is scheduled for the final weeks of the annual performance cycle, although an individual performance appraisal may be conducted at any time after 60 days on approved objectives. The performance appraisal process brings supervisors and employees together for formal discussions on performance and results in (1) written appraisals, (2) performance ratings, (3) performance pay increases and/or bonuses, (4) cash awards, and (5) other individual performance-related actions, as appropriate. A performance appraisal will consist of two meetings held between employee and supervisor: the performance review meeting and the evaluation feedback meeting.

- (2) Employees will provide information (list of accomplishments) to the supervisor for consideration prior to the performance review meeting. Supervisors will consider the employee's input and may also consider input from any other appropriate sources (i.e., co-workers, contractors, etc.).
- e. Performance Review Meeting between Employee and Supervisor
- The purpose of the review meeting is to discuss job performance and accomplishments. Supervisors will not assign performance scores or performance ratings at this meeting. The supervisor notifies the employee of the review meeting in time to allow the employee to prepare a list of accomplishments. Employees will be given an opportunity at the meeting to give a personal performance assessment and describe accomplishments. The supervisor and employee will discuss job performance and accomplishments in relation to the performance elements, objectives, and planned activities.
- (1) The appraisal scores that are issued constitute the management agreed rating for the employee and not solely the decision of the rater. In developing that score, the following process will be utilized. Based on information collected at performance review meeting, the rater designates a rating for each performance element. Selection of the weighted points to assign to an employee's performance is assisted by use of the benchmark performance standards provided in Appendix F. Before entering the scores for the performance appraisal on the final USAMRMC Form 71-R-E to be used for that appraisal, the rater and the senior rater must first reach a consensus on what scores will be assessed for the rated employee according to each weighted performance element. If the USAMRMC subordinate activity Commander/Director has decided to use a rating review panel, the proposed rating must first complete the rating review panel analysis before a final management decision on the assessed rating will be placed on the USAMRMC Form 71-R-E that will be presented to the employee. The final management assessed performance appraisal scores with overall performance rating assigned will be completed and recorded on the USAMRMC Form 71-R-E at Appendix E.
- (2) The overall score is the sum of individual element scores. Employees will receive an assigned rating of

"A" Superior, "B" Exceptional, "C" Successful or "F" Failure depending upon the quality of goal attainment. These summary ratings are representative of the Pattern E in Summary Level Chart found in CFR 430.208(d)(1). This rating will become the rating of record, and

(a) Employees rated "B" or higher will be eligible to receive performance-based pay increases and/or bonuses; and

(b) Retention years credit for RIF will be received by employees rated "A," "B," or "C."

(c) Employees rated "F" will not receive the General Increase, retention years credit for RIF, or be eligible to receive performance-based pay increases and/or bonuses.

A rating of "A" will be assigned for cumulative scores 85 to 100 points, "B" for cumulative scores of 70 through 84, "C" for cumulative scores of 50 through 69. An overall rating of "F" indicates failure to perform at the 50 percent level of any one of the assigned weighted elements. (In such a case, even though the cumulative score may exceed 49, the employee will nonetheless receive an overall rating of "F". NOTE: An "F" constitutes an unacceptable rating).

SUMMARY LEVEL

	1	2	3	4	5
OPM Pattern E	X		X	X	X
MRMC Plan	F		C	B	A
Point Range	0-49 points or a score of less than 50% on any element		50-69 points	70-84 points	85-100 points

f. Evaluation Feedback Meeting between Employee and Supervisor

- In this meeting between employee and supervisor, the supervisor informs the employee of management's appraisal of the employee's performance, the employee's performance score and alpha rating (i.e. A, B, C, or F). During this second meeting, the supervisor and employee will discuss and document performance objectives for the next rating period.

g. Minimum Rating Period - The minimum rating period is 60 days. Employees cannot be rated until they perform under approved performance objectives and weighted performance elements for a minimum of 60 days.

h. Annual Rating Periods

(1) Rating periods extend over a 12-month period, beginning 1 July and ending 30 June of the subsequent year.

(2) Interns are appraised in accordance with this plan. Mid-year in the rating cycle for each year of their internship, they will be given a special performance appraisal for the purpose of determining their eligibility for a pay adjustment/ promotion in accordance with their Intern Plan.

(3) Employees who move into a different position within the demonstration project with less than 60 days prior

to the end of the rating period will be rated at the time of their move based upon their performance in the old position. Employees who leave their positions to accept other Federal positions after completing at least 60 days under approved objectives and performance elements will receive special appraisals to provide their gaining supervisors.

- (4) Newly hired employees with less than 60 days from the end of the rating period will not be rated that year but will receive the full amount of any General Increase and locality payment. Neither will a percentage of their base pay be put into the pay pool for that year.
 - (5) Raters who leave their position will prepare special ratings for all employees under their supervision who have been under approved objectives and performance elements for at least 60 days (unless there are less than 60 days remaining in the annual rating cycle). The rater will prepare an annual rating consistent with the procedures identified in paragraph d above when the employee has been covered by approved objectives for 60 days and 59 days or less remain in the current rating cycle.
 - (6) Senior raters who leave their position will pass the appraisal to the next senior rater, who will re-initial the plan. Closeouts are only required as described in (5) above.
- i. Official Rating Chain - Each employee will have an identified rating chain consisting of at least a rater and a senior rater.
 - j. Special Requirements
 - (1) Ratings for Temporary Promotions and Details. Temporary promotions and details for 60 days or more require performance objectives and weighted performance elements and normally are documented by special appraisals. Information provided in the special appraisal should be considered in preparing the annual appraisal. Employees detailed or promoted for more than 60 days to a non-PDP activity will be placed on performance objectives using the PDP prescribed forms.

- (a) The exception to preparing a special rating involves temporary promotions which are ongoing at the end of the employee's annual rating period. A temporarily promoted employee officially occupies the position to which promoted. Therefore, if the employee's scheduled annual rating period ends while on a temporary promotion which has lasted at least 60 days and the employee has performed under approved performance objectives and weighted performance elements for at least 60 days, the supervisor of the position to which the employee was temporarily promoted prepares the annual appraisal. Employees temporarily promoted for more than 60 days at the time of annual appraisal, will have their performance payout generated from the paypool to which officially assigned (promoted).
- (b) Conversely, an employee who is detailed continues to occupy the position from which detailed for official purposes. Thus, the supervisor of the detailed position prepares a special appraisal if the employee's annual rating period ends during the detail. The supervisor for the position from which the employee is detailed may either attach the special appraisal to the annual appraisal he/she prepares or, if the detail lasted for most of the rating period, adopt the special appraisal as the annual appraisal. Employees detailed for more than 60 days at the time of the annual appraisal, will have their performance payout generated from the paypool to which officially assigned (not the paypool to which detailed).

(2) Long-Term Training - Long-term training (LTT) falls into two categories: classroom and developmental (on the job) training:

- (a) LTT Developmental Assignments should be treated as any other temporary assignment that continues for 120 days or more. Performance objectives and weighted performance elements are established and the employee receives a special or an annual rating upon completion.
- (b) LTT Classroom. If the training covers most or all of the rating period, two options exist:

- Render a rating for the classroom LTT. The supervisor and employee establish written performance objectives and weighted performance elements for the classroom LTT, based upon study objectives either developed locally or set forth by the education institution, the employee may be rated for the school period. Such ratings should be carefully rendered to meet current evaluation requirements, especially since the rating chain will have no opportunity to observe the individual's performance and must depend on information provided by the educational institution.

- Render a rating as soon as the employee returns to the position and completes 60 days under performance objectives and weighted performance elements. The employee receives an annual rating based on performance during the extended minimum rating period.

- (3) Reconsideration Process - Employees who are dissatisfied with their performance appraisals and cannot resolve the problem informally may request formal reconsideration. This process is outlined in MRMC PDP Policy #11.
- (4) Performance Which Fails to Meet Expectations - The MRMC demo plan has a two-step process to deal with poor performers. This process may lead to an involuntary separation if the employee is determined to be performing below the 50 percent level for one or more elements.

The process will begin with the recognition that an employee's performance is unacceptable (any element that would be rated less than the 50 percent level of its assigned benchmark weight). The two steps are as follows:

- (a) Performance Improvement Plan (PIP) - when the employee is determined to be performing below the 50 percent level for any element, the supervisor and employee will develop a structured PIP that will be monitored for a reasonable period of time. The improvement plan starts with an "opportunity to improve" period of reasonable length, and then continues with a subsequent performance observation period that will run through the one year anniversary date of initial commencement of the PIP. "Opportunity to improve" periods have no set length but generally run from 60-90 days

depending on the reasonable amount of time needed for an average employee to successfully meet the performance standards set during the PIP period. During the PIP period phase, the supervisor will work closely with the employee to provide assistance to the employee in improving acceptable performance. At the end of the "opportunity to improve" period, the supervisor will assess whether the employee has elevated performance to a minimally acceptable level on the performance elements. If the employee fails to improve during this period under the structured plan, the activity may consider proposing removal and may alternatively consider proposing a change in assignment or reduction in pay as opposed to removal if the mission, organizational structure and available resources warrant such action. If removal or reduction in pay is contemplated, the employee will be given notice of proposed appropriate action. NOTE: After an employee has satisfactorily completed a PIP, if their performance again drops below a minimally acceptable level on any performance element, a subsequent PIP is not required if removal, reduction in pay, or reassignment is proposed prior to the one year anniversary date of initial placement on the prior PIP.

- When a PIP opportunity to improve period ends prior to the end of the annual performance cycle and the employee's performance improves to the 50 percent or above level in all assigned level elements, the employee is appraised again at the end of the annual performance cycle.

- When, in conjunction with the completion of the PIP opportunity to improve period, the employee attains an annual rating of "C" or higher, they will receive the annual general increase and RIF retention years credit will be earned. In addition, employees attaining an annual rating of "B" or higher will also be eligible for an increase to base pay and/or bonuses.

- When a PIP opportunity to improve period ends after the end of the annual performance cycle and the employee's performance has improved to the 50 percent or above level in all assigned elements, employment continues but no retroactive annual

general increase, performance bonus, or RIF retention years credit is granted for that performance cycle period.

- Employees who receive an "F" rating who are on a PIP opportunity to improve period at the time pay determinations are made do not receive performance payouts or the general increase. This action may result in a base salary that is identified in a lower payband. This occurs because the minimum rates of basic pay in a payband increase as the result of general increase (5 U.S.C. 5303). This situation, (a reduction in band level with no reduction in pay) will not be considered an adverse action, nor will payband retention provisions apply.

NOTE: Performance-based adverse actions may be taken under 5 U.S.C., Chapter 75, or Chapter 43. Actions taken under Chapter 75 do not require a PIP.

(b) Separation - If an employee is separated, they will have due process recourse as a former employee.

- A decision to remove an employee for unacceptable performance may be based only on those instances of unacceptable performance that occurred during the opportunity period, or within a one-year period, ending on the date of the notice of the proposed removal action. The notice of decision will specify the instances of unacceptable performance on which the action is based and will be given to the employee at or before the time the action will be effective.

- All relevant documentation concerning an action taken for unacceptable performance will be made available for review by the affected employee and/or designated representative. At a minimum, the documentation will consist of a copy of the notice of proposed action; the employee's written reply, if provided, or a summary if the employee makes an oral reply. Additionally, the record will contain the written notice of decision and the reasons thereof, along with any supporting material including documentation regarding the opportunity afforded the employee to demonstrate improved performance. An employee who sustains performance at a level at least equal to a level C rating for one year, will have all relevant documentation removed from the record.

(5) Inability to Rate - When annual ratings cannot be prepared at the end of the scheduled rating period (e.g. extended LWOP, military leave), rating periods are extended for the time necessary to meet the

minimum 60-day requirement, at which time the annual ratings are prepared. If a rating cannot be accomplished by use of the 60-day extension, no rating will be given for the current rating cycle.

APPENDIX C

PERFORMANCE PAYOUT PROCESS

1. Pay is composed of basic pay and locality pay. All covered employees will receive the full amount of locality pay adjustments when they occur regardless of performance. Additionally, all covered employees who have a rating of record of C or higher will receive a full General Increase unless circumstances such as retained pay dictate otherwise. Basic pay is established within paybands to compensate employees for their performance. Paybands are linked to the GS pay scales.
2. A pay pool manager is accountable for staying within pay pool limits. The pay pool manager assigns performance pay increases and/or performance bonuses to individuals on the basis of a rating, the value of the performance pay pool resources available, and the individual's current basic rate of pay within a given payband. A pay pool manager may follow the procedure specified in PDP Policy #12 to request approval from the Commander/Director to grant a performance pay increase above the performance appraisal payout compensation formula to an employee to recognize extraordinary achievement or to provide accelerated compensation for interns. Performance payouts will be calculated for each individual. Pay adjustments for the rating cycle will be effective not later than the end of the current fiscal year, unless implementation of the pay outs is delayed due to direction of the Department of the Army, Department of Defense, Office of Personnel Management, Executive Order or other federal organization in a position of authority (e.g. Sequestration action). The Commanders/Directors will reexamine the payout factor at the end of the annual assessment period to determine if the planning rate was maintained by revised labor rates. This percentage, a payout factor, may be adjusted for upcoming rating cycle as necessary to compensate for changing employee demographics. Performance payouts will be calculated so that a pay pool manager will not exceed the resources that are available within the pay pool.
3. The performance pay pool is composed of money previously available for within-grade increases, quality step increases, performance awards, and promotions between grades that are now banded under the demonstration project. The payouts made to employees from the performance pay pool will be a mix of base pay increases and/or bonus payments. Some portion of the activity's budget will be reserved for special ad hoc awards (e.g., suggestion awards, on-the-spot awards or special act

awards, etc.) and will not be included as part of the performance pay pool.

4. The Commander/Director will allocate funds for the pay pools. The basic rate of pay used in computing the pay pool and performance payouts excludes locality pay.
5. No performance pay increases will be granted to employees at the top step of their payband. In this case, payouts earned as a result of performance will be paid as a performance bonus. Also, for employees receiving retained rates above the applicable payband maximum, the entire performance payout will be in the form of a bonus payment. Performance bonuses are discretionary award cash payments and are not part of the basic pay for any purposes (e.g., lump sum payments of annual leave upon separation, life insurance, and retirement). As such, performance bonuses are subject to any higher headquarters policy and directives associated with the payment of discretionary awards.
6. Pay increases for employees receiving retained rates will be determined in accordance with 5 U.S.C. 5363, except that those with an F rating will receive no pay increase.
7. Performance Pay Increases and/or Performance Bonuses
 - a. Performance pay increases or performance bonuses are granted based on the employee's performance rating. The overall score is the sum of individual performance element scores. Employees will receive a rating of "A", "B", "C", or "F" depending upon the score attained. This rating will become the rating of record, and only those employees rated "B" or higher will receive performance pay increases (i.e., basic pay increases, and/or performance bonuses). A rating of "A" will be assigned for scores from 85 to 100 points, "B" for scores from 70 to 84, "C" for scores from 50 to 69. An overall rating of "F" indicates a failure to perform at the 50 percent level of any one of the assigned weighted elements. (In such a case, even though the cumulative score may exceed 49, the employee will receive an overall rating of "F". An "F" constitutes an unacceptable rating.) The ratings will be used to determine performance payouts and to award additional RIF retention years as follows:

RATING	COMPENSATION	RIF RETENTION YEARS	GENERAL INCREASE **	LOCALITY
A	2 shares	10	Yes	Yes
B*	1 share	7	Yes	Yes
C	0 shares	3*	Yes	Yes
F	0 shares	0	No	Yes

* Note that employees rated "B" or higher will be eligible to receive performance-based pay increases and/or bonuses. Retention years credit for RIF will be received by employees rated "C" or higher prior to the end of the rating cycle.

** Note that the maximum pay rate for payband V cannot exceed the current rate for ES-4. Therefore, employees at or near the top of payband V may not receive the full General Increase if it is not authorized for SES employees.

- b. A share will be calculated so that a pay pool manager will not exceed the resources that are available in the pay pool. An employee's performance payout is computed as follows:

$$\text{Performance Payout} = \frac{\text{Pool Value} \times \text{SAL} \times N}{\sum_{j=1}^n (\text{SAL}_j \times N_j)}$$

Where:

Pool Value = F x SUM (SAL_k); k=1 to n

n = Number of employees in pay pool

N = Number of shares earned by an employee based on the performance rating (0 to 2)

SAL = An individual's basic rate of pay

SUM = The summation of the entities in parentheses over the range indicated

F = Payout Factor

- c. Once the individual performance payout amounts have been determined, the next step is to determine what portion of each payout will be in the form of a base pay increase as opposed to a bonus payment. An annual performance base pay increase could be all, none, or part of the compensation formula depending on the current basic rate of pay of the employee. Annual performance base pay increases will be limited to the difference between the particular payband cap and the employee's current basic rate of pay, or total dollar value of shares, whichever is less, with the balance converted to a performance bonus. This means that employees whose basic rates of pay have reached the upper limits of a particular payband will receive most of the performance compensation as a performance bonus. Cash bonuses will not become a part of the employee's basic rate of pay. Employees receiving retained rates are subject to special rules governing basic pay adjustments. An employee receiving a retained rate whose performance rating is "F" at the time of a general pay increase will receive no increase in the retained rate. All other employees receiving a retained rate will receive a general pay increase equal to 50 percent of the amount of the increase in the maximum rate of basic pay allowable for the payband of the employee's position.

8. Awards

- a. Awards, while not linked to the pay-for-performance system, will continue to be given for special acts and other categories as they occur. Awards may include, but are not limited to, special act or service awards, patents, inventions, suggestions, on-the-spot, and time-off, and may be modified or expanded as appropriate. Major Army Command (MACOM) and DoD awards and other honorary awards will be retained. Like performance bonuses, these monetary awards are subject to any higher headquarters policy and directives associated with the payment of discretionary awards.
- b. In an effort to foster and encourage teamwork among employees, a Commander/Director may allocate a sum of money to a team for outstanding completion of a special task or significant achievement, and the team may decide the

individual distribution of the total dollars among themselves.

- c. Unless covered by negotiated grievance procedures, employees may not grieve or appeal the decision to grant an award or the amount of an award.

9. Supervisory Bonus

- a. Supervisory bonuses of up to 10 percent of the basic rate of pay may be paid at the discretion of Commanders/ Directors to supervisors with employees in the same pay band. In exceptional cases, supervisors who do not have employees in the same pay band may be compensated up to 5 percent of basic rate of pay. Employees who qualify for the bonus include supervisors in all occupational families with formal supervisory authority meeting that required for coverage under the OPM GS Supervisory Guide. The supervisory bonus is to recognize supervisory responsibilities required of supervisors most often receiving the same pay as non-supervisory subordinates. Supervisory bonuses will not be treated as basic pay and are not a part of the performance pay pool. There are two situations in which a supervisory bonus may be warranted:
 - (1) Supervisors may be granted up to 10 percent of the basic rate of pay if they supervise employees within the same pay band or,
 - (2) up to 5 percent of the basic rate of pay for those supervising employees in lower or other pay bands.
- b. The bonus will be paid at the beginning of the appraisal period, if the individual leaves a supervisory position or is removed from supervisory responsibilities (unless effected through RIF action), the prorated portion of the bonus for the non-supervisory portion of the performance year will be recovered as a debt due the Government. The supervisor, prior to receiving any supervisory bonus, will sign an agreement (Appendix G) to make any required repayment should the need arise.

10. Pay and Compensation Ceilings

- a. An employee's total monetary compensation paid in a calendar year may not exceed the basic rate of pay paid in level I of the Executive Schedule consistent with 5 U.S.C. 5307 and

5 CFR part 530, subpart B. In addition, each payband will have its own pay ceiling, just as grades do in the current system. Pay rates for the various paybands will be directly keyed to the GS rates. Except for retained rates, basic pay will be limited to the maximum rates payable for each payband.

- b. Pay and compensation policies for positions in payband V of the Engineers and Scientists (E&S) occupational family will be developed in accordance with criteria to be established jointly by the Assistant Secretary of the Army (Manpower and Reserve Affairs) and the Assistant Secretary of the Army (Research, Development and Acquisition). The proposed salary range is a minimum of 120% of the minimum rate of basic pay established at the rate of basic pay (excluding locality pay) for SES level 4 (ES-4).

APPENDIX D

SAMPLE PAYOUT TIMELINE

Below is a sample payout timeline from 2014. Each rating cycle, the MRMC PDP Manager will publish a timeline, to include the current process.

30 JUN 14 End of the Annual Performance Rating Cycle

30 JUL 14 Annual performance appraisals completed. Supervisor completes Performance Appraisal Form 71-R-E with rating points assigned to each element, Alpha rating assigned, Type of rating noted (Annual), and Number of Shares Recommended (A=2, B=1). Total Dollar Value of Shares, Base Increase/Bonus sections of Performance Appraisal Form are left blank.

13 AUG 14 Paypool managers collect all Appraisal Forms for their paypool and verify that all appraisal forms have been received. Paypool managers provide Commander/Director with written certification that all appraisals have been completed and reviewed for administrative accuracy. Paypool managers send hardcopy Appraisal Forms to CPAC.

16 AUG 14 re-certifies that all appraisals have been received. CPAC gives hardcopy Appraisal Forms to contractor.

31 AUG 14 Performance payout data is generated and CPAC is provided a Summary Report reflecting performance payout data to include: Employee Name, SSN, Total Dollar Value of Shares, Base Increase/Bonus determinations.

3 SEP 14 The Summary Report for the specific paypool is provided to the paypool manager so that the paypool manager can see the Dollar Value of a Share, and the amount of payout designated for each employee in terms of Base Pay and/or Bonus. Paypool manager verifies the performance payout data reflected on the Summary Report.

10 SEP 14 Finalized Summary Report information will be sent electronically to NECPOC. CPAC will send completed hardcopy

Appraisal Forms to NECPOC for filing in Official Personnel Folder (OPF).

12 SEP 14 NECPOC to run Quality Control Checks on Summary Report.

26 SEP 14 Effective date of payouts.

NOTE: Specific requirement reflected above must be completed NLT date indicated to ensure timely processing utilizing FY99 monies.

This timeline will be adjusted should paypool information be turned in to the CPAC earlier.

APPENDIX E

PPMS SYSTEM FORMS

1. The performance management forms for the PDP follow this cover page. Use the most current versions of these forms. Currently these forms are available through WEB AEFSS, under USAMRMC Local Forms. The USAMRMC Office of the Deputy Chief of Staff for Human Resources can provide guidance on what versions of these forms are to be used.
 - a. USAMRMC Form 70-R-E, Performance Objectives Worksheet. Use the most current version available. For illustrative purposes, the June 2008 version is included herein.

NOTE: When assigning weights on the performance objectives worksheet. Managers must apply the criteria established in Volume 63 Federal Register Pages 10460-10461 (which are also listed in this policy at Appendix B, paragraph 1b).

- b. USAMRMC Form 71-R-E, Performance Appraisal. Use the most current version available. For illustrative purposes, the May 2014 version is included herein.

PERFORMANCE OBJECTIVES WORKSHEET - Page 1

(For MRMC Demonstration Project Use Only. For use of this form, see Federal Register Vol. 63, #41, 3 March 98 and MRMC Internal Operating Procedures.)

PERIOD COVERED (YYYYMMDD)

FROM: TO:

NAME (Last, First, MI)	SOCIAL SECURITY NUMBER	OCCUPATIONAL FAMILY/SERIES/BAND

RATER (Type or Print):

SENIOR RATER (Type or Print):

MUTUALLY DEVELOPED PERFORMANCE OBJECTIVES:

PERFORMANCE OBJECTIVES WORKSHEET - Page 2

PERFORMANCE CONFERENCE (All Elements Are Critical & Elements a. - e. Are Mandatory)								
	CRITICAL ELEMENTS	a. Technical Competence	b. Working Relationships	c. Communications	c. Resource Management	e. Customer Relations	f. Mgt/Leadership	g. Supv/EEO
WEIGHT RANGE	15-50	5-15	5-15	15-50	10-50	0-50	15-50	TOTAL
WEIGHT ASSIGNED								100

PERIOD COVERED (YYYYMMDD) From: _____ To: _____

RATEE'S NAME (Last, First, MI) _____ SSN _____

AGREEMENT ON ASSIGNED WEIGHTS			VERIFICATION OF PERFORMANCE CONFERENCE			
	INITIALS	DATE		DATES	RATEE'S INITIALS	RATER'S INITIALS
SENIOR RATER						
RATER						
RATEE						

RATEE _____
Signature _____ Date _____

RATER _____
Signature _____ Date _____

PERFORMANCE APPRAISAL - Page 1

(For MRMC Demonstration Project Use Only. For use of this form, see Federal Register Vol. 63, #41, 3 March 98 and MRMC Internal Operating Procedures.)

PERIOD COVERED (YYYYMMDD)	FROM:	TO:
NAME (Last, First, MI):	SOCIAL SECURITY NUMBER:	OCCUPATIONAL FAMILY (SERIES/BAND):

Date Initial Employee/Rater Meeting:	Date Written Accomplishments to Rater:
Date Mid-Year Review:	Date Performance Review Meeting (Discussion of Accomplishments/Performance Only):

CRITICAL ELEMENTS

	Weight Range	Weight Assigned	Management's Numerical Rating
Technical Competence	15-50	_____	_____
Working Relationships	5-15	_____	_____
Communications	5-15	_____	_____
Resource Management	15-50	_____	_____
Customer Relations	10-50	_____	_____
Management/Leadership	0-50	_____	_____
Supervisory/EEO	15-50	_____	_____
TOTAL	100		

	TYPED NAME	SIGNATURE	DATE
Rater			
Senior Rater			
Review Board (optional)			

OVERALL RATING	TYPE OF RATING	PAYOUT INFORMATION
(85-100) <input type="checkbox"/> Superior - A	<input type="checkbox"/> Special	Number of Shares _____
(70-84) <input type="checkbox"/> Exceptional - B	<input type="checkbox"/> Annual	Total Dollar Value of Shares _____
(50-69) <input type="checkbox"/> Successful - C	<input type="checkbox"/> Corrected	Bonus (Lump Sum) _____
(0-49) <input type="checkbox"/> Failure - F		Base Pay Increase _____

Date Evaluation Feedback Meeting (Employee Notified of Management's Rating):

EMPLOYEE SIGNATURE*: _____ DATE: _____

*Signature does not constitute agreement or disagreement with the evaluation of the Rater and Senior Rater, but merely verifies administrative date and receipt.

USAMRMC Form 71-R-E.pdf - Adobe Reader

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2 / 3 75%

Sign Comment

PERFORMANCE APPRAISAL - Page 2

Rater Comments *(Mandatory for "F" Appraisal, Optional for all other Ratings):*

Senior Rater Comments *(Optional):*

Review Board Comments *(Optional):*

USAMRMC FORM 71-R-E, MAY 2014 Page 2 of 3

USAMRMC Form 71-R-E.pdf - Adobe Reader

File Edit View Window Help

3 / 3 75% Sign Comment

INSTRUCTIONS FOR COMPLETION OF PERFORMANCE APPRAISAL FORM - Page 3

PERIOD COVERED: Date of rating period or date employee entered on duty. Employee must have a minimum of 60 days under approved objectives in order to receive an annual appraisal.

NAME: Name of employee.

SOCIAL SECURITY NUMBER: Social Security Number of employee.

OCCUPATIONAL FAMILY / SERIES / PAY BAND: Enter employee's Occupational Family, Occupational Series, Lab Demo Pay Band (Example: DJ-303-III).

DATE INITIAL EMPLOYEE/RATER MEETING: Enter date employee and rater met to discuss performance objectives for rating period. This date must be NLT 30 days from beginning of rating period or 30 days from EOD date of new employee.

DATE MIDYEAR REVIEW: Enter date Midyear Review conducted.

DATE WRITTEN ACCOMPLISHMENTS TO RATER: Enter date employee provided written accomplishments to rater.

DATE PERFORMANCE REVIEW MEETING: Enter date employee/rater discussed accomplishments. This meeting is to discuss employee's accomplishments and performance. Under no circumstances is the proposed rating to be discussed with the employee at this time.

WEIGHT ASSIGNED: Enter the weight assigned for each element being rated. The first five elements are mandatory, and must be weighted for each employee being rated. Supervisor employees must also be rated on the management/leadership and/or supervisory EEO elements. The assigned weight of each element must be in multiples of five, between the specific weight range. The total assigned weights must equate to 100.

MANAGEMENT'S NUMERICAL RATING: Before completing the numerical and overall rating sections on Page 1, the Rater must consult with the Senior Rater, and the Senior Rater must consult with the appropriate Review Board (if one exists for the Pay Pool). After these management officials have determined the appropriate characterization for the annual rating, the Rater will insert the official management rating (numerical and overall) scores on Page 1. The scores on Page 1 reflect management's rating (a combination of the rater, senior rater, and review board of applicable). Management must be prepared to substantiate the propriety of its evaluation in the event of a grievance. Enter numeric rating for each element rated, and the total. Total may not exceed 100. An element rating of less than 50% of the weight assigned will result in an overall "F" rating.

RATER / SENIOR RATER / REVIEW BOARD: Sign and date.

OVERALL RATING: Check the block that corresponds to the total numeric rating.

TYPE OF RATING: Check the block that corresponds to the type of rating being prepared.

PAY POOL MANAGER: The number of shares, total dollar value of shares, bonus, and base pay increase sections will be completed by the Pay Pool Manager.

DATE EVALUATION FEEDBACK MEETING: Enter date final evaluation is discussed with employee. At this meeting, the supervisor actually provides the employee with the appraisal of the employee's performance on the performance objectives, and the scores and ratings on the performance elements.

EMPLOYEE SIGNATURE: Employee signs and dates appraisal at the conclusion of the evaluation feedback.

USAMRMC FORM 71-R-E, MAY 2014 Page 3 of 3

APPENDIX F. BENCHMARK PERFORMANCE STANDARDS- 63 Fed Reg 10462

DemoFR98.pdf - Adobe Acrobat Pro

File Edit View Window Help

10462 Federal Register / Vol. 63, No. 41 / Tuesday, March 3, 1998 / Notices

Appendix D. Benchmark Performance Standards

ELEMENT POINT-RANGES AND PERFORMANCE STANDARDS

THESE BENCHMARK PERFORMANCE STANDARDS ARE USED TO EVALUATE AND SCORE PERFORMANCE AGAINST THE WEIGHTED PERFORMANCE ELEMENTS. THIS SHEET MUST BE USED IN CONJUNCTION WITH BENCHMARK JOB DESCRIPTION AND PERFORMANCE OBJECTIVES.

	ELEMENT WEIGHTS									
	50	45	40	35	30	25	20	15	10	5
100% Performance elements were attained demonstrating exceptional initiative, versatility, originality, and creativity. This individual demonstrates the ability to grasp, understand, organize, and convey complex issues to others and carry the job assignment to successful completion with minimum direct supervision. Performance elements were effectively achieved utilizing cooperation, responsiveness, conflict avoidance, or conflict resolution. Written and oral communications were appropriately demonstrated effectively and efficiently. Performance elements were achieved with demonstrated leadership, integrity, competency, commitment, candor, and sense of duty.	49	44	39	34	29		24	19		
	47	42		33	28				14	
	46		37				23			14
	45	41		32						
	45		36		27			18		9
	44	40		31			22			
	44		35							
	43	39		30	26					
	43		34					17		
	42			29	25	21				
	41	37	33							
	40	36	32	28	24	20	16	12	8	4
		39	35	31		23				
	38	34		27			19			
			30					15		
	37	33		26	22				11	
	36		29			18				
		32		25						

70% Performance elements were attained effectively and efficiently with consistently high quality and quantity of work. This individual has demonstrated the ability to complete the job assignments in an efficient, orderly sequence that culminated in results that were timely, correct, thorough and cost effective. Performance elements were attained with consistently above average quality and reliability while effectively utilizing accepted procedures and resolving problems with skill and resourcefulness. Performance elements were attained with consistently productive cooperative efforts and with clear, precise, and convincing written and oral communication.	35		28		21		14			7
		31		24						
	34		27			17				
	33	30		23	20				10	
			26					13		
	32	29		22		16				
	31	28	25		19					
	30	27	24	21	18	15	12	9	6	3
		29	26	23						
	29									
	28			20	17	14				
			25	22				11		
	27	24		19	16					
	26		21							
		23		18		13				

50% Performance elements were accomplished, were mostly reliable, and delivered without unacceptable delays. Procedures were minimally correct and problems were dealt with satisfactorily. Attained performance elements, using work methodology that demonstrated a reasonable degree of cooperation with other with clear and concise written and oral communications.	25		20		15		10			5

UNSATISFACTORY	24	22	19	17	14	12	9	7	4	2
Performance elements were not successfully completed because of failure in quality, quantity, completeness, responsiveness, or timeliness of work. Performance elements products were deficient, because they were contrary to direction or guidelines; did not meet minimum specifications; were inconsistent with organizational procedures; were significantly flawed or substandard in quality; demonstrated insufficient technical knowledge or skill; were incomplete; were unacceptably late; lacked essential cooperative involvement or support; or problems that arose during performance of performance elements activities were not satisfactory resolved.										

APPENDIX G

SUPERVISORY BONUS

Definition: The supervisory bonus is to recognize supervisory responsibilities required of supervisors most often receiving the same pay as non-supervisory subordinates. Bonuses, which must be negotiated annually, will not be treated as basic pay and are not a part of the performance pay pool. The bonus will be paid at the beginning of the appraisal period. If the individual leaves a supervisory position or is removed from supervisory responsibilities (unless affected through RIF action), the prorated portion of the bonus for the non-supervisory portion of the performance year will be recovered as a debt due the Government. Employees who qualify for the bonus include supervisors in all occupational families with formal supervisory authority meeting that required for minimum coverage under the OPM General Schedule Supervisory Guide (GSSG).

NOTE: (1) Employees who qualify for the bonus may be granted up to 10 percent of the basic rate of pay if they supervise employees within the same payband or, (2) up to 5 percent of the basic rate of pay for those supervising employees in lower or other paybands.

Supervisory bonuses will be documented on the enclosed Supervisory Bonus Agreement form.

Supervisory Bonus Agreement

Employee's Name: _____ Activity: _____

Recommended Amount: \$ _____ (____% of Basic Pay)

A. Criteria/Justification for Bonus (to be completed by management):

B. Employee Acknowledgement:

I understand if I leave my supervisory position of my own free will, or if I'm removed from my supervisory responsibilities (unless affected through RIF Action), the prorated portion of the supervisory bonus for the remainder of the performance year will be recovered as a debt due the Government.

EMPLOYEE SIGNATURE/DATE: _____

C. Approval of Supervisory Bonus:

SUPERVISOR SIGNATURE/DATE

COMMANDER/DIRECTOR SIGNATURE/DATE