

12470
730000D/049
20 Jul 04

MEMORANDUM

From: Head, Human Resources Department (Code 730000D)

Subj: ANNUAL PERFORMANCE EVALUATION APPRAISAL AND RATING FOR
DEMONSTRATION PROJECT EMPLOYEES FOR PERFORMANCE YEAR
ENDING 31 JULY 2004

Ref: (a) AdPub 017, Rev. 1, of Jun 94, Demonstration Project Performance System
Handbook
(b) NAWCWD INST 12430.2 of 20 June 2001
(c) 5 CFR 432

Encl: (1) Ratings, Increments, and Monetary Rewards
(2) Awards, Bonuses, and Midpoint Requirements
(3) Performance Reconsideration
(4) Request for Demo Reconsideration Coversheet and Checklist

1. Purpose. To establish procedures to be followed under the Demonstration Project (Demo) performance system for assessments and ratings of all Demo employees for the performance year ending 31 July 2004. This memorandum also serves as a reminder to employees and supervisors of the Demo Project performance system requirements for assessments and ratings of all Demo employees beginning 1 August 2004, and provides a summary of the performance appraisal system.

2. Scope. This information applies to all Naval Air Warfare Center Weapons Division (NAWCWD) employees who are participants in the Navy Demo performance evaluation system.

3. Background. The performance appraisal period is from 1 August of one year through 31 July of the next year. To ensure the timely processing of all Demo performance payouts, changes in the processing cycle make it necessary to modify the completion date for all appraisals and ratings. Also, in preparation for the pay adjustment due in January 2005, modification of due dates have been established for the completion of Requests for Reconsideration of individual ratings and any subsequent payout actions. This modified process, similar to the process used last year, proved to be a significant improvement in the overall processing of Demo payouts. Current

Subj: ANNUAL PERFORMANCE EVALUATION APPRAISAL AND RATING FOR
DEMONSTRATION PROJECT EMPLOYEES FOR PERFORMANCE YEAR ENDING 31
JULY 2004

procedures now require that all appraisals and ratings be completed by 14 August 2003. Because of these changes, the dates listed in this memorandum supersede any listed in references (a) and (b).

4. Assessment Process. An employee's first line supervisor is responsible for formulating the basic assessment of performance as it relates to the performance plan. The supervisor and the employee should meet for a final review of the employee's overall performance for the past performance year. This performance assessment conference between the employee and the supervisor is a key element of the appraisal process. After meeting with the employee, the supervisor will evaluate the employee's performance and decide whether the employee met, exceeded, or did not meet the expected results for each of the responsibilities listed on the performance plan. Supervisors note this decision on form NAWCWD 12430/2 (Rev. 3-2002), Performance Assessment/Appraisal. Notations and supporting facts are summarized in the "Narrative Summary" on the back of the form and an overall assessment is given as "Highly Successful," "Fully Successful," or "Less than Fully Successful." This assessment constitutes the supervisor's determination of how well the employee performed in comparison to the annual performance plan. The assessment is the first step which then leads to a rating and appropriate payout as determined, usually, at the Department level.

5. Payout Process. Departments will receive a listing during the week of 12 July 2004 based on the 30 June 2004 database. The list will include the Demo employees who are eligible for a rating, Demo employees who are ineligible for a rating and the reason for their ineligibility, and the Demo salaries for each of those eligible employees. Departments need to track movement of employees from 30 June 2004 to 31 July 2004 and any changes must be incorporated into the Demo eligible/ineligible rating listings with the appropriate changes made to the Demo salaries. A listing of Special Act and Service Awards given by the departments during the previous performance year, charged against the 0.8 percent bonus (b) pay pool, will also be provided. Departments will be responsible for tracking the payments of Special Act or Service Awards from 30 June 2004 through 31 July 2004 and will make the appropriate changes to their bonus pay pools.

Subj: ANNUAL PERFORMANCE EVALUATION APPRAISAL AND RATING FOR
DEMONSTRATION PROJECT EMPLOYEES FOR PERFORMANCE YEAR ENDING 31
JULY 2004

a. The increment and bonus pay pools are mathematical representations of limits that department managers must observe for increments (i's) and bonuses (b's). The limits of these pools are calculated as percentages of the Demo salaries of the employees in the department who are eligible to receive performance ratings.

(1) The value of the increment (i) pay pool is 2.4 percent of the sum of the salaries of those Demo employees who are eligible for a Demo rating. Increments are tied to specific ratings and may be given only to employees who are eligible for a Demo rating.

(2) The value of the bonus (b) pay pool is 0.8 percent of the sum of the salaries of those Demo employees who are eligible for a Demo rating. In addition to the bonuses (b's) which will result from this year's performance process, Special Act or Service Awards given to the department's Demo employees during the previous performance year will be charged against the 0.8 percent bonus (b) pay pool. Flexibility exists to increase the 0.8 percent (if less than 2.4 percent was awarded as increments) as long as the total guideline of 3.2 percent is closely followed.

6. Rating Process. The rating process for a Demo employee constitutes the pay setting determination made by the competency/department (within the various pay constraints established by Congress and higher levels of management) to pay the employee for his or her continuing performance. The rating process attempts to ensure that ratings are equitable among employees and that an employee's compensation is indicative of the employee's relative value to the competency and department. Enclosure (1) is a summary of the relationships between Demo assessments, ratings, and performance payout and increments (i's). Enclosure (2) provides information on awards and bonuses (b's) and the midpoint review requirements. No ratings are given to employees who lack sufficient work time as described in reference (b). Additionally, no rating is given to Demo employees whose supervisors have determined that the employee's performance falls below the lowest acceptable level of performance described in the Demo and adverse action processes are being initiated in accordance with reference (c).

a. Highly Successful assessments are forwarded to the appropriate competency or department Performance Review Board (PRB) according to internal PRB

Subj: ANNUAL PERFORMANCE EVALUATION APPRAISAL AND RATING FOR DEMONSTRATION PROJECT EMPLOYEES FOR PERFORMANCE YEAR ENDING 31 JULY 2004

guidelines. The PRB assigns an appropriate rating and determines an amount of monetary reward. Regulatory procedures require the PRB to rate Highly Successful assessments; however, this does not preclude the PRB from reviewing all of the competency's assessments, including those at the Fully Successful level.

b. Fully Successful assessments are given an official rating of "3" by the supervisor after the reviewer signs and returns NAWCWD 12430/2 (Rev. 3-2002), Performance Assessment/Appraisal.

c. Less Than Fully Successful assessments are addressed by an ad hoc problem solving team. The team decides on appropriate corrective action and assigns a rating. The Personnel Management Advisor in the Human Resources Department must be contacted for guidance on the procedural requirements and the second level supervisor should be advised of the issues.

d. Competencies must establish procedures to ensure performance ratings and position certifications are submitted electronically to Judy Dutcher, Code 732000D (judy.dutcher@navy.mil), by no later than 12 August 2004. Code 732000D will establish PRB data files for the departments to submit ratings and payouts assigned for their Demo employees.

e. Competencies/departments must submit certification (hard copy/memo, not e-mail) that the above electronically transferred information is accurate and in compliance with statutory and regulatory requirements to Kitty Reeve (Code 731000D) by 12 August 2004.

f. Each year we review the Demo Performance cases for areas where we can improve the process. Our reviews indicate several areas in which improvements or changes can be made. Identified areas of improvement include "communication" and the reduction or elimination of "system inconsistencies or process errors". Communication improvements such as communication between managers and employees regarding expectations, current level of performance, and areas of improvement are critical discussions that need to occur throughout the performance year. Meetings to discuss the performance plan and quarterly monitoring sessions increase communication and decrease the possibility of a rating that is a surprise to the employee. System inconsistencies and process errors include situations when the assessment and the rating do not match, the employee does not have a current performance plan, the employee is given a lesser rating or payout than what was indicated they would be receiving, or the assessment was completed late or not at all.

Subj: ANNUAL PERFORMANCE EVALUATION APPRAISAL AND RATING FOR DEMONSTRATION PROJECT EMPLOYEES FOR PERFORMANCE YEAR ENDING 31 JULY 2004

These types of situations can be corrected by increased understanding of the Demo performance assessment process and following the performance management procedures in references (a) and (b).

g. After the PRB meets and final ratings are determined, but no later than 31 August 2004, supervisors will provide to each of their employees a completed Performance Assessment/Appraisal form indicating the employee's final performance rating. Employees who are not aware of their ratings as of this date should ask their second level supervisor for assistance in obtaining the completed assessment form. If this effort fails, contact your PMA for assistance in obtaining copies.

h. On 1 September 2004, HRD will distribute official written notification of performance ratings and payouts assigned for all Demo employees. Supervisors are responsible for delivering notices to employees by no later than 3 September 2004. The notification of rating will include the deadline date of 21 September 2004 for submission of requests for rating and payout reconsiderations.

7. Performance Reconsideration. Enclosure (3) outlines the procedures that will be followed for processing all requests for reconsideration.

a. Reconsideration of Performance Rating

(1) Employees have the right to request reconsideration of their performance ratings.

(2) The final day for filing a performance rating reconsideration request is 21 September 2004. Requests for reconsideration of ratings received after this date will be returned to the employee as untimely.

(3) Third level supervisors, in their review of requests for rating reconsideration, are encouraged to grant requests which appear, in their opinion, to be compelling.

b. Reconsideration of Performance Payout

(1) An employee who has received a "1" rating with a "C + 3i" payout or a "3" rating with a "C" only payout can request reconsideration of their performance payout. Demo payout reconsideration procedures differ from the Demo reconsideration of

Subj: ANNUAL PERFORMANCE EVALUATION APPRAISAL AND RATING FOR DEMONSTRATION PROJECT EMPLOYEES FOR PERFORMANCE YEAR ENDING 31 JULY 2004

performance rating procedures. Detailed procedures for requesting reconsideration of a performance payout by a Demo employee are also described in enclosure (3).

(2) The final day for filing a performance payout reconsideration request is 21 September 2004. Requests for reconsideration of payout received after this date will be returned to the employee as untimely.

8. Payout

a. Payout is effective the beginning of the first complete pay period in October (3 October 2004). The payout will appear in paychecks issued on 22 October 2004 for individuals who did not submit a Demo payout or rating reconsideration request.

b. Payouts for those individuals who file reconsideration requests will not be processed until a final decision is issued. This means those individuals will not receive pay increases or bonuses in October 2004 but will receive awarded payout when the reconsideration is complete. Final decisions are expected by 22 November 2004 and the payout awarded will be retroactive to 3 October 2004.

9. Employee Performance File (EPF). Per CFR 293, performance records are retained for a period of 3 years plus the current year. The performance monitoring sessions and the final rating received by the employee as well as the performance rating sheets are the official EPF. The performance plans and assessment sheets are retained in the EPF that the supervisor retains for each employee. The Labor & Employee Relations Team (Code 731000D/E) retains a record of the performance ratings.

10. Forms. Performance Plan, NAWCWD 12430/1 (4-99), and Performance Assessment/Appraisal, NAWCWD 12430/2 (Rev. 3-2002) are available electronically on the HRD website at: <http://www.nawcwd.navy.mil/~hrd/supvypage/ratings.html> Please note that the Performance Assessment/Appraisal form has a front page (Performance Assessment) and a back page (Narrative Summary) that are accessible electronically by going to the layout pop-up menu in the upper left hand corner.

7. Please share the information in this Notice with your Demo employees.


RICHARD CRACRAFT

Subj: ANNUAL PERFORMANCE EVALUATION APPRAISAL AND RATING FOR
DEMONSTRATION PROJECT EMPLOYEES FOR PERFORMANCE YEAR ENDING 31
JULY 2004

Distribution:
L5, PMAs

RATINGS, INCREMENTS, AND MONETARY REWARDS

1. The following chart summarizes the relationship between assessment, rating, and salary for Demonstration Project employees.

Assessment	Rating	Definition	Payout
Highly Successful (deserves an award)	1	Performance that is demonstrably exceptional and clearly deserving of recognition.	$c + 4i$ or $c + 3i$
	2	Quality performance that exceeds the fully successful standards.	$c + 2i$
Fully Successful	3	Performance that meets the expected results of the performance plan. Growth, progression, or achievement normal for NAWCWD.	$c + i$ c
Less than Fully Successful	4	Below fully successful. Corrective action needed.	$c/2$
	5	Substantially below fully successful. Serious performance deficiencies. Needs significant improvement for work to meet established standards.	0

2. The monetary reward for performance ratings of 1, 2, or 3 is in the form of a continuing salary increase only; i.e., increments (i). The "c" refers to the annual salary adjustment to the General Schedule. These salary increases, if they occur, are referred to as "comparability" increases. See enclosure (2) for cash payout procedures (b's).

AWARDS, BONUSES, AND MIDPOINT REQUIREMENTS

1. Awards. In addition to incremental salary increases (i's), employees in the Demonstration Project are eligible to receive all appropriate honorary awards and the following types of monetary awards: Bonus, Invention, Special Act, and Suggestion Awards. See reference (b) for information on incentive awards.

2. Cash Bonus (b's). The Demonstration Project was designed to link pay increases to excellence of performance. It is not a system of automatic "pay increase for performance", but is designed to be a true "pay for performance" system. Employees who receive a 1, 2, or 3 rating can be awarded from 1 to 4 b's; different from i's, b's are not linked to an employee's performance rating. There are no specific requirements for awarding b's; rather, managers are expected to exercise sound judgment in each instance. B's equal in dollar value the value of an "i" and can be given when:
 - a. The employee would exceed the pay cap or top of the level because of their performance rating and the resulting i's. Although counted against the "i" pool in this example, an automatic "b" payout occurs if an "i" payout would exceed the top of the level.

 - b. Prudent salary management indicates that an employee is currently earning as much or more than is warranted for the level of work, but the employee's performance during the rating period deserves additional recognition.

 - c. Employees occupying positions of such nature that "growth" in the sense of expansion of the job is not possible, and the employee is judged to have currently a sufficient salary for the position but warrants recognition for the rating period.

 - d. Employees who have performed assigned duties well over the past year, but did not demonstrate professional or technical growth to the extent that continued performance at that level can be reasonably expected.

3. Midpoint Requirement. To cross the midpoint of Levels III or IV, an employee must receive a performance rating above Fully Successful (i.e., a 1 or 2 rating). The midpoint for all DA, DS, and DT-3 positions is established at increment 14. The midpoint for all DP-3 and DP-4 positions is established at increment 13. The midpoint requirement does not apply to anyone above these designated increments. There is no midpoint requirement for DG employees at any level.

PERFORMANCE RECONSIDERATION

RECONSIDERATION OF PERFORMANCE RATINGS FOR DEMONSTRATION PROJECT EMPLOYEES

1. An employee who has been given a rating of "2," "3," "4," or "5" may request reconsideration of the rating.
2. The Human Resources Department (HRD) will notify employees in writing of their performance rating, payout and the due date or submission of Requests for Reconsideration. These notices will be sent out the first week in September 2004.
3. The Request for Reconsideration must be presented in writing, preferably using enclosure (4), to the third level supervisor (the Deciding Official) with two copies to Kitty Reeve, Code 731000D and one copy to the Level 1 Competency Administrator no later than 21 September 2004. Requests for Reconsideration received after 21 September 2004 will be returned to the employee as being untimely.
4. The Request for Demo Reconsideration Cover Sheet and Checklist, enclosure (4), shall indicate the rating desired, and must include a copy of the performance plan and assessment and provide sufficient detail to indicate why the employee feels a higher rating is warranted. The Request shall also include the name, code, and phone number of the individuals the employee feels could be contacted for additional information regarding the employee's performance for the year.
5. The Deciding Official will review the request, the performance standards used, and the documented final rating. The Deciding Official can take only one of two actions: (1) Grant the request of the employee, or (2) contact Kitty Reeve, Code 731000D, and request that a Recommending Official outside the Deciding Official's immediate organization and chain of authority be appointed. A decision to grant the request must be submitted to Kitty Reeve, Code 731000D by 1 October 2004; a request to appoint a Recommending Official must also be submitted to Kitty Reeve, Code 731000D by no later than 1 October 2004. The request submitted by the Deciding Official to appoint a Recommending Official must confirm (or correct) the names, phone numbers, and codes of the employee and the first and second level supervisors as submitted on enclosure (4). Submission of complete Request for Reconsideration packages is the responsibility of both the employee and the Deciding Official. The Deciding Official also should notify the immediate and second level supervisors that the request has been made. Copies of the Request for Reconsideration may be made available to them, as the Deciding Official deems appropriate
6. The Deciding Official should submit the name of a Recommending Official when they forward a Request for Reconsideration to 731000D. Preferably the individual will have already been contacted (informal contact by the Code, not official appointment by HRD) and agreed to be a Recommending Official for this specific Request. It has been a general practice of HRD to appoint a Recommending Official who: (1) does not work in the immediate organization as the requester, (2) is classified at a grade level at least the same level as the requester, and (3) is familiar with the type of work that is performed by the requester. Code 731000D will appoint all Recommending Officials by 18 October 2004.
7. The Recommending Official is appointed by letter. Enclosures to the appointment letter will include the employee's Request for Reconsideration of performance rating (case file) and guidelines for preparing a performance reconsideration report.
8. The Recommending Official will review the case, meet with the employee and the first level supervisor, and perform whatever investigation is deemed necessary to learn the facts of the case. As a minimum, the Recommending Official must meet with the employee and the first level supervisor. The Recommending Official will submit a report recommending a final decision on the rating to the

Deciding Official in writing by 10 November 2004. The Recommending Official will also provide a copy of the recommendation to Kitty Reeve, Code 731000D, by 10 November 2004.

9. The Deciding Official will issue a final decision in writing to the employee by 22 November 2004 with a copy to the first level supervisor and to the Recommending Official. The Deciding Official will also provide a copy of the decision to Kitty Reeve, Code 731000D by no later than 22 November 2004. Upon receipt of the final decision, Code 731000D will ensure that any necessary Standard Form 50s are processed with corresponding changes made in the database.

10. Rating Reconsideration case files will be maintained by Code 731000D/E for a period of four years.

RECONSIDERATION OF “4” OR “5” DEMO RATING CAUSING MIGRATION

1. The employee who receives a “4” or “5” rating that results in migration to a lower classification level may request reconsideration no later than seven calendar days from the effective date of the SF-50 documenting the migration to the lower grade.

2. First, the employee must discuss the rating with the supervisor and the reviewer to ensure that all parties understand the basis for the rating and the resulting action.

3. The employee must present the Request for Reconsideration in writing to the third level official (Deciding Official). The Request for Demo Reconsideration Cover Sheet and Checklist, enclosure (4), shall indicate the rating desired, and must include a copy of the performance plan and assessment and provide sufficient detail to indicate why the employee feels a higher rating is warranted. The request must be made within seven calendar days of the discussion with the first and second level supervisors.

4. The Deciding Official will review the case and either grant the requested rating or notify Kitty Reeve, Code 731000D that the action should be reviewed by an ad hoc review board.

5. Code 731000D will contact the employee, the supervisor, and the Office of the Commander to form the board. The ad hoc review board will consist of three individuals, one selected by the employee, one by the supervisor, and one by the Commander.

6. The review board will review the case and perform any investigation it considers necessary.

7. The ad hoc review board will forward the case with its written recommendations to the Commander. The recommendations must be submitted within 14 calendar days from the date of the board's appointment.

8. The Commander will review the case file and the board's recommendations and issue a final decision in writing to the employee within seven calendar days of receipt of the case. A copy of this decision will be forwarded to Kitty Reeve, Code 731000D. Upon receipt of a final decision that changes a rating, Code 731000D will ensure that any necessary Standard Form 50s are processed with corresponding changes made in the database.

RECONSIDERATION OF A DEMONSTRATION PROJECT PAYOUT FOR A “1” OR “3” RATING

1. An employee who has received a “1” rating with a “C + 3i” payout or a “3” rating with a “C” only may request payout reconsideration.

2. The request must be presented in writing to the third level supervisor (Deciding Official) with a copy to Kitty Reeve, Code 731000D and the Level 1 Competency Administrator no later than 21 September 2004. Requests for Reconsideration received after 21 September 2004 will be returned to the employee as being untimely.
3. The Request for Demo Reconsideration Cover Sheet and Checklist, enclosure (4), shall indicate the payout desired, and must include a copy of the performance plan and assessment and provide sufficient detail to indicate why the employee feels a higher payout is warranted.
4. The Deciding Official will review the submission along with any other material considered relevant. The Deciding Official may select a Recommending Official if one is desired. The first and second-level supervisors also should be notified of the Request.
5. The Deciding Official will make a final decision in writing by 22 November 2004. A copy of the decision will be forwarded to Kitty Reeve, Code 731000D by 22 November 2004. Upon receipt of a final decision that changes a payout, Code 731000D will ensure that any necessary Standard Form 50s are processed with corresponding changes made in the database.

DISAGREEMENT WITH IDENTIFIED EXPECTED RESULTS

1. If the employee does not agree with the tasks, functions, or identified expected results at the beginning of the performance evaluation cycle or in any amendment to the performance plan, no appeal or grievance procedures will be available as long as these responsibilities and expected results properly reflect the duties assigned in the PAC.
2. However, while the employee has no outside complaint routes available, actions should be taken to ensure that disagreement is documented.
 - a. The employee should attach a statement of the disagreement to the performance plan at the beginning of the rating period or at the time an amendment is made, as appropriate.
 - b. As each progress review occurs, the employee should review the areas of disagreement and, if they still exist, re-document these disagreements in writing.
 - c. At the end of the performance rating period, if the areas of disagreement are a cause of a rating of less than a "1" that the employee disputes, the documentation of disagreement should be included in the Request for Reconsideration.
3. The employee must also give copies of any disagreement documentation to his or her supervisor at the time the disagreement is added to the performance plan.
4. Disagreement over the assigned task(s) does not relieve the employee of the requirement to perform the duties as expected. Failure to perform assigned duties may result in adverse actions for the employee involved.

REQUEST FOR DEMO RECONSIDERATION COVER SHEET AND CHECKLIST

Employee Name _____ SSN _____

Code _____ Phone _____ Date Request Submitted _____

Employee Signature _____

<p style="text-align: center;">Rating/Payout Received*</p> <p style="text-align: center;">1 2 3 4 5 (circle one)</p> <p style="text-align: center;">Number of I's _____</p> <p style="text-align: center;">Bonus received Yes No</p> <p style="text-align: center;">Number of B's _____</p>	<p style="text-align: center;">Rating/Payout Requested*</p> <p style="text-align: center;">1 2 3 4 5 (circle one)</p> <p style="text-align: center;">Number of I's _____</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

*Refer to Enclosure (1) for explanation of relationship between assessment, rating, and payout.

Include all of the following with your request:

(1) Performance Plan, (2) Performance Assessment/Appraisal, (3) Supporting documentation – this section should contain sufficient detail to indicate why you believe a higher rating is due, and (4) Names and phone numbers of task managers/key customers.

Please Indicate:

1st Level Supervisor (immediate supervisor)

Name _____

Code _____

Phone _____

2nd Level Supervisor

Name _____

Code _____

Phone _____

3rd Level Supervisor (Deciding Official)

Name _____

Code _____

Phone _____

Send: Original to your 3rd Level Supervisor, 2 Copies to HRD (Code 731000D, Attn: Kitty Reeve), and 1 Copy to the Level 1 Administrator for your competency (see below):

0.0 Jackie Jones Code J16000D	2.0 Helen Avery Code 254000D	3.0 Lily Gonzalez Code 3C0000E	
4.0 Steve Labrie Code 4D0000D	5.0 Phillip Bridgett Code 5D0000E	7.0 Ethel Herrera Code 781400D	
10.0 Renee Lesniak Code J00000D	11.0 Meichelle McGuire Code K00000D		

Requests must be received by 21 September 2004

For HRD use only

Date Received _____ Final Decision _____ Date _____

Rating reconsideration

Payout reconsideration