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BY THE COMPTROLLER GENERAL

# Report To The Congress

OF THE UNITED STATES

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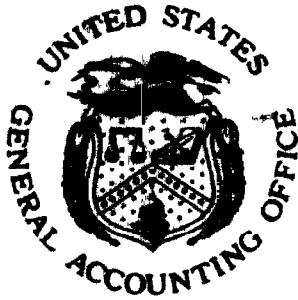
## An Assessment of SES Performance Appraisal Systems

The Civil Service Reform Act of 1978 requires that federal agencies establish performance appraisal systems for members of the Senior Executive Service (SES) to provide a tool for managing and improving individual and organizational performance.

GAO found that agencies have, for the most part, implemented SES performance appraisal systems that provide for setting individual objectives and assessing performance against them. But SES performance plans often

- did not include the act's appraisal criteria;
- contained general, rather than specific statements of expected levels of achievement;
- were prepared several months after the beginning of the appraisal cycle;
- were not updated or revised when executives' responsibilities changed; and
- were not prepared for a majority of noncareerists.

OPM generally agrees with GAO's findings and has taken a number of actions to implement GAO's recommendations.



GAO/GGD-84-16  
MAY 16, 1984

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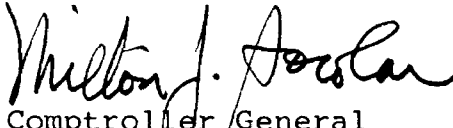
MAY 16, 1984

To the President of the Senate and  
Speaker of the House of Representatives

This report discusses Senior Executive Service performance appraisal systems--a critical part of Civil Service Reform designed to stimulate improved individual and organizational performance. We are making a number of recommendations to the Director, Office of Personnel Management, for improving the effectiveness of appraisal systems in meeting the Civil Service Reform Act's goals.

We made our review because of the importance of the Senior Executive Service to the success of Civil Service Reform and because of congressional interest and concern that the improvement goals of the act be attained. The act provides for General Accounting Office oversight in order to assess the effectiveness and soundness of federal personnel management.

We are sending copies of this report to the Chairmen, Senate Committee on Governmental Affairs and House Committee on Post Office and Civil Service; the Director, Office of Personnel Management; and other interested parties.

  
Acting Comptroller General  
of the United States



D I G E S T

One of the principal objectives of the Civil Service Reform Act (CSRA) of 1978 was to stimulate improved executive performance. The driving mechanism for accomplishing this was to be Senior Executive Service (SES) performance appraisal systems. Through these systems, the specific objectives of individual executives would be set forth and provision made for gauging how well executives performed against these objectives.

The act requires GAO to review SES performance appraisal systems and determine the extent to which they meet the act's requirements. GAO found that agencies have, for the most part, implemented SES performance appraisal systems that provide for setting individual objectives and assessing performance against them. The systems, however, need refinements to fully meet the act's objectives.

GAO reviewed 11 samples of performance plans and appraisals--1 representative sample at each of 10 agencies and 1 representative sample in which the findings could be projected governmentwide. The agencies employed about 34 percent of the government's SES incumbents. GAO examined over 1,100 individual performance plans and appraisals to see if they included criteria contained in the act, whether they permitted accurate evaluations of performance, and if they were prepared on time for all executives. GAO's review covered three annual performance appraisal periods from 1980 through 1982. (See pp. 3 through 5.) In addition, GAO sent questionnaires to the senior executives in its samples to solicit their views of agencies' performance appraisal systems. (See app. II.)

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IMPROVEMENTS NEEDED IN EXECUTIVE  
PERFORMANCE PLANNING AND APPRAISAL

Experts who are familiar with performance appraisal systems in private industry report that as many as 10 years of experience and testing are sometimes necessary before the systems are reliable and effective. Since agencies had less than 1 year from the date CSRA was enacted to implement their appraisal systems, they had little time to test and refine the systems. Consequently, they have had problems that are not unusual in the development of appraisal systems. (See p. 16.)

The act identifies certain appraisal criteria that should be used in assessing executive performance. Among these criteria, equal employment opportunity achievements was included in 71 percent of the 1982 SES performance plans in GAO's governmentwide sample. Other criteria from the act were addressed less frequently. For example, cost efficiency and paperwork reduction were addressed in 13 percent or less of the plans.

Performance standards could more specifically define expected levels of performance by indicating how well the work has to be done (quality), how much work is to be done (quantity), or how soon work is to be done (timeliness), where feasible. Less than 30 percent of the elements in the performance plans in GAO's governmentwide sample contained standards with qualitative measures and less than 60 percent contained standards with quantitative (including timeliness) standards. Such specificity could permit a more accurate evaluation of performance. (See pp. 7 through 10.)

The act also requires that performance requirements be established for each executive by the beginning of a rating period. This has not always been accomplished. For example, in the 1982 rating period, 52 percent of the executives' performance plans were completed 1 month or more after the rating period began. Twenty-one percent did not have their plans completed until 3 months or more into the

rating period. The Office of Personnel Management (OPM) has also found this in its reviews and will consider whether a legislative change in the requirement is warranted. In addition, 73 percent of the noncareer appointees, compared to 8 percent of the career appointees, did not have written performance plans as required by the act for the 1981 appraisal period. GAO also found that performance plans had not been revised or updated as intended by the act. Twenty percent of the executives responding to GAO's questionnaire indicated their responsibilities had changed during the rating period but the performance plans had not been revised or updated for 55 percent of these executives. (See pp. 9 through 12.)

In response to GAO's questionnaire, senior executives were more positive about their own performance plans and appraisals than about their agencies' SES performance appraisal systems. Of the senior executives sampled, at least 71 percent believed their plans and appraisals met the act's objectives in that (1) their performance plan accurately reflected their responsibilities and the objectives of their unit or program; (2) their performance was judged according to the standards or criteria set forth in their performance plan; and (3) their performance appraisal accurately reflected the quality of their performance and the performance of their unit or program. However, at least 57 percent of the executives believed their agency's SES performance appraisal system (1) had minimal effect on performance, (2) had no impact on or worsened communication with superiors or subordinates, and (3) was not worth its cost. (See pp. 13 through 15.)

AGENCIES AND OPM CAN DO MORE TO  
ENSURE EFFECTIVE APPRAISAL SYSTEMS

According to experts in the performance appraisal field, a rigorous evaluation process is a key ingredient to a high quality performance appraisal system. Ideally, monitoring and evaluation should begin when performance appraisal systems are being tested before their implementation and should continue throughout

the life of the systems. None of the 10 agencies GAO visited has established formal systems for regularly evaluating and monitoring the quality and effectiveness of their processes. OPM, which oversees agency implementation of SES performance appraisal systems, has focused its reviews mainly on processes and procedures to comply with the act. It has not emphasized reviewing the quality of the appraisal systems and their effectiveness in meeting the act's goals. (See pp. 17 and 18.) When commenting on GAO's report, OPM said it will be emphasizing quality more in its future reviews. (See pp. 20 and 21.)

In August 1981, GAO reported to the Director, OPM, that agencies needed formal evaluation systems to monitor and assess the effectiveness of their SES performance appraisal processes. GAO recommended that OPM require agencies to establish and implement such systems. OPM has proposed regulations that would require agencies to establish evaluation systems but these regulations have been temporarily set aside by a district court decision. (See p. 20.)

#### RECOMMENDATIONS

GAO recommends that the Director, OPM, improve agencies' SES performance appraisal systems by

- reviewing agency efforts to improve SES performance appraisal system quality and effectiveness;
- providing agencies with technical guidance and assistance in developing performance standards that more specifically define expected results and that address the act's performance appraisal criteria and improvement goals when relevant to the position;
- ensuring that agencies establish performance requirements for all senior executives, including noncareerists;
- determining the problems agencies have in complying with requirements for preparing performance plans on or before the beginning



of the rating period, and, if necessary, propose changes to the legislation; and

--requiring that agencies update performance requirements when executives' responsibilities change.

GAO also reiterates recommendations from its August 1981 report that OPM assist agencies in establishing programs to evaluate their SES performance appraisal systems. (See pp. 19 and 20.)

#### AGENCY COMMENTS

GAO received written comments on the draft of this report from OPM and official oral comments from the other nine agencies included in the review. All the agencies generally agreed with the report's conclusion that SES performance appraisal systems need refinements to fully meet CSRA's objectives. OPM discussed several actions it has underway and other planned actions that it believes respond to GAO's recommendations. (See pp. 20 and 21.)



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ABBREVIATIONS

CSC	Civil Service Commission
CSRA	Civil Service Reform Act of 1978
GAO	General Accounting Office
OPM	Office of Personnel Management
PRA	Performance Rating Act of 1950
PRB	Performance Review Board
SES	Senior Executive Service

## GLOSSARY

Performance element	The description in the performance plan of what an executive is responsible for, including the major duties of a position.
Performance standard	An expressed measure of the level of achievement or how well, how soon, or to what extent an employee is expected to perform.
Performance plan	A written statement of a senior executive's performance elements and performance standards.
Performance appraisal	The written assessment of an executive's performance based on the performance standards established for the rating period.
Performance measurement	A generic term that includes work measurement, productivity, and cost systems that provide measures of efficiency, effectiveness, quality, and timeliness.



## CHAPTER 1

### INTRODUCTION

Before the Civil Service Reform Act (CSRA) of 1978 (Public Law 95-454), there was no governmentwide executive performance management system that provided a system for setting performance goals and objectives and gauging performance against them, and taking steps to reinforce excellent performance and to stimulate improvement in or eliminate mediocre performance. Without such systems, federal agencies had difficulty in holding executives accountable for results of agency operations and in rewarding or removing individuals on the basis of performance.

Title IV of CSRA addressed these problems by establishing the Senior Executive Service (SES) on October 13, 1978, and requiring implementation of objective-based performance appraisal systems by July 13, 1979. The legislative history of SES and the provisions of CSRA indicate that SES performance appraisal systems were viewed as management tools for holding executives accountable for improvements in individual and organizational performance and for making decisions about rewarding, promoting, assigning, and retaining executives.

#### SES: A STRATEGY FOR CHANGE

Until 1978, most federal civilian employees, including managers, were evaluated under provisions of the Performance Rating Act (PRA) of 1950. PRA viewed performance appraisal as a tool for meeting agency administrative needs and employee development needs. Dissatisfaction with the law surfaced almost immediately upon enactment. The Second Hoover Commission, the Subcommittee on Federal Civil Service of the House Committee on Post Office and Civil Service, the Civil Service Commission (CSC), and federal agencies criticized various features of the legislation as administratively impractical, or in some cases, counterproductive because of burdensome warning and appeal procedures and the lack of performance feedback. Although federal agencies tried to achieve PRA's purposes, their efforts were hampered by inadequate appraisal methods and by not being able to link performance to reward.

After CSC unsuccessfully proposed new legislation in 1960, no new efforts were undertaken to change the federal government's performance appraisal practices before enactment of the CSRA in 1978.

Presidential and congressional concerns for improving accountability and governmentwide performance are evident in the

legislative history of CSRA. On March 2, 1978, President Carter introduced proposals to reform the civil service, stating that they should "provide incentives and opportunities for managers to improve efficiency and responsiveness of the Federal Government."

Other federal government leaders expressed similar sentiments during congressional hearings on President Carter's proposals. For example, the CSC Chairman stressed the need for holding executives accountable for program accomplishments and for meeting goals. The Chairman of the Senate Subcommittee on Civil Service noted that "the bill requires that performance evaluation be used as a basis for all decisions about rewarding, promoting, and retaining federal employees."

Title IV of CSRA, which established SES, articulates the congressional intent that SES members be held accountable for their performance in managing government operations. It states, in part, that

"The Senior Executive Service shall be administered so as to:

- ensure that compensation, retention, and tenure are contingent on executive success which is measured on the basis of individual and organizational performance; . . .
- assure that senior executives are accountable and responsible for the effectiveness and productivity of employees under them; . . . and
- recognize exceptional accomplishment."

To achieve these goals, CSRA required agencies to develop executive performance appraisal systems that would annually establish performance requirements for each SES member, taking into account organizational performance. The appraisal systems were to be designed to

- "(1) permit the accurate evaluation of performance in any position on the basis of criteria which are related to the position and which specify the critical elements of the position;
- (2) provide for systematic appraisals of performance of senior executives;
- (3) encourage excellence in performance by senior executives; and



(4) provide a basis for making eligibility determinations for retention in the Senior Executive Service and for Senior Executive Service performance awards."

CSRA required agencies to develop and implement SES appraisal systems in less than 1 year. To ensure that agencies met their new performance appraisal responsibilities, the CSRA assigned the Office of Personnel Management (OPM) the tasks of (1) issuing regulations, (2) monitoring appraisal system development and implementation, and (3) requiring agencies to take corrective actions.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

We undertook this review as part of our responsibility under CSRA to determine the extent to which SES performance appraisal systems have met the requirements of CSRA. One objective was to assess whether agencies link senior executives' performance elements and standards to desired improvements in organizational efficiency, effectiveness, and productivity. But early GAO survey efforts disclosed that agencies had not emphasized that individual and organizational performances were to be explicitly linked as envisioned by the act.

Since individual and organizational performance was not being explicitly linked, we focused our work on examining senior executive performance plans to assess (1) the extent performance elements and standards took into account the act's appraisal criteria and permitted the accurate evaluation of performance and (2) the progress agencies had made in complying with the act's requirements that performance plans be prepared on time, contain criteria related to the position, and be prepared for all senior executives. Other review objectives included assessing whether SES performance plans differed in the extent they addressed the act's appraisal criteria from one rating cycle to another.

To achieve our objectives, we reviewed 11 samples of SES performance plans and appraisals--1 representative sample at each of 10 agencies and 1 representative sample in which the findings could be projected governmentwide. We analyzed the elements, standards, and narrative ratings contained in 1,194 performance plans and appraisals--880 from the 10 agency samples and 314 from the governmentwide sample.

The 880 plans and appraisals in our 10 agency samples were prepared during the 1981 performance appraisal cycle. We included randomly selected senior executives and all available recipients of performance awards and rank awards (special

meritorious awards given by the President) for the 10 agencies, using OPM's December 31, 1981, data base. We specifically included the award recipients to determine if their plans differed from those in our random sample. We detected no statistically significant difference. The 10 agencies were the Departments of Agriculture, Air Force, Commerce, Housing and Urban Development, Interior, and Navy; the National Aeronautics and Space Administration; the National Labor Relations Board; the Office of Personnel Management; and the Securities and Exchange Commission. These agencies differ in size, mission, and organizational complexity and have senior executives in both field and headquarters locations.<sup>1</sup> Our analysis provided a statistically valid projection for each agency.

The 314 SES performance plans and appraisals in our governmentwide sample were prepared during 1980, 1981, and 1982. In addition to examining the extent to which these performance plans and appraisals met the requirements of CSRA, we also assessed whether they differed in the extent they addressed the act's appraisal criteria from one rating cycle to another. This governmentwide sample included 113 randomly selected senior executives from 29 agencies (see app. I for list of agencies) and provided the basis for a statistically valid projection to all federal agencies.

Our samples provided a 95-percent confidence level that the selected performance plans and appraisals accurately represented our universes within plus or minus 10 percent. To check for reliability in our analyses of performance plans and appraisals, 10 percent of the performance plans were randomly selected and independently analyzed by a second auditor/evaluator. The two analyses agreed on 80 percent or more of the decisions on each performance plan. This level of agreement is generally considered acceptable for content analysis.

On July 12, 1982, we sent questionnaires to the senior executives in our samples to obtain their views about their performance plans and appraisals and about their agencies' appraisal systems. The response rate for the 10 agencies ranged from 72 to 96 percent. The response rate for the governmentwide sample was 88 percent.

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<sup>1</sup>The agencies selected for our review employed about 34 percent of the government's 6,629 SES incumbents as of December 31, 1981.

We performed computer-based statistical tests on both the performance plan analyses and the questionnaire responses. The tests related performance plan characteristics and questionnaire responses to executives' attitudes toward their own appraisals and their agencies' appraisal systems.

At each agency we interviewed selected Performance Review Board members--individuals responsible for overseeing the appraisal process and making award recommendations--at headquarters and field locations and officials in the agencies' administration and personnel areas to obtain their views on the effectiveness of their SES performance appraisal systems. We also interviewed officials from OPM and the Office of Management and Budget, reviewed the legislative history of SES and OPM guidance, and, for comparison, visited four private sector corporations selected because of their extensive experience with performance appraisal for managers.

We performed our review in accordance with generally accepted government auditing standards and conducted our field work from March to December 1982.

We obtained written comments on our draft report from OPM and official oral comments from the other nine agencies included in our review.

## CHAPTER 2

### IMPROVEMENTS NEEDED IN EXECUTIVE

#### PERFORMANCE PLANNING AND APPRAISAL

For the most part, agencies have met the mandate to implement SES performance appraisal systems. Executives responding to our questionnaire generally gave positive responses about their own performance plans and appraisals. However, limited performance planning and performance measurement data inhibit the effectiveness of SES appraisal systems as tools for managing and improving individual and organizational performance. This condition was supported by the less positive responses executives gave on our questionnaire about their agencies' SES performance appraisal systems.

#### PERFORMANCE PLANNING COULD BE IMPROVED

CSRA requires that agencies develop performance appraisal systems that "permit the accurate evaluation of performance in any position on the basis of criteria which are related to" each executive's position. Performance planning is a critical part of an effective appraisal system since it documents through a plan what the executive is responsible for accomplishing and is the initial step to an evaluation of accomplishments.

We found that the effectiveness of performance planning is limited because performance plans

- seldom address CSRA appraisal criteria,
- contain standards<sup>2</sup> that are stated in general terms,
- are not being prepared for all executives, and
- are not prepared on time or are not revised as executives' responsibilities change.

#### Performance plans should address CSRA appraisal criteria

CSRA identifies certain appraisal criteria that should be used in assessing executive performance. Section 4313 of title 5 states

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<sup>2</sup>A performance standard is an expressed measure of the level of achievement or how well, how soon, or to what extent an employee is expected to perform.

"Appraisals of performance in the Senior Executive Service shall be based on both individual and organizational performance, taking into account such factors as:

1. improvements in efficiency, productivity, and quality of work or service, including any significant reduction in paperwork;
2. cost efficiency;
3. timeliness of performance;
4. other indications of the effectiveness, productivity, and performance quality of the employees for whom the senior executive is responsible; and
5. meeting affirmative action goals and achievement of equal employment opportunity requirements."

These appraisal criteria were intended to help senior executives focus attention on the CSRA's organizational performance improvement goals.

Our analyses of 314 SES performance plans (presented in table 1) shows that, although some improvement occurred from 1980 to 1982, CSRA criteria were not addressed in most plans. We found, for example, that performance plans showed statistically significant improvement in the extent to which two CSRA criteria were addressed: cost efficiency and employee performance/productivity. We also found that the performance plans of the same executives from three performance cycles most frequently addressed timeliness of performance and meeting affirmative action goals. The other criteria were not addressed in many of the plans.

Performance standards can be improved to permit accurate appraisals

Performance standards provide the criteria for how well an employee must perform specific tasks. These standards enable supervisors and employees to determine how well employees are doing their work by comparing their actual performance to established criteria. Although performance appraisal is an inherently subjective process, the CSRA requires agencies to establish performance standards that, to the extent feasible, use objective criteria to accurately evaluate performance.

Chapter 430, subchapter 2-3(b) of the Federal Personnel Manual, promulgated by OPM, says that each standard should be

Table 1

Percent of Performance Plans that Address  
CSRA Performance Appraisal Criteria

<u>CSRA appraisal criteria</u>	<u>Percent of plans with at least one element that addressed criteria</u>		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
Improvements in efficiency, productivity, quality of work or service	29	28	34
Reduction in paperwork	1	0	2
Cost efficiency	5	6	13
Timeliness of performance	81	86	87
Employee performance/productivity	26	28	39
Equal employment opportunity/ affirmative action	82	78	71

Table 2

Elements With Standards Containing  
Qualitative or Quantitative Measures

	<u>Rating period</u>		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
Total number of elements <sup>a</sup>	888	869	787
Elements with standards containing: <sup>b</sup>			
Qualitative measures	159	189	207
	18%	22%	26%
Quantitative measures	506	443	382
	57%	51%	48%

<sup>a</sup>An element is a description in the performance plan of what an executive is responsible for. Some elements have more than one standard. If at least one standard contained a qualitative or quantitative measure, we categorized that element as having standards containing appropriate measures.

<sup>b</sup>Some standards contained both qualitative and quantitative measures. They are included in each category.

objective, realistic, reasonable, and clearly stated in writing. Each standard should be defined so that both the supervisor and the employee know what is expected and whether the standard has been met. Chapter 430 also states that when it is feasible, performance standards should include measures of quality, quantity, and timeliness. They should indicate how well the work has to be done (quality), how much work is to be done (quantity), and how soon the work is to be done (timeliness).

Our analysis of SES performance plans disclosed standards that were stated in general terms and contained neither quantitative (including timeliness) nor qualitative indicators of performance. One example of this was the following statement: "Provide guidance and oversight and obtain variance approvals from . . . Congress." As shown in table 2, less than 30 percent of the elements in the 314 performance plans in our government-wide sample contained standards with qualitative measures, and less than 60 percent contained standards with quantitative measures.

Although developing more specific standards that better define expected levels of achievement is difficult and may not be possible in all cases, the following example shows it is feasible:

Element

"Cost Avoidance and Reduction

Cost avoidance and reduction will be a key element of the [Office]'s activities this coming year. The objective is to produce savings in the following three areas: (1) regulations, (2) timely advancement of . . . projects, and (3) cost effective and efficient . . . mitigation measures."

Standard

"1. Regulations: To complete within 3 months all regulatory revisions approved by the Office of the Secretary as a result of the priority regulation review.

2. Timely advancement of . . . projects: To complete 80 percent of all [agency] reviews within 5 weeks and minimize . . . the amount of time required in [Office of the Secretary] for prior concurrence.

3. Cost effective and efficient . . . mitigation measures: All final [documents] will be reviewed to assure that only appropriate and cost effective mitigation measures are included. Prior [document] approvals will be reviewed for potential savings. Develop guidance material for [agency] personnel on cost effective . . . mitigation measures and a system for tabulating cost savings. Prepare and forward by September 1, 1982, a report on cost avoidance and reduction achievements."

According to a handbook<sup>3</sup> published by OPM's Interagency Advisory Group,<sup>4</sup> if performance standards do not contain qualitative or quantitative measures, a supervisor can expect difficulties in making accurate and objective appraisals.

Performance plans should be prepared for all executives

The CSRA requires both career and noncareer senior executives to have performance plans. The importance of these plans for all senior executives is not just a matter of legal compliance. Noncareer senior executives often hold top management positions and formulate agency policy and goals. Their performance plans, when communicated to subordinates, could form an effective blueprint for linking various levels of management to the accomplishment of organizational objectives.

The agencies we reviewed were able to provide us with performance plans and appraisals for 27 percent of the noncareer executives and 92 percent of the career executives in our sample for the 1981 appraisal period. The more frequently cited reasons offered for fewer noncareer performance plans were (1) agency does not require plans because noncareer executives are not eligible for performance awards; (2) noncareerists do not perceive a need to develop plans because they are not eligible for bonuses; and (3) executive was in the position less than 120 days.

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<sup>3</sup>Diagnostic Guide for Improving the Quality of Performance Elements and Standards, IAG.

<sup>4</sup>The Interagency Advisory Group Committee on Performance Appraisal is an OPM-sponsored group comprised of agencies' personnel directors, their representatives, and line managers to provide a forum for sharing information about performance appraisal systems and techniques.



In July 1982, we notified OPM of our finding that many non-career executives did not have performance plans. We asked what steps OPM would take to ensure that the performance planning and appraisal requirement of the CSRA was applied to noncareerists. In March 1983, OPM's Associate Director for Administration responded that the agency agreed with our view of the importance of appraising noncareer executives. He noted that the Director, OPM, had issued a memorandum to the heads of all departments and agencies asking that they take steps to ensure that noncareer executives comply with the CSRA's performance planning and appraisal provisions.

Performance plans should be prepared on time and revised as necessary

CSRA specifies that performance plans be established on or before the beginning of a rating period. Further, it requires that appraisals be based on an executive's established performance elements and standards. Performance plans, therefore, should be prepared and, when necessary, revised in time to accurately reflect executives' responsibilities throughout the rating period. This would ensure that the performance appraisals, which are based on the plans, are reliable indicators of performance.

Our analysis disclosed that, in 1982, 52 percent of the SES performance plans were not prepared on or before the beginning of the rating period. In fact, as shown in table 3, 21 percent of the performance plans were prepared 3 months or more afterwards.

Table 3

When Performance Plans Were Prepared<sup>a</sup>

On or before the beginning of the rating period		1 to 2 months after beginning of the rating period		3 months or more after beginning of the rating period	
<u>1981</u>	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>	<u>1982</u>
51%	48%	29%	31%	20%	21%

<sup>a</sup>The 1981 data are taken from question number 5 of our questionnaire, and the 1982 data are taken from question number 17 of our governmentwide survey (see app. II).

Our questionnaire responses also showed that 20 percent of the executives' responsibilities changed during the rating

period but the performance plans had not been revised or updated for 55 percent of these executives.<sup>5</sup>

Generally, the agency officials we talked with felt the agencies could improve the timeliness in preparing performance plans. However, some believe that the requirement to establish performance plans on or before the beginning of a rating period is unrealistic because appraisals for one cycle need to be completed first since they may be used to prepare plans for the next cycle. Often, appraisals cannot be completed until after the end of the rating period, which delays preparing new plans until after the beginning of the next rating period.

SES APPRAISAL AND AWARD PROCESSES  
DO NOT ALWAYS LINK INDIVIDUAL  
AND ORGANIZATIONAL PERFORMANCE

One purpose of the SES is to ensure that executive success is measured on the basis of individual and organizational performance in such areas as improvements in efficiency, productivity, and the quality of work or service.

Officials in 7 of the 10 agencies said they did not emphasize the need for linking individual and organizational performance in the appraisal process. The primary reasons cited for the lack of emphasis were the difficulty of identifying individual contributions to the accomplishment of organizational objectives and the lack of organizational performance measurement data. Performance Review Board (PRB) members, who are responsible for overseeing the appraisal process and making award recommendations, also indicated that performance measurement data are not used in the appraisal and award processes. PRB members stated that award decisions were based on such factors as job difficulty, the importance of the position or the organizational level of the position, or the PRB member's personal knowledge of the executives' performance.

Most agency officials and PRB members we interviewed generally did not view the limited use of performance measurement data in performance planning and appraisal as a problem. As one executive noted, they already know who the good performers are.

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<sup>5</sup>These data were taken from questions number 8 and 9 of our governmentwide survey. (See app. II.)

APPRAISAL SYSTEM NEEDS SUPPORT  
FROM SENIOR EXECUTIVES

The attitudes and support of senior executives are important to the success of SES performance appraisal systems since they are the systems' primary users and focus of attention. In response to our questionnaire, senior executives generally gave positive responses about their own performance plans and appraisals. Of the senior executives sampled, at least 71 percent believed their plans and appraisals met the act's objectives in that (1) their performance plan accurately reflected their responsibilities and the objectives of their unit or program; (2) their performance was judged according to the same standards or criteria set forth in their performance plan; and (3) their performance appraisal accurately reflected the quality of their performance and the performance of their unit or program.<sup>6</sup> However, executives' responses concerning their agencies' SES performance appraisal systems in general were less positive. At least 57 percent of the executives believed their agency's SES performance appraisal system (1) had minimal effect on performance, (2) had no impact on or worsened communication with superiors or subordinates, and (3) was not worth its cost.<sup>7</sup>

More than half of the senior executives believe performance appraisals are used in making bonus and pay adjustment decisions as intended by the act. However, as shown in table 4, most senior executives doubt that performance appraisals are used in making other personnel decisions.

Although executives expressed negative views about both the use and effect of their agencies' SES appraisal systems, we did identify some statistically significant relationships in positive attitudes. Specifically, our analyses showed that senior executives who believed their agencies' SES appraisal systems had positive effects on performance, also believed that their agencies' systems for setting and measuring program objectives were more than adequate. We also found that executives who

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<sup>6</sup>These data were taken from questions number 6, 7, 13, 14, and 15 of our governmentwide survey. (See app. II.)

<sup>7</sup>These data were taken from questions number 32, 36, and 38 of our governmentwide survey. (See app. II.)

believed that their performance appraisals were used to a great extent in making personnel decisions held positive attitudes toward SES appraisal systems.<sup>8</sup>

Table 4

Extent to which Executives Believe Performance Appraisals are Used in Making Personnel Decisions<sup>a</sup>

<u>Type of decision</u>	<u>Percent of executives who believe appraisal is used to some extent or greater</u>	<u>Percent of executives who believe appraisal is used to little or no extent</u>
Training and development	48.4	51.5
Reassignments	42.7	57.3
Downgrades	45.7	54.3
Pay adjustments	53.7	46.3
Bonuses	75.0	25.0
Separation/termination	35.4	64.5

<sup>a</sup>Data in this table were taken from question number 33 of our governmentwide survey. (See app. II.)

In commenting on our draft report, OPM stated that "Other factors can appropriately be used in conjunction with performance to determine further differences among the best performers." OPM noted that while many awards go to individuals with the top performance ratings, the restrictions on the number of awards that can be given preclude some individuals who receive a top rating from receiving an award. OPM pointed out that its proposed regulations on SES performance appraisal provide that "final performance ratings shall provide a basis for decisions to remove senior executives from the SES" and "may provide a basis for decisions to reassign or transfer senior executives within the SES, grant performance awards to career senior executives, and grant performance-related ES [Executive Service] pay rate adjustments."

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<sup>8</sup>These data were based on an analysis of questions number 14, 15, 32, 33, 38, 42, and 44 of our governmentwide survey. (See app. II.)

OPM also commented that it believed executive dissatisfaction with congressional restrictions on the number of bonuses agencies could award to executives from July 1980 to September 1983 may have unduly influenced responses to our questions. OPM stated that while it is not possible to indicate numerically the extent to which this occurs, some mention should be made of the possibility, particularly on questions dealing with whether appraisal systems have been effective in encouraging excellence in performance since bonus systems were supposed to encourage and reward such excellence. We agree that the restrictions on bonus awards could have influenced responses to our questions.

## CHAPTER 3

### AGENCIES AND OPM CAN DO MORE TO

#### ENSURE EFFECTIVE APPRAISAL SYSTEMS

Problems exist in SES appraisal systems because the hasty implementation required by CSRA adversely affected agencies and OPM in fulfilling their responsibilities for ensuring effective systems and because agencies and OPM have not adequately evaluated the systems since their implementation in order to improve their quality and effectiveness.

#### IMPLEMENTATION GOAL MET, BUT MOST DESIRABLE PROCEDURES NOT FOLLOWED

CSRA was enacted in October 1978 and established the effective date for title IV as 9 months later. In February 1979, OPM issued a special bulletin setting out several milestones for SES appraisal implementation. The bulletin required agencies to establish, by October 1979, organizational and personal goals, performance standards, and critical elements for each SES position and to formally communicate this information to senior executives.

In an earlier review,<sup>9</sup> we found that because of the lack of time, most agencies did not follow procedures that would have helped them establish effective appraisal systems. For example, most of the agencies we reviewed did not test their appraisal systems before implementing them, did not thoroughly train users in the skills needed to effectively carry out the appraisal process, and did not establish specific plans for evaluating their appraisal systems.

Agencies' rapid implementation of their SES performance appraisal systems contrasts sharply with the approach taken by personnel experts outside the federal government. Private industry experience with objective-based performance appraisal systems indicates that time and practice are needed for effective implementation. Personnel experts have estimated that it takes from 3 to 10 years to design, test, and establish effective appraisal systems. They also recommend that monitoring and evaluation plans be developed early to assess the effectiveness of performance appraisal processes before personnel decisions are made.

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<sup>9</sup>Evaluations Called For To Monitor and Assess Executive Appraisal Systems (FPCD-81-55, Aug. 3, 1981).

OPM AND AGENCIES CAN DO MORE TO ENSURE  
THE EFFECTIVENESS OF SES APPRAISAL SYSTEMS

The CSRA delegated responsibility for SES appraisal system development and implementation to agencies. However, to ensure that agencies meet their responsibilities, CSRA assigned OPM the responsibility to oversee the development and implementation of SES performance appraisal systems by

- establishing standards and prescribing regulations for the systems,
- reviewing each agency's system and determining if it meets the requirements of the law and OPM regulations, and
- requiring corrective action when an agency's system does not meet the requirements of the law or OPM regulations.

Because of the emphasis on meeting deadlines, OPM adopted a nonprescriptive approach during SES appraisal system design and implementation. Its oversight activities during this time consisted of issuing general guidance that emphasized the development and use of appraisal procedures, policies, and provisions that addressed CSRA requirements. OPM's review and subsequent approval of SES appraisal system plans was based on a comparison of agencies' performance appraisal system structures with the legal requirements of CSRA to ensure the system plans included all provisions called for in CSRA. No attempt was made to review the quality or merits of the system plans.

After implementation in 1979, OPM's on-site progress reviews were primarily used to ensure that agencies were in technical compliance with CSRA. In addition, OPM undertook special studies, including

- case studies over a 5-year period at four government agencies to examine the overall effect of several CSRA provisions, including SES; and
- a special study in April 1980 on SES performance appraisals, covering 54 agencies (containing more than 90 percent of all SES positions), which highlighted agencies' progress and strategies in designing and developing their appraisal systems.

The above efforts included little critiquing of appraisal system quality and few recommendations to agencies for improving their appraisal systems.

Interviews with OPM officials during our current review indicate that the agency's oversight of SES appraisal systems continues to focus on how well agencies have developed and implemented the "mechanics" of SES performance appraisal systems. For example, performance elements and standards are reviewed to determine the existence of critical elements, but not the quality of the elements and standards. Although agencies continue to have problems developing performance elements and standards, OPM has not evaluated their quality.

According to OPM and experts in the performance appraisal field, a rigorous evaluation process is a key ingredient to a high quality performance appraisal system. Ideally, monitoring and evaluation should begin in the pretesting phase and should continue throughout the life of a performance appraisal system. None of the 10 agencies we visited has established formal systems for regularly evaluating and monitoring the quality and effectiveness of their processes. We found that even occasional evaluation and monitoring of quality and effectiveness can identify needed improvements. For example, the Department of Commerce examined both the quality of its SES appraisal system and the linkage between individual and organizational performances. The evaluation recommended several improvements, including a change in the way organizational objectives were defined in SES performance plans.

In our August 1981 report, we stated that SES performance appraisal systems could be improved if OPM required agencies to evaluate their own appraisal systems. We recommended that OPM require agencies to establish and implement, according to OPM guidelines, comprehensive evaluation and monitoring systems for their SES performance appraisal processes. We also recommended that OPM issue minimum standards and requirements that should be included in all evaluation systems implemented by agencies. As part of their oversight, we recommended followup with agencies to ensure that evaluation systems are properly and effectively implemented. At the time of our review, OPM officials told us their policy was to give agencies the option to develop evaluation programs for their appraisal systems, but not to require it. In commenting on our report, OPM stated it has proposed regulations to require agencies to establish evaluation programs but that the regulations were temporarily set aside by a district court decision. OPM also stated it plans to provide guidance and standards for SES performance appraisal evaluation systems and that it will use its on-site evaluations to ensure agencies properly implement these systems.



## CONCLUSIONS

The way agencies implemented and now operate their SES performance appraisal systems limits their effectiveness as tools for improving individual and organizational performance--a major goal of the CSRA. This situation was caused, in part, by the limited time that was available for their development and implementation and the difficulty of getting such systems operating smoothly.

Agencies can improve the quality of performance plans by better defining performance standards and making efforts to ensure the timely preparation of performance plans. In addition, agencies can make greater efforts to ensure that plans are prepared for all executives. Improvements in these areas could enhance appraisal system credibility among senior executives and contribute to the attainment of CSRA's goals. OPM and the agencies can achieve these changes by collaborating on the best ways to monitor and evaluate appraisal system quality and effectiveness.

## RECOMMENDATIONS

We recommend that the Director, OPM, focus his office's guidance and oversight activities on improving agencies' SES performance appraisal systems by

- reviewing agency efforts to improve SES performance appraisal system quality and effectiveness in meeting the act's objectives for permitting accurate evaluations of performance, providing systematic appraisals of performance, encouraging excellence in performance, and providing a basis for making eligibility determinations for retention and performance awards;
- providing agencies with technical guidance and assistance in developing performance standards that more specifically define expected results and that address the CSRA's performance appraisal criteria and improvement goals when they are relevant to the position;
- ensuring that agencies establish performance requirements for all senior executives, including noncareerists;
- determining the problems agencies have in complying with CSRA's requirements for preparing performance plans on or before the beginning of the rating period, and, if necessary, propose legislative changes; and

--requiring that agencies update performance requirements when executives' responsibilities change.

We also reiterate the recommendations from our earlier report to the Director, OPM:

--Require agencies to establish and implement procedures for the comprehensive evaluation and monitoring of their SES performance appraisal systems.

--Provide guidelines to agencies on how to establish and implement effective evaluation procedures.

--Issue minimum standards and requirements for all evaluation systems implemented by agencies.

--Follow up with agencies to ensure proper and effective implementation of evaluation systems.

#### AGENCY COMMENTS

In its written comments on our draft report, OPM agreed that SES performance appraisal systems need refinements to fully meet the objectives of CSRA. OPM stated that it has proposed regulations that "are the cornerstone of OPM's efforts to create a solid and consistent basis for SES performance appraisal systems." The regulations will (1) require agencies to review their entire performance management programs and submit comprehensive and integrated Performance Management Plans to OPM for review and approval; (2) provide the stimulus for agency re-assessment and refinements of their SES performance appraisal systems; (3) require agencies to establish revised written policies for SES performance appraisal; and (4) provide a basis for OPM review and evaluation of agency SES performance appraisal systems. These regulations have been temporarily set aside by a district court decision.

OPM agreed that both OPM and agency SES performance appraisal monitoring and evaluation efforts need to be improved. OPM stated that while its monitoring and evaluation efforts concentrated on compliance with legal requirements when the systems were first implemented, it is working on efforts to monitor and evaluate the quality and effectiveness of agencies' SES performance appraisal systems. OPM stated that

"In recent on-site reviews, appraisal elements and standards were reviewed for consistency with organizational objectives. In future on-site evaluations, more emphasis will be placed on the review of elements

and standards: their specificity, completeness, and utility for accurately measuring performance."

OPM stated it will notify agencies of their noncompliance with SES appraisal requirements noted during on-site evaluations through oral close-out meetings and letters.

OPM agreed that more effort is needed by OPM and agencies to improve elements and standards. OPM stated that it is working on additional guidance for improving performance elements and standards, including a revision to Federal Personnel Manual Guidance and a series of technical guides.

Concerning the need for agencies to establish performance requirements for all senior executives, including noncareerists, OPM stated that in addition to the March 15, 1983, memorandum to the heads of departments and agencies reminding them of this requirement, its proposed regulations and the performance appraisal chapter in a draft Federal Personnel Manual Supplement make it clear that all executives are covered by the performance appraisal requirements. OPM stated it is also reviewing agency reports on performance appraisal ratings to determine whether noncareer executives are being rated and, if not, will followup with the agencies.

OPM stated that during on-site evaluations it has also found that agencies are not complying with the CSRA requirement for preparing performance plans on or before the beginning of the rating period. OPM said it will continue to check on this situation during on-site reviews, discuss with agencies what problems they have in complying with the requirement, and make a determination about whether to recommend a legislative change.

OPM agreed that individual performance plans should be kept current and revised as necessary. OPM said it will (1) be providing guidance in the Federal Personnel Manual encouraging agencies to revise elements and standards when performance expectations, priorities, and deadlines change; and (2) continue monitoring whether performance plans are job related and up-to-date during on-site evaluations.

We also received official oral comments on our draft report from the Departments of Agriculture, Air Force, Commerce, Housing and Urban Development, Interior, and Navy; the National Aeronautics and Space Administration; the National Labor Relations Board; and the Securities and Exchange Commission. All agencies stated that the report fairly represented the operations of the SES performance appraisal process and that the recommendations were reasonable.

AGENCIES/DEPARTMENTS IN THE GOVERNMENTWIDE SAMPLE

Agriculture	Health and Human Services
Commerce	Interior
Defense	Interstate Commerce Commission
Office of the Secretary of Defense	Justice
Air Force	Labor
Army	National Aeronautics and Space Administration
Navy	National Capitol Planning Commission
Education	National Labor Relations Board
Energy	National Science Foundation
Environmental Protection Agency	Nuclear Regulatory Commission
Executive Office of the President	Office of Personnel Management
Federal Mediation and Conciliation Service	Small Business Administration
Federal Trade Commission	State
General Services Administration	Transportation
	Treasury
	Veterans Administration

## U.S. GENERAL ACCOUNTING OFFICE

## Survey of Senior Executive Service

## Performance Appraisal Systems

We sent questionnaires to the 113 senior executives in our governmentwide sample and the 616 senior executives in our 10 agency samples. The questionnaire results for the governmentwide sample is used in our report because the findings can be projected governmentwide. The 10 agencies questionnaire results were provided to agency officials during the exit conferences.

This appendix contains a copy of our questionnaire which includes the response rates of the senior executives in our governmentwide sample. Response rates are percentages of senior executives who responded to the question--i.e., rates are adjusted for missing responses. The number of executives is usually indicated in each question by "n=" followed by the number of executives. For example, n=99, or n=76. Percentages for responses were rounded and, therefore, do not always equal 100.0. It was not appropriate for all executives to answer some questions because of answers to other questions. The questionnaire format in this appendix is altered slightly from the one mailed to the executives in order to provide space for the display of responses.

INTRODUCTION TO QUESTIONNAIRE

The purpose of this questionnaire is to obtain the views of Federal executives concerning performance appraisal in the Senior Executive Service (SES). The questionnaire can be completed in less than 30 minutes. Most of the questions can be answered by simply checking a box.

Your candid and objective responses to this survey are essential in order for us to provide the Congress with an informative report on this subject. All information you provide will be kept confidential. The number on this questionnaire will be used in our followup efforts with individuals who do not return the questionnaire. The number will be separated from your responses before we begin our data analyses to protect the confidentiality of the information you provide.

Many questions in this questionnaire refer to your 1981 SES performance agreement/plan and your 1981 performance appraisal. For the purposes of this questionnaire, this means the agreement/plan and the performance appraisal that were used for the last performance appraisal cycle ending in calendar year 1981.

PERFORMANCE APPRAISALS PRIOR TO SES

1. Prior to the formation of SES, were you employed by your current agency in an SES equivalent position (GS-16, 17, or 18, or Executive Level IV or V)?

Percent responding n=99

1. 89 Yes
2. 11 No (If no, skip to 4.)

2. In your SES equivalent position, did you receive written periodic appraisals of your performance other than a form containing one word appraisal of overall performance?

Percent responding n=88

1. 49 Yes
2. 51 No (If no, skip to 4.)

3. In general, how accurately or inaccurately did the performance appraisals you received in your SES equivalent position reflect the quality of your performance, in your opinion?

Percent responding n=43

1. 21 Very accurately
2. 67 Accurately
3. 12 Neither accurately nor inaccurately
4. 0 Inaccurately
5. 0 Very inaccurately

1981 PERFORMANCE AGREEMENT/PLAN—The agreement/plan used during the last performance cycle ending in calendar year 1981.

4. Did you have a 1981 SES performance agreement/plan?

Percent responding n=99

1. 97 Yes
2. 3 No (If no, skip to 12.)

5. When, in relation to the beginning of the appraisal period, did you and your superior(s) complete the SES performance agreement/plan on which your 1981 performance appraisal was based? (Please answer concerning the original agreement/plan, i.e. disregard any changes that were made after the date agreement was originally reached.)

Percent responding

n=94

1. 51 on or before the beginning of the appraisal period
2. 29 1 to 2 months after the beginning of the appraisal period
3. 7 3 to 4 months after the beginning of the appraisal period
4. 4 5 to 6 months after the beginning of the appraisal period
5. 2 7 to 8 months after the beginning of the appraisal period
6. 6 9 to 12 months after the beginning of the appraisal period
7. 0 Other (Please describe.)

6. In your opinion, when your 1981 SES performance agreement/plan was initially completed, how accurately or inaccurately did it reflect the responsibilities of the position you held at that time?

Percent responding

n=95

1. 40 Very accurately
2. 48 Accurately
3. 12 Neither accurately nor inaccurately
4. 0 Inaccurately
5. 0 Very inaccurately

7. In your opinion, when your 1981 SES performance agreement/plan was initially completed, how accurately or inaccurately did it reflect the objectives of your unit or program at that time?

Percent responding

n=95

1. 41 Very accurately
2. 47 Accurately
3. 8 Neither accurately nor inaccurately
4. 1 Inaccurately
5. 0 Very inaccurately
6. 2 Not applicable—agreement/plan did not refer to unit or program objectives

8. Between the time of the initial completion of your 1981 SES performance agreement/plan and the end of the performance appraisal cycle, did your responsibilities change significantly as a result of reassignment, detail, or other such action?

Percent responding

n=94

1. 20 Yes  
 2. 80 No (If no, skip to 10.)

9. Was your 1981 SES performance agreement/plan changed at all to reflect the changes in your responsibilities?

Percent responding

n=20

1. 45 Yes  
 2. 55 No

10. About what proportion of the performance elements contained in your 1981 SES performance agreement/plan were to have their level of performance determined on the basis of objective indicators rather than on the basis of subjective indicators? (Consider only the final version of the agreement/plan if any changes were made during the cycle.)

Percent responding

n=94

1. 14 All or almost all  
 2. 35 Most  
 3. 20 About half  
 4. 16 Some  
 5. 15 Few, if any



11. Please indicate below whether or not your 1981 SES performance agreement/plan contained any requirements addressing each of the following performance areas?

<u>Percent responding</u>		<u>Did contain requirement(s)</u>	<u>Did not contain requirement(s)</u>
<u>n=</u>			
93	1. Improvements in efficiency, productivity, or the quality of work or service	<u>80</u>	<u>20</u>
90	2. Significant reductions in paperwork	<u>12</u>	<u>88</u>
90	3. Cost efficiency	<u>54</u>	<u>46</u>
92	4. Timeliness of performance	<u>95</u>	<u>5</u>
94	5. Meeting affirmative action goals and achievement of equal employment opportunity requirements	<u>95</u>	<u>5</u>
94	6. Other performance indicators of the effectiveness, productivity, and performance quality of the employees for whom you are responsible	<u>85</u>	<u>15</u>

1981 PERFORMANCE APPRAISAL—The written appraisal you received for the last performance cycle ending in calendar year 1981.

12. Did you receive a written 1981 performance appraisal?

Percent responding

n=98

1. 94 Yes  
2. 6 No (If no, skip to 16.)

13. In your 1981 SES performance appraisal, to what extent, if at all, was your performance judged according to the same standards or criteria set forth in your 1981 SES performance agreement/plan, in your opinion?

Percent responding

n=92

1. 40 Very great extent  
2. 37 Great extent  
3. 10 Moderate extent  
4. 7 Some extent  
5. 5 Little or no extent  
6. 1 Not applicable—did not have a 1981 SES performance agreement/plan

14. In general, how accurately or inaccurately did your 1981 SES performance appraisal reflect the quality of your performance, in your opinion?

Percent responding n=92

1. 29 Very accurately
2. 50 Accurately
3. 9 Neither accurately nor inaccurately
4. 11 Inaccurately
5. 1 Very inaccurately

15. In your opinion, how accurately or inaccurately did your 1981 performance appraisal reflect the performance of your unit or program?

Percent responding n=91

1. 30 Very accurately
2. 41 Accurately
3. 17 Neither accurately nor inaccurately
4. 8 Inaccurately
5. 1 Very inaccurately
6. 4 Not applicable—appraisal did not refer to unit or program performance

CURRENT SES PERFORMANCE AGREEMENT/PLAN

16. Do you have an SES performance agreement/plan in effect at the present time?

Percent responding n=97

1. 93 Yes
2. 7 No (If no, skip to 24.)

17. When, in relation to the beginning of the appraisal period, did you and your superior complete your current SES performance agreement/plan? (Please answer concerning the original agreement/plan, i.e. disregard any changes that were made after the date agreement was originally reached.)

Percent responding n=91

1. 48 On or before the beginning of the appraisal period
2. 31 1 to 2 months after the beginning of the appraisal period
3. 6 3 to 4 months after the beginning of the appraisal period
4. 9 5 to 6 months after the beginning of the appraisal period
5. 3 7 to 8 months after the beginning of the appraisal period
6. 1 9 to 12 months after the beginning of the appraisal period
7. 2 Other (Please describe.)

18. In your opinion, when your current SES performance agreement/plan was initially completed how accurately or inaccurately did it reflect the responsibilities of the position you held at that time?

Percent responding

n=92

1. 34 Very accurately
2. 57 Accurately
3. 10 Neither accurately nor inaccurately
4. 0 Inaccurately
5. 0 Very inaccurately

19. In your opinion, when your current SES performance agreement/plan was initially completed how accurately or inaccurately did it reflect the objectives of your unit or program at that time?

Percent responding

n=91

1. 29 Very accurately
2. 56 Accurately
3. 13 Neither accurately nor inaccurately
4. 0 Inaccurately
5. 0 Very inaccurately
6. 2 Not applicable—agreement/plan did not refer to unit or program performance

20. Since the initial completion of your current performance agreement/plan, did your responsibilities change significantly as a result of reassignment, detail, or other such actions?

Percent responding

n=91

1. 24 Yes
2. 76 No (If no, skip to 22.)

21. Was your current performance agreement/plan modified at all to reflect the changes in your responsibilities?

Percent responding

n=23

1. 48 Yes
2. 52 No

22. About what proportion of the performance elements contained in your current SES performance agreement/plan are to have their level of performance determined on the basis of objective indicators rather than on the basis of subjective indicators? (Consider only the present version of the agreement/plan if changes have been made to it during the cycle.)

Percent responding

n=91

1. 15 All or almost all
2. 32 Most
3. 22 About half
4. 21 Some
5. 10 Few, if any

23. Does the present version of your performance agreement/plan contain any requirements that your unit or program's efficiency, productivity, or quality of work improve?

Percent responding

n=92

1. 66 Yes
2. 34 No

TIME SPENT ON YOUR PLANS/APPRAISALS

24. As you know, a part of the SES performance appraisal process is the preparation of a performance agreement/plan which establishes the job elements and standards on which the performance appraisal is to be based. Prior to the inception of SES, as an SES equivalent, did you meet with your supervisor(s) at the beginning of the appraisal period to prepare a written plan for the performance that you were to carry out during the appraisal period?

Percent responding

n=96

1. 25 Yes
2. 75 No (If no, skip to 26.)

25. Prior to the inception of SES, as an SES equivalent about how much time did you spend in a typical appraisal cycle in preparing for and participating in such meetings? In estimating the amount of time spent in preparing for the meetings, please include any time you spent in necessary discussions with your subordinates.

Percent responding

n=26

8 0 days  
73 1 day or less  
12 1 to 2 days  
8 2 to 5 days  
0 More than 5 days

26. Prior to the inception of SES, about how much time, if any, did you spend in a typical appraisal cycle in (1) preparing necessary documentation of your performance and (2) formally discussing your appraisal with your superior(s)? In estimating the amount of time spent in documentation of performance, please include any time you spent in necessary discussions of performance or documentation with your subordinates.

n=98

Part 1  
 Time in documenting  
your performance

Part 2  
 Time of formal discussion  
with your superior

Percent responding

Percent responding

42 0 days  
49 1 day or less  
5 1 to 2 days  
3 2 to 5 days  
1 More than 5 days

22 0 days  
76 1 day or less  
1 1 to 2 days  
1 2 to 5 days  
0 More than 5 days

27. About how much time did you spend in (1) preparing the SES agreement/plan on which your 1981 performance appraisal was based, (2) preparing any necessary documentation on your performance, and (3) formally discussing your agreement/plan and appraisal with your superior(s)? In estimating the amount of time spent in preparing the agreement/plan and documentation of performance, please include any time you spent in necessary discussions of the plan or documentation with your subordinates. If you did not have a 1981 agreement/plan or appraisal enter 0 in the appropriate space.

n=94	n=91	n=91
Part 1. Preparing your 1981 <u>agreement plan</u>	Part 2. Documenting your <u>performance</u>	Part 3. Holding formal discussion <u>with your superiors</u>
<u>Percent responding</u>	<u>Percent responding</u>	<u>Percent responding</u>
<u>4</u> 0 days	<u>9</u> 0 days	<u>13</u> 0 days
<u>68</u> 1 day or less	<u>67</u> 1 day or less	<u>87</u> 1 day or less
<u>16</u> 1 to 2 days	<u>12</u> 1 to 2 days	<u>0</u> 1 to 2 days
<u>11</u> 2 to 5 days	<u>9</u> 2 to 5 days	<u>0</u> 2 to 5 days
<u>1</u> More than 5 days	<u>3</u> More than 5 days	<u>0</u> More than 5 days

SES APPRAISAL RESPONSIBILITIES

28. In your current position do you formally appraise the performance of any other SES executives?

<u>Percent responding</u>	n=99
1. <u>29</u> Yes	
2. <u>71</u> No (If no, skip to 30.)	

29. About how much time do you typically spend in: (1) preparing and/or re-viewing the performance agreement/plan of each SES executive whose performance you appraise, (2) preparing the appraisal, and (3) formally discussing the plan and appraisal with the SES executive?

n=29

<u>Part 1.</u> <u>Preparing/reviewing plan</u>	<u>Part 2.</u> <u>Preparing appraisal</u>	<u>Part 3.</u> <u>Formally discussing appraisal</u>
<u>Percent responding</u>	<u>Percent responding</u>	<u>Percent responding</u>
<u>3</u> 0 days	<u>7</u> 0 days	<u>7</u> 0 days
<u>83</u> 1 day or less	<u>90</u> 1 day or less	<u>93</u> 1 day or less
<u>10</u> 1 to 2 days	<u>3</u> 1 to 2 days	<u>0</u> 1 to 2 days
<u>3</u> 2 to 5 days	<u>0</u> 2 to 5 days	<u>0</u> 2 to 5 days
<u>0</u> More than 5 days	<u>0</u> More than 5 days	<u>0</u> More than 5 days

30. Prior to the inception of SES, did you formally appraise the performance of any SES equivalent personnel?

Percent responding

n=97

1. 27 Yes
2. 73 No (If no, skip to 32.)

31. Prior to the inception of SES, about how much time, if any, did you typically spend in: (1) preparing and/or reviewing a written plan for the expected performance of each SES equivalent executive whose performance you were to appraise, (2) preparing the executive's appraisal, and (3) formally discussing the plan and performance with the SES executive?

n=27

<u>Part 1.</u> <u>Plan preparation/review</u>	<u>Part 2.</u> <u>Appraisal preparation</u>	<u>Part 3.</u> <u>Formal discussion with executive</u>
<u>Percent responding</u>	<u>Percent responding</u>	<u>Percent responding</u>
<u>41</u> 0 days	<u>30</u> 0 days	<u>26</u> 0 days
<u>56</u> 1 day or less	<u>70</u> 1 day or less	<u>74</u> 1 day or less
<u>0</u> 1 to 2 days	<u>0</u> 1 to 2 days	<u>0</u> 1 to 2 days
<u>4</u> 2 to 5 days	<u>0</u> 2 to 5 days	<u>0</u> 2 to 5 days
<u>0</u> More than 5 days	<u>0</u> More than 5 days	<u>0</u> More than 5 days

AGENCY PERFORMANCE APPRAISAL SYSTEM

32. How much of a positive or negative effect, if any, do you believe that your agency's SES performance appraisal system has on your job performance, your subordinates' job performance, and the overall performance of your unit or program?

Percent responding

<u>n=</u>		<u>Substantial positive effect</u>	<u>Some positive effect</u>	<u>Little or no effect</u>	<u>Some negative effect</u>	<u>Substantial negative effect</u>
99	1. My job performance	<u>8</u>	<u>23</u>	<u>52</u>	<u>16</u>	<u>1</u>
42	2. The job performance of my SES subordinates	<u>12</u>	<u>31</u>	<u>43</u>	<u>14</u>	<u>0</u>
90	3. The job performance of my non-SES subordinates	<u>4</u>	<u>31</u>	<u>52</u>	<u>8</u>	<u>4</u>
96	4. The overall performance of my unit or program	<u>8</u>	<u>28</u>	<u>52</u>	<u>10</u>	<u>1</u>

33. In your opinion, to what extent, if at all, are the results of SES performance appraisals used in making decisions concerning each of the personnel matters listed below in your agency?

Percent responding

<u>n=</u>		<u>Very great extent</u>	<u>Great extent</u>	<u>Moderate extent</u>	<u>Some extent</u>	<u>Little or no extent</u>
97	1. Training and development activities	<u>2</u>	<u>8</u>	<u>10</u>	<u>28</u>	<u>52</u>
96	2. Reassignments	<u>1</u>	<u>8</u>	<u>18</u>	<u>16</u>	<u>57</u>
94	3. Downgrades in responsibilities	<u>1</u>	<u>11</u>	<u>7</u>	<u>27</u>	<u>54</u>
95	4. Pay adjustments	<u>13</u>	<u>11</u>	<u>13</u>	<u>18</u>	<u>46</u>
96	5. Bonuses	<u>28</u>	<u>18</u>	<u>10</u>	<u>19</u>	<u>25</u>
96	6. Support for professional travel and meetings	<u>1</u>	<u>7</u>	<u>4</u>	<u>9</u>	<u>78</u>
93	7. Separations/terminations	<u>5</u>	<u>9</u>	<u>4</u>	<u>17</u>	<u>65</u>
89	8. Sabbaticals	<u>0</u>	<u>6</u>	<u>3</u>	<u>10</u>	<u>81</u>



34. To date, how effective or ineffective, if at all, has the SES performance appraisal system in your agency been in achieving each of the objectives listed below?

		<u>Percent responding</u>				
<u>n=</u>		<u>Very effective</u>	<u>Effective</u>	<u>Neither effective nor ineffective</u>	<u>Ineffective</u>	<u>Very ineffective</u>
99	1. Permitting an accurate appraisal of my performance	<u>13</u>	<u>39</u>	<u>28</u>	<u>11</u>	<u>8</u>
99	2. Ensuring that appraisal is based on criteria related to my position	<u>16</u>	<u>43</u>	<u>26</u>	<u>7</u>	<u>7</u>
99	3. Specifying the critical elements of my position	<u>22</u>	<u>48</u>	<u>15</u>	<u>6</u>	<u>9</u>
99	4. Providing for a systematic appraisal of my performance	<u>17</u>	<u>41</u>	<u>26</u>	<u>8</u>	<u>7</u>
98	5. Encouraging excellence in my performance	<u>12</u>	<u>22</u>	<u>35</u>	<u>18</u>	<u>12</u>
99	6. Providing an accurate basis for determining my eligibility for performance awards	<u>13</u>	<u>25</u>	<u>30</u>	<u>17</u>	<u>14</u>

35. Now compare your agency's SES performance appraisal system with its previous system. Would you say that the SES performance appraisal system in your agency is more effective than, less effective than, or about as effective as the previous performance appraisal system used for SES equivalent personnel in your agency in achieving each of the objectives listed below?

		<u>Percent responding</u>				
<u>n=</u>		<u>Much more effective</u>	<u>Somewhat more effective</u>	<u>About as effective</u>	<u>Somewhat less effective</u>	<u>Much less effective</u>
96	1. Permitting an accurate appraisal of my performance	<u>19</u>	<u>24</u>	<u>44</u>	<u>8</u>	<u>5</u>
96	2. Ensuring that appraisal is based on criteria related to my position	<u>23</u>	<u>22</u>	<u>42</u>	<u>10</u>	<u>3</u>
96	3. Specifying the major/significant responsibilities of my position	<u>22</u>	<u>34</u>	<u>33</u>	<u>7</u>	<u>3</u>
94	4. Providing for a systematic appraisal of my performance	<u>19</u>	<u>34</u>	<u>36</u>	<u>7</u>	<u>3</u>
96	5. Encouraging excellence in my performance	<u>10</u>	<u>19</u>	<u>47</u>	<u>17</u>	<u>7</u>
96	6. Providing an accurate basis for determining my eligibility for monetary awards	<u>17</u>	<u>23</u>	<u>38</u>	<u>13</u>	<u>10</u>

36. Overall, has the SES performance appraisal system in your agency improved, worsened, or had no impact on the communication you have with your superiors and your subordinates, in your opinion?

		<u>Percent responding</u>				
<u>n=</u>	<u>Communication with:</u>	<u>Greatly improved</u>	<u>Somewhat improved</u>	<u>Neither improved nor worsened</u>	<u>Somewhat worsened</u>	<u>Greatly worsened</u>
97	1. Superiors	<u>2</u>	<u>32</u>	<u>57</u>	<u>9</u>	<u>0</u>
48	2. SES subordinates	<u>10</u>	<u>29</u>	<u>60</u>	<u>0</u>	<u>0</u>
92	3. Non-SES subordinates	<u>1</u>	<u>24</u>	<u>68</u>	<u>7</u>	<u>0</u>

37. Would you say that the SES performance appraisal system in your agency has been more, less, or equally cost-effective as the previous system for appraising the performance of SES equivalent personnel?

Percent responding

n=95

- 1. 4 SES is much more cost-effective
- 2. 16 SES is more cost-effective
- 3. 23 Both are about equally cost-effective
- 4. 34 SES is less cost-effective
- 5. 23 SES is much less cost-effective

38. Overall, do you believe that the SES performance appraisal system in your agency is worth its cost?

Percent responding

n=97

- 1. 11 Definitely yes
- 2. 21 Probably yes
- 3. 9 Undecided
- 4. 32 Probably no
- 5. 27 Definitely no

39. Overall, do you believe that your agency's previous performance appraisal system for SES equivalents was worth its cost?

Percent responding

n=94

- 1. 7 Definitely yes
- 2. 46 Probably yes
- 3. 27 Undecided
- 4. 15 Probably no
- 5. 5 Definitely no

BACKGROUND

40. Which, if any, of the functional areas listed below best describes that of the SES position that you held at the time of performance appraisals for the last appraisal cycle ending in calendar year 1981?

Percent responding

n=94

- |     |            |                                 |
|-----|------------|---------------------------------|
| 1.  | <u>  4</u> | Accounting/budget/finance       |
| 2.  | <u> 14</u> | Administration                  |
| 3.  | <u>  2</u> | ADP/EDP                         |
| 4.  | <u>  1</u> | Auditing                        |
| 5.  | <u>  2</u> | Congressional/public relations  |
| 6.  | <u>  0</u> | Grants management               |
| 7.  | <u>  9</u> | Law                             |
| 8.  | <u>  4</u> | Personnel                       |
| 9.  | <u>  0</u> | Procurement                     |
| 10. | <u>  5</u> | Nontechnical program management |
| 11. | <u> 37</u> | Technical program management    |
| 12. | <u> 12</u> | Research/engineering            |
| 13. | <u> 10</u> | Other (please specify)          |

41. How many times, if ever, has your performance as a member of SES in your current agency been appraised?

Percent responding

n=97

- |    |            |                       |
|----|------------|-----------------------|
| 1. | <u>  0</u> | None                  |
| 2. | <u> 12</u> | Once                  |
| 3. | <u> 51</u> | Twice                 |
| 4. | <u> 30</u> | Three times           |
| 5. | <u>  7</u> | More than three times |

OTHER ISSUES AND COMMENTS

42. To date how effective or ineffective, if at all, has the SES bonus system in your agency been in assuring that the best performers receive the greatest rewards?

Percent responding

n=93

- |    |            |                                   |
|----|------------|-----------------------------------|
| 1. | <u>  4</u> | Very effective                    |
| 2. | <u> 31</u> | Effective                         |
| 3. | <u> 11</u> | Neither effective nor ineffective |
| 4. | <u> 28</u> | Ineffective                       |
| 5. | <u> 26</u> | Very ineffective                  |

43. In general, how satisfied or dissatisfied are you with each of the aspects of the SES performance appraisal system listed below.

		<u>Percent responding</u>					
<u>n=</u>		<u>Very satisfied</u>	<u>Generally satisfied</u>	<u>Neither satisfied nor dissatisfied</u>	<u>Generally dissatisfied</u>	<u>Very dissatisfied</u>	<u>No basis to judge</u>
97	1. The amount of training and information I have received about it	<u>18</u>	<u>58</u>	<u>13</u>	<u>5</u>	<u>4</u>	<u>2</u>
96	2. The guidance/assistance provided to my agency by OPM concerning it	<u>6</u>	<u>39</u>	<u>24</u>	<u>8</u>	<u>6</u>	<u>17</u>
96	3. My agency's policies and procedures for it	<u>10</u>	<u>43</u>	<u>17</u>	<u>20</u>	<u>9</u>	<u>1</u>
95	4. The legislative requirements concerning it	<u>3</u>	<u>23</u>	<u>19</u>	<u>23</u>	<u>21</u>	<u>11</u>
18	5. Other (please specify)	<u>0</u>	<u>0</u>	<u>11</u>	<u>6</u>	<u>78</u>	<u>6</u>

44. Overall, how would you rate the adequacy of the system(s) or procedures used by your agency to set program objectives and to measure the accomplishment of program objectives?

		<u>Percent responding</u>				
<u>n=</u>		<u>Much more than adequate</u>	<u>Somewhat more than adequate</u>	<u>Adequate</u>	<u>Somewhat less than adequate</u>	<u>Much less than adequate</u>
93	1. Setting of program objectives	<u>15</u>	<u>27</u>	<u>33</u>	<u>19</u>	<u>5</u>
93	2. Measuring the accomplishment of program objectives	<u>16</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>7</u>

45. Please enter below any additional comments you may have on your SES performance appraisals, your agency's SES performance appraisal system, and any changes you would like to see to the SES performance appraisal system. Attach additional sheets if needed.

Percent

n=99

54 Responded  
47 No response

46. We are also interested in any comments you may have regarding the overall SES program. Please enter in the space below any comments you may have on effects that SES has had. Cite specific examples, if possible. Attach additional sheets if needed.

Percent

n=99

60 Responded  
40 No response



United States  
**Office of  
Personnel Management**

Washington, D.C 20415

In Reply Refer To

Your Reference

FEB 6 1984

Honorable Charles W. Bowsher  
Comptroller General of the United States  
United States General Accounting Office  
Washington, DC 20548

Dear Mr. Bowsher:

We have reviewed the draft GAO report "An Assessment of SES Performance Appraisal Systems" (GAO/GGD-84-16). We agree with the conclusion of the report that, for the most part, agencies have met the mandate to implement SES performance appraisal systems. We also agree with the report's conclusion that SES performance appraisal systems need refinements to fully meet the objectives of the Civil Service Reform Act. We have been and will continue to work on the needed refinements. This GAO report will assist our efforts to identify and correct problems in the continuing implementation of SES performance appraisal systems. As noted by the report, establishment of effective performance appraisal systems takes time, with private industry reporting that several years of experience are sometimes necessary before systems are fully refined.

OPM has been working with other agencies, employee representatives, and Congress for over one year to develop a comprehensive set of performance appraisal regulations for the SES. These regulations (5 CFR 431) were published on October 25, 1983, but were temporarily set aside by a district court decision on December 30, 1983. The regulations are the cornerstone of OPM's efforts to create a solid and consistent basis for SES performance appraisal systems. When finally effective, the regulations will require agencies to review their entire performance management programs and submit comprehensive and integrated Performance Management Plans to OPM for review and approval. These regulations will provide the stimulus for agency reassessment and refinements of their SES performance appraisal systems, will require agencies to establish revised written policies for SES performance appraisal, and will provide a basis for OPM review and evaluation of agency SES performance appraisal systems.

GAO Note: Page references have been changed to correspond with the final report.

The GAO report (Digest and page 20) recommends that OPM require agencies to establish and implement formal evaluation systems to monitor and assess the effectiveness of agency SES performance appraisal processes. One of the regulations which OPM has proposed (5 CFR 431.205) provides that agencies "must establish methods and procedures to evaluate periodically the effectiveness of their appraisal system(s) and to improve the systems(s)". Thus, a recommendation previously expressed by GAO concerning the evaluation of SES performance appraisal systems (FPCD-81-55, August 3, 1981) has been addressed in a very positive manner by OPM.

GAO's previous report and this draft report (page 20) also call upon OPM to follow up with agencies to ensure proper and effective implementation of evaluation systems. While OPM has not required agency evaluations of SES appraisal systems to date, OPM has proposed a regulation which would do so and OPM has encouraged the development and improvement of agency evaluation programs. One of the ways that OPM has done this is through OPM on-site evaluations of SES appraisal systems. Since 1979, OPM has conducted over 100 on-site SES evaluations in agencies. The evaluations included SES performance appraisal. Agency SES appraisal systems have been evaluated for:

- compliance with legal requirements for appraisal of SES employees, including CSRA criteria for SES performance appraisals.
- the effectiveness of agency evaluation programs of SES performance appraisal.
- training conducted by agencies in support of SES performance appraisal.
- assessment of agency testing and validation of their SES performance appraisal systems.
- consistency of SES appraisal system goals and procedures with appraisal systems for merit pay and other non-SES employees.
- problems in implementing SES performance appraisal systems.

In recent on-site reviews, appraisal elements and standards were reviewed for consistency with organizational objectives. In future on-site evaluations, more emphasis will be placed on the review of elements and standards: their specificity, completeness, and utility for accurately measuring performance. Agencies have been notified by letter when on-site evaluations revealed that agencies were not complying with SES appraisal requirements. In addition, extensive close-out oral reports have been provided to agency personnel directors and high-level managers, often including agency heads. These oral close-out meetings have often resulted in specific commitments by agency officials to make improvements and changes to correct identified problems and deficiencies. Thus, in our opinion, the statement on page 17 of the report that OPM evaluation "efforts have included little critiquing of appraisal system quality and few recommendations to agencies for improving their appraisal systems" should be reconsidered.



In another OPM evaluation effort, case studies on CSRA implementation were conducted at four government agencies over a 5-year period. The case studies and on-site evaluations have identified problems in implementation of SES performance appraisal requirements and clearly show the need for the proposed OPM regulations and implementation guidance on SES performance appraisal. Copies of the draft case study reports have been provided to the four agencies.

Thus, it can be seen that while OPM concentrated on compliance with legal requirements when the systems were first implemented, we are already working on efforts to monitor and evaluate the quality and effectiveness of agencies' SES performance appraisal systems. We agree that an expanded evaluation and compliance effort is needed and intend to improve the OPM evaluation program for all performance appraisal systems. We plan to spend more time looking at the quality and effectiveness of the systems, and will be revising our on-site evaluation agenda accordingly.

The GAO report also repeats a 1981 recommendation that OPM issue minimum standards and requirements for all evaluation systems implemented by agencies and provide guidelines to agencies on how to establish and implement effective evaluation procedures. We agree that this needs to be done and plan to provide appropriate guidance and standards for SES performance appraisal evaluations. Our on-site evaluations are the appropriate means to follow up with agencies in order to ensure proper implementation of evaluation systems.

A specific recommendation of the GAO report states that OPM should provide agencies with technical guidance and assistance in developing performance standards that more specifically define expected results and that address the CSRA's performance appraisal criteria. Besides on-site evaluation help, OPM issued a "Performance Standards Handbook" in 1981 that contained general advice on developing performance elements and standards as well as examples of agency-developed elements and standards. OPM is working on additional guidance on improving performance elements and standards, including a revision of FPM guidance issued on August 2, 1982 on "Achieving Organizational Management Through Performance Appraisal" which included a sample performance standard for management.

OPM is also developing a series of technical guides on performance management which will include guidance on developing and evaluating elements and standards, guidance on core or generic elements and standards, and a revision and update of a useful "Diagnostic Guide for Improving the Quality of Performance Elements and Standards." The Diagnostic Guide was initially developed by the Interagency Group Committee on Performance Appraisal. OPM has also conducted numerous interagency training courses for supervisors and managers on how to prepare good performance elements and standards. We agree that more effort by OPM and agencies is needed to improve elements and standards.

Another recommendation states that OPM should require that agencies establish performance requirements for all senior executives, including non-careerists. This, of course, is required by law. As specifically stated in the report (page 11), the Director of OPM, on March 15, 1983, issued a memorandum to the heads of departments and agencies reminding them of the need to establish performance elements and standards for non-career SES employees. In addition, the proposed regulations in 5 CFR 431 (Section 431.202(a)) and the performance appraisal chapter in draft FPM Supplement 920-1 make it clear that all executives are covered by the performance appraisal requirements. OPM is also reviewing agency reports on performance appraisal ratings to determine whether non-career executives are being rated and if not, conducting a follow-up with agencies.

A third recommendation states that OPM should determine the problems agencies have in complying with the CSRA requirement for preparing performance plans on or before the beginning of the rating period, and, if necessary, propose legislative changes. When we have found noncompliance with this requirement during our on-site evaluations, we have discussed the problem with agency officials and, when necessary, have followed up with letters to the agencies. OPM will continue to check during on-site reviews as to when individual performance plans are being prepared and will be discussing with agencies what problems they may be having in complying with the current requirement in law. OPM will then make a determination about whether to recommend a legislative change.

Finally, it is recommended that OPM require agencies to update performance requirements when executives' responsibilities change. We agree that individual performance plans should be kept current and must be revised as necessary at the beginning of new appraisal periods. We will be providing guidance in FPM Supplement 920-1 strongly encouraging agencies to revise elements and standards, after consultation with senior executives involved, when performance expectations, priorities, and deadlines change. We will also continue to monitor whether individual performance plans are job-related and up-to-date during our on-site evaluations.

Additional comments on specific statements or passages of the GAO report include:

Page 6 contains the phrase "Section 4313 of the act" which should be changed to Section 4313 of title 5.

Page 6 states that "Performance Plans should address CSRA appraisal criteria," such as cost efficiency, and notes that most of the CSRA criteria were not addressed by most plans. We suggest that the recommendations be revised to state that the plans should address the criteria where they are relevant to the position, so that the individual is not appraised on an element that is not significant for his or her job. It should also be recognized that some of the criteria may be subsumed in the performance plan under other criteria (e.g., "reduction in paperwork" under "improvements in efficiency") and thus may not be specifically stated, although they are in fact covered.

On page 12 the first paragraph states that individual performance plans had not been revised or updated for 55 percent of executives whose responsibilities had changed during the rating period. This could be misleading without also noting that only 20 percent of executives stated that their responsibilities had changed. Therefore, almost 90 percent of performance plans were either appropriately written or, indeed, did incorporate changes in responsibilities.

On page 12, the report states that PRB members claimed that performance management data were not used in the appraisal and award processes, and that "award decisions were based on such factors as job difficulty, the importance of the position, the organizational level of the positions, or the PRB member's personal knowledge of the performance." We believe the report should be revised to state that performance data "were not used exclusively in the appraisal and award process." Other factors can appropriately be used in conjunction with performance to determine further differences among the best performers. Many awards go to individuals with the top performance ratings in the agency, but because of previous Congressional restrictions on the number of awards that can be given, it has not always been possible to give everyone with a top rating an award.

Similarly, on page 13, the report states that most executives doubt that performance appraisals are used in making decisions on training and development, reassignments, downgrades and separations/terminations. Although performance appraisals are one basis for making these determinations, in some instances it may be proper to make these determinations on other bases. For example, reassignments may be based on changing agency priorities or needs. It also should be noted that the proposed OPM regulations on SES performance appraisal provide that "final performance ratings shall provide a basis for decisions to remove senior executives from the SES" and "may provide a basis for decisions to reassign or transfer senior executives within the SES, grant performance awards to career senior executives, and grant performance-related ES pay rate adjustments."

On page 13, the first paragraph states that at least 57 percent of the executives believed the agency's performance appraisal system "had not improved communication with superiors or subordinates." Question 36, however, which is the source of this finding, shows that 34 percent thought the system improved communications with superiors while only 9 percent thought it worsened communications (57 percent thought it neither improved nor worsened communications). Similarly, 39 percent thought it improved communications with SES subordinates, while none thought it worsened communications (60 percent thought it neither improved or worsened communications). We find these results positive, rather than negative, in view of the much greater number who thought communication improved rather than worsened. It also may well be that communication was already good in some of the agencies in which executives thought that it neither improved nor worsened.

On page 16, the first paragraph states "Problems exist in SES appraisal systems because of their hasty implementation and because agencies and OPM have not fulfilled their responsibilities for ensuring effective SES appraisal systems." However, faced with a tight implementation deadline, we necessarily focused our attention on compliance with legal and regulatory requirements and were less able to emphasize system quality. But now that the systems are fully in place, we are emphasizing system quality, as evidenced by our proposed regulations and guidance materials. These regulations in particular require agencies to submit to OPM for review and approval Performance Management Plans which outline an agency's SES appraisal system and its integration with other appraisal and management systems. OPM will be evaluating these plans for all agencies throughout government. Therefore, we believe the sentence quoted from the report should be revised to take into account the fact that the "hasty implementation" was required by law and that the current problems are largely the result of the inherent difficulties in establishing new performance appraisal systems, as discussed on page 17 of the report.

In general, in viewing the questionnaire results, we believe that executive dissatisfaction with Congressional restrictions on bonus awards from July 1980 to September 1983 may have unduly influenced responses. Our surveys and case studies have noted this problem. Although it is not possible to indicate numerically the extent to which this occurred, we believe some mention should be made of the possibility (particularly on questions such as whether the appraisal system has been effective in encouraging excellence in performance, since a major purpose of the bonus system was to encourage and reward such excellence).

In summary, we believe this report should give more recognition to the achievements of performance appraisal systems and the difficulties they have faced. Page one of the report notes that prior to the CSRA "there was no government-wide executive performance management system which provided a system of setting performance goals and objectives, gauging performance against them, and taking positive steps to reinforce excellent performance through rewards and to stimulate improvement in or eliminate mediocre performance." Systems are now in place that strive to achieve these goals. OPM case studies and other surveys have shown that many executives believe the new appraisal systems have improved communication with their supervisors about work expectations and responsibilities. The appraisal systems have also given executives guidelines for day-to-day performance of their work. Progress can be seen by examination of the executives' responses to the questionnaire in Appendix II of the report. For example, 97 percent of the executives responding stated that they had individual performance plans for 1981. Over 85 percent stated that the plans accurately reflected the responsibilities of their position and objectives of the unit or program

at the time they were completed. Over 70 percent also stated that the resulting appraisals accurately reflected the quality of their performance and the performance of the executive's unit or program.

In closing, we thank you for the opportunity to comment on this draft report. We believe that this GAO evaluation and report will be useful and can help OPM and agencies to improve SES performance appraisal systems.

Sincerely,

A handwritten signature in black ink, appearing to read 'Donald J. Devine', with a long horizontal flourish extending to the right.

Donald J. Devine  
Director





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