

United States General Accounting Office

GAO

Report to the Ranking Minority Member,
Subcommittee on Federal Services, Post
Office, and Civil Service, Committee on
Governmental Affairs, U.S. Senate

January 1989

POOR PERFORMERS

How They Are Identified and Dealt With in the Social Security Administration





United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-209522

January 27, 1989

The Honorable Ted Stevens
Ranking Minority Member, Subcommittee on
Federal Services, Post Office, and Civil Service
Committee on Governmental Affairs
United States Senate

Dear Senator Stevens:

In response to your request, this report discusses how the Social Security Administration (SSA) identifies and deals with employees whose job performance has been judged as less than fully satisfactory (i.e., poor performers). The report also suggests ways in which SSA could improve the management of its processes for handling such individuals.

Copies of this report, which was prepared under the direction of Bernard L. Ungar, Associate Director, are being sent to the Secretary, Department of Health and Human Services; the Commissioner of SSA; and the Director, Office of Personnel Management. Other major contributors to the report are listed in appendix III.

Sincerely yours,

A handwritten signature in cursive script that reads "Richard L. Fogel".

Richard L. Fogel
Assistant Comptroller General

they would be reluctant to initiate performance actions against unsatisfactory performers in the future.

Principal Findings

Poor Performance Often Improved

The results of GAO's work showed that in most cases, the SSA system was used effectively when supervisors identified poor performers. GAO's review of the files on 321 of the 373 employees identified as poor performers in fiscal year 1986 at the locations it visited showed that 54 percent subsequently improved their performance to fully satisfactory. Of the 46 percent who did not, 17 percent resigned, retired, or requested reassignment or demotion; 4 percent had performance actions such as demotions or removals proposed against them; and 25 percent were still considered to be poor performers when GAO completed its file review in July 1987.

Poor Performance Not Always Identified or Dealt With

GAO's review showed that supervisors were not always able to identify poor performance nor were they always using SSA's performance management system. At least one-third of SSA supervisors responding to a GAO questionnaire indicated that they had difficulty using existing performance standards. It was unclear whether the problems involved the quality of the standards or supervisors' knowledge of how to use them. Also, more than one-fourth of the supervisors said they were reluctant to initiate performance actions against employees they considered to be unsatisfactory performers because they felt they did not have sufficient authority or adequate management support.

No Monitoring of Activities Involving Poor Performers

Because SSA does not monitor its system for identifying and dealing with poor performers, information is not available that would assist SSA management in assessing the nature and extent of any problems supervisors were experiencing. If such information did exist, problems such as those discussed in this report could be more readily identified.

Action Limited for Minimally Satisfactory Performers

According to Office of Personnel Management (OPM) regulations, an agency's performance appraisal system must have five summary rating levels, including a level between fully successful and unacceptable. SSA defines this level as "minimally satisfactory."

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Abbreviations

HHS	Department of Health and Human Services
OCRO	Office of Central Records Operations
ODO	Office of Disability Operations
OPM	Office of Personnel Management
PIP	Performance Improvement Plan
PSC	Program Service Center
SSA	Social Security Administration

An employee's job tasks are divided into critical and non-critical tasks. A critical task is defined as a major job task that is of sufficient importance that performance below the established standard for fully satisfactory performance requires corrective action and may be the basis for removing the employee or reducing his or her grade level. A non-critical task is defined as a job task that is important enough to require measurement, but is not a key element of the employee's job.

SSA's procedures require that, to the extent possible, each performance standard be stated in objective, explicit, and measurable terms so that all parties, including the appraising official and employee, understand the standard's meaning and how it will be interpreted and applied.

Performance Monitoring

The performance plan is intended to serve as an aid to the supervisor in carrying out the necessary day-to-day activities pertaining to the management of the employee's performance. The process of monitoring employee performance consists of identifying and compiling information on how an employee's performance compares to the standards contained in the performance plan.

At any time during the appraisal period, a supervisor can compare an employee's performance against performance standards. If the employee's performance is less than fully satisfactory, the supervisor is required to give the employee feedback on his or her performance and arrange for training or technical assistance that will aid the employee in improving performance to the fully satisfactory level.

Performance Appraisal

At the end of the appraisal period, the supervisor determines the level of achievement on each individual job task by comparing the actual performance against the standard for fully satisfactory performance. These achievement levels are used as the basis for making a summary assessment of the employee's performance for the appraisal period at one of the following five levels:

- Outstanding: The employee substantially exceeded the standard for all critical job tasks and the standard for virtually all noncritical job tasks.
- Excellent: The employee exceeded the standard for all critical job tasks and the standard for virtually all noncritical job tasks or substantially exceeded the standard for all critical job tasks and fully met the standard for a substantial number of noncritical job tasks.

paid only to employees whose performance is fully satisfactory or higher. According to SSA's Human Resources Management Information System, in fiscal year 1986, there were 1,020 instances in which SSA employees were denied a within-grade salary increase and/or received a less than fully satisfactory appraisal.

Objective, Scope, and Methodology

Because the issue of dealing with poor performers is sensitive and complex, and available information on government-wide practices was limited, we concentrated our efforts on a single agency. We selected SSA because it had readily available records on employees identified as poor performers and it had a large concentration of employees in the same location. Our objective was to determine how SSA was identifying and dealing with its poor performers. For the purpose of this review, we considered poor performance to be performance at either the minimally satisfactory or unsatisfactory level.

We visited the Office of Personnel Management (OPM) and obtained OPM's guidance and regulations for dealing with poor performers. We did work in all of the major organizational components that were located at SSA's headquarters in Baltimore, Maryland; the Mid-Atlantic Program Service Center (PSC) in Philadelphia, Pennsylvania; and the Southeastern PSC in Birmingham, Alabama. The components we reviewed had about 19,200 employees, or 27.4 percent of SSA's total workforce. We found that most of the identified poor performers in the Baltimore area were located in two of its offices—the Office of Disability Operations (ODO) and the Office of Central Records Operations (OCRO). To facilitate our reporting, these offices are referred to specifically in our report. The remaining Baltimore offices are combined into a category designated as “other Baltimore offices.”

We interviewed officials who were responsible for implementing the SSA employee performance management system at the various locations we visited to obtain information on how each component was dealing with poor performers and to discuss the results of our work. According to data obtained from SSA's Human Resources Management Information System, 373 employees who received less than fully satisfactory appraisals and/or were denied within-grade salary increases in fiscal year 1986 were employed at the locations we visited. With the exception of ODO, we reviewed the personnel files of all such employees. At ODO, we were able to take a random sample of the files. In total, we reviewed the personnel files of 321 of the 373 employees.

Improved Oversight Would Enable SSA to More Successfully Deal With Poor Performance

SSA has established a system for dealing with poor performers that has generally produced positive results. However, some supervisors said they were not always able to use existing performance standards to identify poor performance, did not always use the PIP process, and were sometimes reluctant to initiate performance actions against unsatisfactory performers.

We noted that SSA has no system for monitoring its process for identifying and dealing with poor performers. SSA keeps no central records on the number of poor performers on PIPs, the length of time poor performers remain on PIPs, or the number of performance actions taken at each of its organizational locations. In our view, the establishment of a monitoring system would provide SSA management with information that could be used to better identify and address problems such as those we discuss in this report.

SSA Supervisors Have Had Success in Dealing With Poor Performers

Supervisors have assisted poor performers in improving their performance to fully satisfactory by recommending or providing formal and on-the-job training, additional supervision, and feedback on job performance during a PIP period. For those employees who could not improve their performance during the initial PIP period, supervisors provided most of them additional opportunities to improve by extending their PIPs.

The 321 poor performers' files we reviewed and the questionnaire to SSA supervisors both showed very similar results on the extent of success SSA has had in dealing with identified poor performers. Each source showed that, of the identified poor performers, 54 percent subsequently improved their performance to fully satisfactory; 17 percent left SSA employment or volunteered for reassignment or demotion; and 29 percent either had performance actions such as demotions or removals proposed against them or were still poor performers at the time of our review. Table 2.1 shows the status of the poor performers in our file review and those identified by supervisors responding to the questionnaire.¹

¹Unless otherwise indicated, all questionnaire data presented in this chapter are projected.

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Table 2.2: Outcomes of Proposed Demotion and Removal Actions Identified by Questionnaire Respondents

	Demotion	Removal
Total proposals	108	141
Less: actions in process	13	0
Actions completed	95	141
Final action:		
Demotion	66	14
Removal	0	48
Reassignment	12	3
Retirement	4	5
Resignation	1	45
No action taken	12	24
Other ^a	0	2
Total	95	141

^aTwo employees successfully appealed their removal and were reinstated to their positions.

The proposed actions did not always result in the intended outcome (i.e., demotion or removal); however, in most cases, the results addressed the unsatisfactory performance situation. In all cases where actions were not taken, supervisors indicated that this was caused by a lack of adequate management support. Additional information on this matter is provided in the following section.

SSA’s System for Dealing With Poor Performers Is Not Functioning as Well as It Could

Questionnaire responses we received from SSA supervisors provided indications that SSA’s system for dealing with poor performers could be improved. According to the responses, some supervisors were experiencing problems in using performance standards to identify poor performance, although it was unclear whether the problems involved the quality of the standards or supervisors’ knowledge of how to use them. Supervisors also said they did not always use the PIP process and were sometimes reluctant to initiate action against unsatisfactory performers. In these instances, the respondents said they either did not have sufficient authority to initiate such actions or that they did not believe management would support their efforts.

Some Supervisors Are Having Difficulty Using Performance Standards to Identify Poor Performance

At SSA, standards are written for the excellent, fully satisfactory, and minimally satisfactory levels. According to SSA officials, the outstanding and unsatisfactory levels are determined by using the standards for excellent and minimally satisfactory. SSA’s performance standards describe measures of performance in non-numeric terms (i.e., descriptive

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third-level supervisors thought that the non-numeric standards were inadequate.

Supervisors' opinions about standards inadequacy for the SSA components included in our survey are summarized in table 2.3.

Table 2.3: Number of Supervisors Who Believed the Standards Were Inadequate

SSA component	Supervisors who believed non-numeric standards were inadequate		Supervisors who believed numeric standards were inadequate	
	Number	Percent	Number	Percent
OCRO	50	36%	19	22%
ODO	79	34	31	14
Regional offices	1,176	33	444	23
Other Baltimore offices	217	27	64	23
Southeastern PSC	31	26	3	5
Mid-Atlantic PSC	19	22	2	4

Examples of the difficulties some supervisors had in using the standards were expressed in the following comments they wrote on their questionnaires:

- A second-level supervisor said that with non-numeric standards, it was more difficult to distinguish performance above and below the fully satisfactory level.
- A first-level supervisor commented that non-numeric standards needed to be more specific and more clearly defined.
- A first-level supervisor commented that the performance ranges in numeric standards were too small.
- A second-level supervisor said that non-numeric standards made it very difficult to give appraisals truly reflective of employees' performance and to take performance-based actions. Additionally, the supervisor said the lack of clarity in non-numeric standards made it harder for supervisors to build a case that would stand up under appeal.
- A first-level supervisor said that non-numeric standards were written in such vague language that they did not lend themselves to the initiation of PIPs.

Our file review of the 321 poor performers showed that numeric standards were more often used to document poor performance than were non-numeric standards. Of the 266 employees for whom we could readily determine the type of standard that was used to determine poor performance, 214 were not meeting numeric standards as compared to 33

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Table 2.4: Reasons Why Supervisors Did Not Use the PIP Process

Reason for not using process	First-level supervisors		Second-level supervisors		Third-level supervisors	
	Number	Percent	Number	Percent	Number	Percent
The process takes too long	226	32%	15	31%	6	40%
The process uses too much of the supervisor's time	339	47	20	40	7	43
The process uses too much of the staff's time	96	13	8	17	2	16
The process disrupts working relations among staff	125	17	8	16	3	22
Employees make an effort to improve without the process	207	29	18	37	0	0
There was a lack of adequate management support	160	22	4	8	0	0
Employees agreed to action that removed them from the position	93	13	5	10	2	13

Note: Percentages do not add to 100 because supervisors could select more than one answer.

Instead of using the PIP process, the supervisors indicated, as shown in table 2.5, that they dealt with poor performers in various ways.

Some Supervisors Are Reluctant to Deal With Poor Performers

More than one-fourth of the supervisors responding to our questionnaire, citing insufficient authority or lack of management support for their efforts, said that they were reluctant to initiate performance actions against unsatisfactory performers.

SSA procedures say that supervisors are expected to initiate actions against employees who are not performing at the fully satisfactory level after being provided with an opportunity to improve. However, the lack of authority was the reason most often indicated by the questionnaire respondents for being reluctant to initiate performance actions. Our questionnaire analysis showed that 1,553, or 27 percent, of the supervisors believed that their position lacked sufficient authority to initiate performance action. This sense of insufficient authority was higher among supervisors who had had experience dealing with poor performers than it was among those who had not. Our analysis showed that 37 percent of the supervisors who had supervised poor performers believed they did not have sufficient authority, while 23 percent of the supervisors who had not dealt with poor performers felt a lack of authority.

The lack of authority to take performance action against unsatisfactory performers was also expressed in a previous GAO study issued in July 1987.² In that study, 34 percent of the 1,762 mid-level managers³ who responded indicated that they did not have sufficient authority to take a performance action against a poor or a nonperformer.

A lack of adequate management support for actions against unsatisfactory performers was also perceived as a problem by some supervisors responding to our questionnaire. Our analysis showed that 1,130, or 20 percent, of the supervisors said that they had not received adequate support from higher-level management when they had attempted to take performance actions. Their responses indicated that 22 percent of the performance actions they had proposed since October 1, 1985, were not supported by higher-level management.

The perceived lack of management support for taking action against poor or nonperformers was also cited as a problem in our July 1987 study. The study showed that 24 percent of the mid-level managers

²Social Security Administration: Questionnaire Responses From Mid-Level Managers and Employees (GAO/HRD-87-72; July 1, 1987).

³These managers included the Deputy Associate Commissioners, Office and Division Directors, Deputy Regional Commissioners, Assistant Regional Commissioners, and Deputy Program Service Center Directors.

Conclusions

SSA's performance management system, which provides supervisors with a mechanism for dealing with poor performers, has produced positive results in a majority of the cases in which poor performance has been identified. However, SSA's system for identifying and dealing with poor performers has not always been fully utilized. Some supervisors said they had difficulty in using the performance standards to identify poor performance. Also, some supervisors said they had not always used the PIP process for dealing with poor performers and that they were often reluctant to initiate performance actions against unsatisfactory employees because of a perceived lack of adequate management support or authority to act against poor performers.

It was unclear whether these problems reflected a need for procedural improvements, a need for improved training in how to deal with poor performers, or both. Significantly, we found that SSA has not monitored the effectiveness of its process for identifying and dealing with poor performers. In our opinion, improved monitoring would help SSA management to identify problems supervisors are encountering in dealing with poor performers and to seek solutions to such problems.

Recommendations to the Commissioner

We recommend that the Commissioner of SSA examine supervisors' concerns about identifying and dealing with poor performers and institute any training, procedural improvements, or other actions that are needed to address them. These concerns include supervisors' perceptions about the difficulty of using standards and the lack of authority and management support. We also recommend that SSA periodically determine how well poor performers are identified and dealt with so that it can take action to correct any future problems that might occur.

Agency Comments and Our Evaluation

In October 1988, we provided a draft of this report to the Department of Health and Human Services in order to obtain comments on our findings and recommendations.

The Department said that, in general, it agreed with our major findings. The Department agreed that SSA's system usually is effective and produces positive results when poor performance is identified. It also agreed that the process for dealing with poor performers is not always used; that SSA's system does not always identify poor performance, largely because of problems with performance standards; and that some supervisors choose not to deal with performance problems, even when they are identified.

Minimally Satisfactory Performers Are a Special Problem for Supervisors

According to OPM regulations, an agency's performance appraisal system must have five summary rating levels, including a level between fully successful and unacceptable. SSA defines this level as "minimally satisfactory." The Civil Service Reform Act of 1978 does not address how to deal with employees appraised at that level. According to OPM regulations and our discussions with OPM and SSA officials, the only specified performance action that can be taken against minimally satisfactory performers is to deny their within-grade salary increases.

While our questionnaire did not specifically address the problem of minimally satisfactory performers, 131 supervisors expressed frustration about minimally satisfactory employees in their written comments. Samples of their comments are paraphrased as follows:

- The minimally satisfactory employees can only have their within-grade increases denied. If the employee is at the top of the grade, no action can be taken. Yet the PIP documentation must be done continuously.
- SSA procedures allow employees performing at the minimally satisfactory level to remain in the position an unlimited time. Only when performance is "unsatisfactory" can any action be taken.
- An employee can remain at the minimally satisfactory level indefinitely without any action other than a denial of the within-grade salary increase. It would be helpful if a time limit was set as to how long an employee could remain a minimally satisfactory performer.

Until October 1987, SSA regulations required supervisors to put all minimally satisfactory employees on PIPs. If the employee's performance was still minimally satisfactory at the expiration of the PIP, the PIP was continued even in cases where there was no expectation that performance would improve to fully satisfactory¹.

At the time of our file review, which was done between May and July 1987, we found that 61 minimally satisfactory employees who had been placed on PIPs were still performing at the minimally satisfactory level. Several of these employees had been minimally satisfactory for an extended period of time. Table 3.1 shows the length of time the 61 employees had been minimally satisfactory performers.

¹As of October 1, 1987, SSA revised its regulations, and PIPs are no longer required for minimally satisfactory nonunion employees unless they are due a within-grade salary increase within the next 6 months. SSA continues to require a PIP for union members as agreed to in the union contract.

Appendix I
Comments From the Department of Health
and Human Services

COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION ON THE GENERAL
ACCOUNTING OFFICE DRAFT REPORT, "POOR PERFORMERS, HOW THEY ARE
IDENTIFIED AND DEALT WITH IN SSA"

See comment 1.

In general, we agree with the major findings of the General Accounting Office (GAO) draft report, particularly with respect to the fact that the present system usually is effective and produces positive results when poor performance is identified. We note with considerable satisfaction that, of the 321 poor performers identified by review of actual case files, action was taken in 99.38 percent of the cases as follows: 54.20 percent of the poor performers subsequently improved their performance to fully satisfactory; 16.82 percent resigned, retired, or volunteered for reassignment or demotion; 3.75 percent had performance actions, such as demotions or removals proposed against them; 24.61 percent were appraised at the minimally successful level; and in only 0.62 percent of the cases, i.e., two poor performers, no action (apparently) was taken. Moreover, of the 12 demotion and removal actions identified by review of actual case files, higher management supported all but one, and in that one case the employee retired. These facts, in our opinion, indicate a very high degree of success and management support in dealing with poor performers.

In addition, we agree that the process for dealing with poor performers is not always used; and that the Social Security Administration's (SSA) performance system does not always identify poor performers, largely because of poorly written, non-objective, performance standards that do not provide meaningful distinctions between rating levels. Finally, we acknowledge that some supervisors, for a variety of reasons, choose not to deal with some performance problems, and that consequently, some supervisors do not evaluate the performance of employees as unacceptable, even when it is identified. GAO recommended the following corrective actions.

GAO Recommendations

That the Commissioner of SSA examine the concerns cited by supervisors in identifying and dealing with poor performers and institute any training, procedural improvements, or other actions that are needed to address them. These concerns include supervisors' perceptions about the difficulty of using standards and the lack of authority and management support. GAO also recommends that SSA monitor the handling of poor performers so that it can identify and correct any future problems that might occur.

SSA Comments

We agree with the auditors that the concerns cited by supervisors in identifying and dealing with poor performers should be considered and corrective actions pursued. In this regard, we

GAO Comments

1. The 321 employees identified as poor performers in our file review had been appraised as either minimally satisfactory or unsatisfactory. It is correct to state that 54.20 percent of these performers subsequently improved their performance to fully satisfactory; 16.82 percent resigned, retired, or volunteered for reassignment or demotion; and 3.75 percent had performance actions proposed against them. However, 24.61 percent were not dealt with by being appraised at the minimally successful level. These individuals had already received such a rating and were still poor performers at the time we completed our review. (See p. 14).

**Appendix II
Questionnaire Objective, Scope,
and Methodology**

Table II.1: Universe and Sample Sizes by Stratum

Stratum	Universe	Sample
OCRO		
First-level supervisors	139	139
Second-level supervisors	41	41
Third-level supervisors	20	20
ODO		
First-level supervisors	240	150
Second-level supervisors	66	66
Third-level supervisors	45	45
Mid-Atlantic PSC		
First-level supervisors	91	91
Second-level supervisors	14	14
Third-level supervisors	7	7
Southeastern PSC		
First-level supervisors	110	110
Second-level supervisors	17	17
Third-level supervisors	8	8
Other headquarter units		
First-level supervisors	734	260
Second-level supervisors	243	150
Third-level supervisors	152	110
Regions/districts/branches		
First-level supervisors	4,212	400
Second-level supervisors	527	250
Third-level supervisors	109	109
Total	6,775	1,987

Because this survey selected a portion of the universe for review, the results obtained are subject to some uncertainty, or sampling error. The sampling error consists of two parts: confidence level and range. The confidence level indicates the degree of confidence that can be placed in the estimates derived from the sample. The range is the upper and lower limit between which the actual universe estimate may be found. We chose the specific sample sizes for each stratum so that the sampling error would not be greater than 5 percent at the 95 percent confidence level. For example, if all first-level supervisors in the Office of Disability Operations had been surveyed, the chances are 19 out of 20 that the results obtained would not differ from our sample estimates by more than 5 percent.

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Questionnaire Objective, Scope,
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Table II.3: Usable Return Rates by Stratum

Stratum	Sample	Usable returns	Return rate
OCRO			
First-level supervisors	139	107	77.0
Second-level supervisors	41	36	87.8
Third-level supervisors	20	15	75.0
ODO			
First-level supervisors	150	103	68.7
Second-level supervisors	66	53	80.3
Third-level supervisors	45	39	86.7
Mid-Atlantic PSC			
First-level supervisors	91	72	79.1
Second-level supervisors	14	14	100.0
Third-level supervisors	7	7	100.0
Southeastern PSC			
First-level supervisors	110	96	87.3
Second-level supervisors	17	17	100.0
Third-level supervisors	8	7	87.5
Other headquarter units			
First-level supervisors	260	210	80.8
Second-level supervisors	150	117	78.0
Third-level supervisors	110	90	81.8
Regions/districts/branches			
First-level supervisors	400	351	87.8
Second-level supervisors	250	231	92.4
Third-level supervisors	109	94	86.2
Total	1,987	1,659	83.5

Estimates From the Sample Results

Our results are limited to the 1,659 usable returns and represent an estimated 5,812 supervisors, or 86 percent of the total universe of 6,775. These 5,812 supervisors reported that they directly supervised about 49,000 employees. The results obtained from our sampling methodology allow us to make observations about supervisors in each stratum or any combination of strata, such as all first-level supervisors (a combination of six strata).

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**Appendix II
Questionnaire Objective, Scope,
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To show the size of our sampling error, selected estimates and their lower and upper limits are shown in table II.4.

Table II.4: Selected Estimates and Sampling Errors

	Estimate	Lower limit	Upper limit
Number of supervisors represented in our survey results	5,812	5,678	5,946
Number of employees directly supervised by the supervisors in our survey	49,080	47,387	50,773
Number of employees that have been on PIPs since October 1985	2,314	2,106	2,522

**Appendix II
Questionnaire Objective, Scope,
and Methodology**

Questionnaire Response Rates

Not all the supervisors who were sent questionnaires returned them. Of the 1,987 supervisors who were sent questionnaires, 1,659 returned usable ones to us, an overall usable return rate of 83.5 percent. Table II.2 summarizes the questionnaire returns for the 1,987 questionnaires mailed.

Table II.2: Questionnaire Returns

Types of returns	Number	Percent
Usable returns	1,659	83.5%
Delivered but not returned	230	11.6
Ineligible ^a	72	3.6
Undeliverable	17	0.9
Not completed	9	0.5
Total	1,987	100.0%

^aIneligible includes those from persons who were not supervisors, had retired, had resigned, could not be reached because they were on extended leave, or had been supervisors for a short period of time and did not have sufficient experience to answer our questions.

The usable return rates for the individual stratum range from 69 to 100 percent. Table II.3 presents the return rates for each stratum.

Questionnaire Objective, Scope, and Methodology

The objective of our questionnaire survey was to obtain information about how supervisors identify and deal with employees who have less than satisfactory performance. Using mail questionnaires, we asked about performance standards, the performance improvement plan (PIP) process, and performance actions. For questions about use of the PIP process and performance actions, we asked the supervisors to provide information from October 1985 to the time that they completed the questionnaires. Supervisors completed the questionnaires during the period August 1987 through December 1987.

We pretested the questionnaire before mailing to help ensure that our questions were interpreted correctly and that the supervisors could provide the information. We reviewed the completed questionnaires, entered them into the computer, and performed consistency checks on the data.

To confirm some of our questionnaire results and to obtain additional information, we reviewed the personnel files of 321 of the 373 employees who received less than satisfactory appraisals and/or were denied within-grade salary increases in fiscal year 1986 at the locations we visited.

Sampling Methodology

As of May 30, 1987, SSA had 6,775 supervisors in the locations we selected. We wanted the results of our survey to provide separate estimates for many groups within this universe of 6,775. SSA provided the universe of supervisors on a computer listing generated by SSA's Human Resources Management Information System. While we did not independently verify the accuracy and completeness of the list, we did discuss with SSA officials the system's update procedures and edit checks and considered them to be reasonable. The listing contained all first-, second-, and third-level supervisors in OCRO; ODO; the Mid-Atlantic PSC; the Southeastern PSC; the regions, including district and branch offices reporting to the regions; and other headquarters units. These six components employed about 80 percent of the employees in SSA's total workforce.

We used standard statistical techniques to select a stratified random sample of supervisors. Each group or stratum represented 1 of 18 combinations of the 6 locations and 3 levels. The sample contained 1,987 supervisors of the universe of 6,775 supervisors. Table II.1 presents the universe and sample sizes for each stratum.

Appendix I
Comments From the Department of Health
and Human Services

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will institute increased training in this area along with a reevaluation of current performance standards to make them more objective and usable. In addition, we will emphasize a high level management commitment to dealing with poor performers. We believe these actions will produce the positive results that both SSA management and the auditors are seeking. Furthermore, if supervisors are choosing not to use the Personnel Improvement Plan (PIP) process because of a perception that it is too time consuming, then perhaps this suggests that the use and benefits of the process need to be explained and emphasized.

We do not believe, however, that the centralized monitoring system suggested by the auditors will necessarily produce information that would be helpful in identifying or dealing with poor performers. A centralized monitoring system for performance activity could only show poor performance that is being dealt with, not what should be. Instead, we believe that the other recommended actions which we agree with: increased training, a tightening of current performance standards and a more visible management commitment to dealing with poor performers, will yield the desired results.

Comments From the Department of Health and Human Services

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

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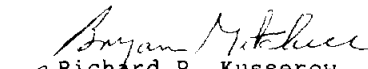
Mr. Richard L. Fogel
Assistant Comptroller General
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Fogel:

Enclosed are the Department's comments on your draft report, "Poor Performers: How They Are Identified and Dealt With in SSA." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely yours,


Richard P. Kusserow
Inspector General

Enclosure

Chapter 3
Minimally Satisfactory Performers Are a
Special Problem for Supervisors

Table 3.1: Number of Months Employees Were Minimally Satisfactory Performers

Months	Employees	
	Number	Percent
0 - 5	2	3.3%
6 - 11	20	32.8
12 - 23	27	44.3
24 - 35	9	14.7
36 - 47	2	3.3
48 and over	1	1.6
Total	61	100.0%

One of the cases in our file review illustrates the amount of effort exerted and the frustration experienced by supervisors when attempting to help minimally satisfactory employees improve their performance. In a January 1984 progress report, a supervisor told an employee that her performance for the period October 1983 to January 1984 was minimally satisfactory and that her within-grade increase would be denied. Four months later in May 1984, the supervisor put her on a PIP for minimally satisfactory performance. The employee continued to perform at the minimally satisfactory level and remained on the PIP until June 1987, over 3 years. During this time, we could identify at least 10 progress reviews held with the employee as well as an offer of additional training, which the employee declined. Finally, in June 1987, the supervisor removed the employee from the PIP even though her performance was still minimally satisfactory.

While OPM officials agreed that there are problems in dealing with minimally satisfactory performers, they were uncertain about how to address such problems. They believed, however, that the situation was exacerbated at SSA because of the extent to which the agency used numeric performance standards. They explained that when numeric standards are used, the level of performance which qualifies as minimally satisfactory becomes much more clearly defined. Thus, it is easier for an employee to work at a level which would enable him or her to maintain a minimally satisfactory rating.

While dealing with minimally satisfactory performers appears to be a problem at SSA, we do not know the extent to which the problem exists elsewhere in the government. We will further examine this matter in our expanded review of how other agencies are identifying and dealing with poor performers.

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The Department concurred with our recommendation that SSA examine the concerns cited by supervisors and said that SSA would increase training, reevaluate performance standards to make them more objective and usable, and emphasize a high-level management commitment to dealing with poor performers. Furthermore, it said that if supervisors are not using the PIP process because of a perception that it is too time consuming, SSA may need to explain and emphasize the use and benefits of the process.

Regarding a proposal contained in a draft of this report that SSA monitor the handling of poor performers, the Department said that it did not believe that a centralized monitoring system would produce information that would be helpful in identifying or dealing with poor performers. It said that such a system would only show poor performance that is being dealt with and thought that the other actions SSA planned to take should be sufficient.

We agree that the actions cited in the Department's comments should enhance SSA's ability to identify and deal with poor performers. However, we believe that our choice of words may have led SSA to misinterpret the intent of our proposal. Our intent was not to require SSA to establish a centralized, structured monitoring system that would operate continuously. Rather, our intent was to affirm the generally accepted management principle that management should look at programs periodically to see how well things are working and take any needed corrective action.

We continue to believe that SSA needs to periodically determine how well poor performers are identified and dealt with so that it can assess the results of the actions it plans to take and correct any future problems that might occur. Accordingly, we have modified the language of our recommendation to more clearly convey our intent.

believed that they would not be supported when taking action on a poor or nonperformer.

In addition to being reluctant to take performance actions against poor performers in the past, some supervisors indicated that it would be “unlikely” or “very unlikely” that they would initiate a performance action in the future. The percent of supervisors who responded in this manner ranged from 1 percent in the Mid-Atlantic PSC to 10 percent in the regional offices.

We did not determine the reasons for the expressed lack of authority or perceptions of a lack of management support. We believe that, by itself, the significant number of supervisors expressing such views warrants SSA management’s attention.

Improved Monitoring Would Enable SSA to Better Manage Its System for Dealing With Poor Performers

While SSA has devised a system for dealing with poor performers, it is not monitoring the system to determine how well it is operating. For example, SSA keeps no central records on the number of poor performers on PIPs, the length of time poor performers remain on PIPs, or the number of performance actions taken at each of its organizational locations. Without such information, SSA management cannot assess the nature and extent of the problems that supervisors are having in identifying and dealing with poor performance.

To help ensure that a system functions effectively, it is important for management to monitor how the system is being used to obtain an understanding of the problems that are being experienced in implementing it. At SSA, for example, monitoring might have prompted an inquiry into supervisors’ problems with numeric and non-numeric standards. Such an inquiry might have concluded that certain standards needed improvement or that supervisors needed more training in how to use standards and/or how to deal with poor performers. Regardless of the outcome, no action could be taken unless management was aware that supervisors were having problems.

A similar case can be made for supervisors’ perceptions about a lack of adequate management support or authority to act against poor performers. By monitoring its system, SSA could have identified these concerns and determined why they existed in an environment that has often been successful in dealing with problem employees.

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Table 2.5: How Supervisors Deal With Poor Performers Not Put on PIPs

Method of dealing with poor performers	First-level supervisors		Second-level supervisors		Third-level supervisors	
	Number	Percent	Number	Percent	Number	Percent
Gave employee easier work	125	17%	5	11%	1	7%
Reduced the employee's workload	216	30	9	18	1	9
Let the situation work itself out	155	21	17	34	3	18
Reassigned the employee to another area within the unit	70	10	2	3	0	0
Reassigned the employee to another unit	27	4	7	13	6	38
Dealt with the employee informally	244	33	15	29	2	13

Note: Percentages do not add to 100 because supervisors could select more than one answer.

Table 2.5 shows there was no overall preferred method used by the supervisors when dealing with poor performers who had not been placed on PIPs. First-level supervisors seemed to prefer dealing with the employee informally or reducing the employee's workload, while second-level supervisors tended to let the situation work itself out. Third-level supervisors usually reassigned poor performers to other units rather than placing them on PIPs.

Our questionnaire analysis also showed that, in addition to not using the PIP process to deal with poor performers, some supervisors would be reluctant to use the process in the future. Our analysis showed that 723, or 14 percent, of the supervisors would be unlikely or very unlikely to use the PIP process, primarily because of the time required and their belief that management would not support placing an employee on a PIP. The percentage of supervisors who responded in this manner ranged from 2 percent in ODO and the Mid-Atlantic PSC to 16 percent in the regional offices.

Of the 1,644 supervisors who indicated past experience in dealing with poor performers, 329, or 20 percent, said they would be unlikely or very unlikely to use a PIP.

not meeting non-numeric standards. The remaining 19 were identified as poor performers based on both types of standards.

Supervisors Did Not Always Use the PIP Process

SSA procedures for dealing with those identified as poor performers require that PIPs be prepared for employees who are not performing at the fully satisfactory level. In our review of poor performers' files, we found that some supervisors were not complying with this requirement. In 66, or 21 percent, of the 321 cases, the employees were not placed on PIPs. The files contained no indication as to why the supervisors did not comply with SSA's requirements.

The questionnaire responses also showed that supervisors were not always complying with the SSA requirement to place poor performers on PIPs. Our analysis showed that of 1,690 supervisors with poor performers, 798, or 47 percent, said they had a total of 1,116 poor performers who were not placed on PIPs. As shown in table 2.4, the supervisors indicated a number of reasons for not using the PIP process. The table also shows that the reasons varied among SSA's three supervisory levels.

words) and numeric terms (i.e., numbers and percentages). An example of a critical non-numeric standard is as follows:

- Excellent: With little assistance, correctly interprets procedural references.
- Fully satisfactory: With some assistance, correctly interprets procedural references.
- Minimally satisfactory: Frequently requires assistance interpreting procedural references.

An example of a critical numeric standard is as follows:

- Excellent: Processes cases with a substantive accuracy rate of 94 to 96.9 percent.
- Fully satisfactory: Processes cases with a substantive accuracy rate of 91 to 93.9 percent.
- Minimally satisfactory: Processes cases with a substantive accuracy rate of 88 to 90.9 percent.

SSA management officials said that non-numeric standards were more subjective in nature and difficult to quantify. In the case of non-numeric standards for example, the supervisor needs to judge what the words “frequently,” “some,” and “little” mean. The officials also believed it was easier to identify and deal with poor performers who had numeric standards, and this opinion was confirmed by a sizeable number of SSA supervisors. Our questionnaire analysis showed that 1,572, or 32 percent, of the supervisors who used non-numeric standards believed that they were inadequate or very inadequate for identifying poor performers, while 563, or 21 percent, of the supervisors who used numeric standards considered them to be inadequate or very inadequate. It was not clear from our analysis whether such problems were associated with the quality of the standards or with the level of supervisors’ knowledge and understanding of using standards to assess employee performance.

First-level supervisors were more likely than second- and third-level supervisors to believe that the non-numeric standards they used were inadequate. Because first-level supervisors directly supervise a larger number of employees (42,562) than do second- (4,658) or third-level supervisors (1,860), their problems with the adequacy of standards could have the greatest impact on SSA’s ability to identify and deal with poor performers. Our questionnaire analysis showed that 1,331, or 34 percent, of first-level supervisors believed that the non-numeric standards were inadequate, while 242, or 15 percent, of the second- and

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Table 2.1: Status of Employees Who Were Identified as Poor Performers

Status of employee	Employees identified in questionnaire		Employees identified in file review	
	Number	Percent	Number	Percent
Improved to fully satisfactory	1,214	54%	174	54%
Voluntarily agreed to:				
Reassignment	77	3	13	4
Demotion	69	3	9	3
Resignation	114	5	17	5
Retirement	135	6	15	5
Subtotal	395	17	54	17
Performance action proposed	249	11	12	4
Still a poor performer	409	18	81	25 ^a
Subtotal	658	29	93	29
Total	2,267	100%	321	100%

Note: The information in the questionnaire column is projected and information in the file review column is the actual number of employees.

^aOf the 81 employees who were still poor performers, 79 were appraised at the minimally satisfactory level. As discussed in chapter 3, minimally satisfactory employees cannot be demoted or removed from employment.

As table 2.1 shows, SSA supervisors have proposed performance actions against employees who were still performing unsatisfactorily after being provided with assistance and an opportunity to improve. Of the 12 proposed actions we identified in our file review, 9 were for demotion and 3 were for removal. All nine demotions and two of the three removals took place. In the remaining proposed removal action, the employee retired.

Of the 249 proposed actions identified from our questionnaire analysis, 108 were for demotion and 141 were for removal. Table 2.2 shows the number and types of actions proposed and the final actions taken as reported by questionnaire respondents.

We also sent a questionnaire to 1,987 first-, second-, and third-level supervisors selected at random from 6,775 supervisors in the SSA components we visited and regional offices that included district and branch offices that reported to the regional offices. The purpose of the questionnaire was to obtain supervisors' perceptions and experiences about dealing with poor performers, including the performance standards used, the PIP process, and the taking of performance actions. We asked them to provide information on their personal experience with the PIP process and any performance actions they had initiated against poor performers from October 1985 through December 1987. We initially mailed the questionnaires in August 1987 with a follow-up mailing in October 1987. We did not examine the basis for their perceptions or the validity of the statements they made.

Our sample was designed to yield an expected sampling error of plus or minus 5 percent at a 95-percent confidence level for each of the three supervisory levels. Of the 1,987 supervisors in our sample, 1,659 (about 83.5 percent) returned usable questionnaires, making the results statistically projectable to a universe of 5,812 supervisors at the desired confidence level. Our scope and methodology are discussed in greater detail in appendix II.

Our review was done in accordance with generally accepted government auditing standards and took place between February and December 1987.

- **Fully Satisfactory:** The employee fully met the standard for all critical job tasks and virtually all noncritical job tasks or exceeded the standard for all critical job tasks and fully met the standard for a substantial number of noncritical job tasks.
- **Minimally Satisfactory:** The employee partially met the standard for one or more critical job tasks or fully met the standard for all critical job tasks but failed to fully meet the standard for a substantial number of noncritical job tasks.
- **Unsatisfactory:** The employee failed to meet the standard for one or more critical job tasks regardless of performance on noncritical job tasks.

SSA's Philosophy and Process Used in Dealing With Poor Performers

According to SSA officials, poor performers are to be given every opportunity to improve their performance to the fully satisfactory level. As part of this philosophy, supervisors are expected to identify and inform poor performers of their deficiencies and help them improve. However, supervisors are also expected to take actions against employees when attempts to achieve satisfactory performance are unsuccessful.

SSA has developed a Performance Improvement Plan (PIP) process that must be implemented whenever a supervisor determines that an employee is performing at less than the fully satisfactory level. An employee does not have to formally receive a rating to be placed on a PIP; the process can be initiated at any time during the appraisal period. The PIP identifies the employee's deficiencies, the action that is to be taken by the employee to improve his or her performance, the assistance to be provided by the supervisor, and the period of time the PIP is to remain in effect. While SSA's guidelines do not say how long a PIP is supposed to last, the guidelines recommend that during the time the PIP is in effect the supervisor follow through with positive assistance activities, such as remedial training, additional monitoring, and feedback.

A PIP may be withdrawn if the employee's performance improves to fully satisfactory and the supervisor expects it will remain at or above that level. A PIP may also be extended from the previously designated expiration date to recognize an employee's continual improvement towards fully satisfactory performance. However, if the employee's performance is unsatisfactory at the conclusion of the PIP period, the employee can be reassigned, demoted, or removed. This decision is based on the individual circumstances of each case. In addition, any within-grade salary increase due to the employee during the PIP period will be denied. OPM regulations say that within-grade salary increases are to be

Introduction

The Subcommittee on Federal Services, Post Office, and Civil Service, Senate Committee on Governmental Affairs, requested that we determine how federal agencies are dealing with employees who are poor performers. This report discusses how the Social Security Administration (SSA) identifies and deals with poor performers. Because SSA's methods could be significantly different from other agencies, the information in this report should not be generalized beyond SSA.

SSA, with a workforce of about 70,000 employees, is one of the largest federal agencies. It serves the public primarily by providing retirement, disability, and survivors income to eligible persons. Specifically, SSA's principal responsibilities fall into the following four categories:

- issuing social security numbers,
- maintaining earnings information,
- determining initial eligibility for benefits, and
- changing beneficiaries' accounts that affect their benefit payments.

In fiscal year 1987, SSA spent \$3.3 billion to administer programs that paid \$213 billion in social security benefits to about 42 million people.

SSA's Performance Appraisal System

The Civil Service Reform Act of 1978 (5 U.S.C. 4302) requires federal agencies to establish appraisal systems that provide employees with feedback on how well they carry out their job responsibilities in relation to management's expectations. As required by the Reform Act, SSA created a performance management system that requires supervisors to (1) establish performance plans that specify the employee's job tasks and the performance level that is expected, (2) monitor employee performance against performance expectations, and (3) prepare performance appraisals that determine the employee's level of performance. These actions are to take place during appraisal periods that generally last one year. A more detailed description of SSA's system follows.

Performance Planning

SSA supervisors are to begin the appraisal process by preparing a written performance plan. The plan is supposed to be prepared in consultation with the employee and contain the employee's job tasks and the performance standards on which the employee's performance will be assessed.

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GAO noted that SSA is limited in the actions it can take to deal with employees who are rated as “minimally satisfactory.” According to OPM regulations and discussions with OPM and SSA officials, the only specified action that can be taken against minimally satisfactory performers is to deny their within-grade salary increases. SSA supervisors expressed frustration in dealing with minimally satisfactory performers, observing that they could remain at this performance level indefinitely with no other recourse available.

Recommendations

GAO recommends that the SSA Commissioner examine the concerns cited by supervisors in identifying and dealing with poor performers and institute any training, procedural improvements, or other actions that are needed to address them. Also, GAO recommends that SSA periodically determine how well poor performers are identified and dealt with so that it can take action to correct future problems that might occur.

Agency Comments

The Department of Health and Human Services (HHS) agreed with GAO’s findings and with its recommendation that the concerns cited by supervisors in dealing with poor performers should be examined. GAO believes that the corrective actions cited in the Department’s comments—increased training, tightened performance standards, and a more visible management commitment to dealing with poor performers—should enhance SSA’s performance in this area.

The Department did not agree with a proposal contained in a draft of this report that SSA monitor the handling of poor performers to identify and correct any future problems that might occur. Because GAO was concerned that HHS may have misinterpreted the intent of its proposal, GAO has clarified the recommendation to make it clear that it was suggesting periodic examinations rather than a structured monitoring system that would operate continuously. (See p. 23.)

Executive Summary

Purpose

The Subcommittee on Federal Services, Post Office, and Civil Service, Senate Committee on Governmental Affairs, requested that the General Accounting Office (GAO) determine how federal agencies are identifying and dealing with employees who are poor performers. For years, a common perception both within government and without has been that the government has done little to deal with its poor performers.

This report provides insight into how the Social Security Administration (SSA) identifies and deals with poor performers. GAO selected SSA because it had readily available records on employees identified as poor performers and it had a large concentration of employees in the same location. GAO is currently examining other federal agencies and cautions that the information in this report should not be generalized beyond SSA.

Background

To comply with the Civil Service Reform Act of 1978, SSA implemented a performance management system that requires supervisors to establish performance plans specifying employees' job tasks and the performance level the employees are expected to achieve. As part of this system, supervisors periodically monitor employee performance against performance expectations. If poor performance is identified, supervisors are expected to inform employees of their deficiencies and provide them with the opportunity to improve. SSA said that among its approximately 70,000 employees there were 1,020 instances of poor performance in fiscal year 1986.

SSA's philosophy for dealing with poor performers is to provide training and other assistance so that employees have every opportunity to improve their performance to the fully satisfactory level. However, if improvement does not occur, supervisors are expected to initiate appropriate actions against such employees. These actions could include denials of within-grade salary increases, reassignments, demotions, or dismissals.

Results in Brief

SSA's performance management system provides supervisors with a mechanism for dealing with poor performers. Generally, the system produced positive results in cases where poor performance was identified.

Although SSA experienced some success, GAO also learned that poor performers were not always identified and that the process for dealing with poor performers was not always used. Moreover, some supervisors said

