16-May 9, 2016

The Honorable Ron Johnson
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate

Federal Workforce: Distribution of Performance Ratings Across the Federal Government, 2013

Dear Mr. Chairman:

High-performing organizations have found that an effective employee performance management system—including expectation-setting, coaching, and feedback—can be a strategic tool to drive internal change and achieve desired results. Constructive performance feedback is also a strong driver of employee engagement.[1]

Developing modern, credible and effective employee performance management systems has been a long-standing challenge for federal agencies. In 2003, we identified a set of key practices for effective performance management to help agencies establish a clear "line of sight" between individual performance and organizational success and transform their cultures to be more results oriented, customer focused, and collaborative.[2] Among other things, we reported that effective performance management requires the organization's leadership to make meaningful distinctions between acceptable and outstanding performance of individuals. That leadership must also appropriately reward those who perform at the highest level, and, when necessary, address poor performance. Meaningful distinctions in performance ratings are the starting point for candid and constructive conversations between supervisors and staff, and add transparency to the ratings and rewards process. Such distinctions also help employees better understand their relative contributions to organizational success, areas where they are doing well, and areas where improvements are needed.

In our January 2015 report, we recommended that the Office of Personnel Management (OPM) do more to ensure meaningful distinctions are made for members of the Senior Executive Service (SES).[3] You asked us to review performance management systems for non-SES employees across the 24 Chief Financial Officers Act (CFO Act) agencies.[4] This report describes (1) the types of performance

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[1]Employee engagement is generally defined as the sense of purpose and commitment employees feel toward their employer and the mission of their organization. A growing body of research on both private- and public-sector organizations has found that increased levels of engagement can lead to better organizational performance. See, for example, GAO, *Federal Workforce: Additional Analysis and Sharing of Promising Practices Could Improve Employee Engagement and Performance,* GAO-15-585 (Washington, D.C.: July 14, 2015).

[2]GAO, *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, GAO-03-488 (Washington, D.C.: Mar. 14, 2003).

[3]GAO, *Results-Oriented Management: OPM Needs to Do More to Ensure Meaningful Distinctions Are Made in SES Ratings and Performance Awards,* GAO-15-189 (Washington, D.C.: Jan. 22, 2015).

[4]The CFO Act agencies are the executive branch agencies listed at section 901(b) of title 31, United States Code. The agencies covered by the CFO Act of 1990, as amended, are generally the largest federal agencies and account for more than 98 percent of the federal workforce.

management systems the 24 CFO Act agencies use to assign performance ratings; and (2) the overall distribution of performance ratings for permanent, non-SES employees across these agencies.

To conduct our work, we used reported data on federal employee performance ratings from the Office of Personnel Management's (OPM) Enterprise Human Resources Integration (EHRI) Statistical Data Mart. EHRI is the primary government-wide source for information on federal employees, including data on annual employee performance ratings. The EHRI data we analyzed cover executive branch civilian employees, but do not cover the U.S. Postal Service, legislative or judicial branch employees, or intelligence agencies. For our analysis, we included all permanent, non-SES employees who received a performance rating in fiscal year 2014 for rating periods ending in calendar year 2013 and were included in EHRI. This was the most recent data available when we started this review.[5] Nonpermanent employees, such as seasonal employees were excluded, in part, because they may not have been covered by the agency's performance appraisal system if they worked for less than 1 year. For the purposes of this report, we refer to the population we analyzed as "permanent, non-SES employees."

We determined that the data from EHRI used in our analyses were sufficiently reliable for the purposes of our reporting objectives. Our data reliability assessment included reviewing relevant documentation, interviewing knowledgeable OPM officials, and electronically testing the data to identify obvious errors or anomalies.

We conducted this performance audit from August 2015 to May 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Effective Performance Management Is Critical for Agencies to Meet Organizational Goals

More than simply checking off boxes, effective performance management is the integrated processes of planning, monitoring, developing, rating, and rewarding employee performance. Performance management systems can be powerful tools in helping an agency achieve its mission and ensuring employees at every level of the organization are working toward common ends. As noted by the Merit Systems Protection Board, the annual performance appraisal process is not the same thing as good performance management. Specifically, effective performance management depends on supervisors providing ongoing, tailored, and relevant feedback to employees, with the goal of positioning employees to do even better in the future.[6] In our prior work, we found that such feedback is one of the strongest drivers of employee engagement. Indeed, candid and constructive performance conversations that are timely, specific, and actionable help individuals maximize their contribution and potential for understanding and realizing the goals and objectives of an organization.[7]

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[5]Performance rating periods, as well as the time it takes for agencies to administratively complete the rating process, vary across agencies. As a result, ratings received in fiscal year 2014 may reflect performance periods that are associated with different calendar years. In order to ensure comparability of performance rating periods, we limited our analysis to employees whose performance period ended in calendar year 2013. This was the largest group of employees who received their final rating in fiscal year 2014.

[6]U.S. Merit Systems Protection Board, Office of Policy and Evaluation, *Performance Management is More than an Appraisal*, (Washington, D.C.: December 2015).

[7]See, for example, GAO-15-585 and GAO-03-488.

Federal agencies have established their respective approaches to performance management by first deciding how to rate employees. Under federal law and corresponding regulations, agencies are required to develop at least one employee performance appraisal system, based on one of eight rating patterns (see enclosure I).[8] These appraisal systems range from a 2-level "pass/fail" system to a 5-level system that measures employee performance from "unacceptable" to "outstanding."[9] Agencies may choose to develop multiple, separate performance appraisal systems for subcomponents of their workforce. For example, at the Department of Homeland Security, appraisal systems for clerical employees may differ from systems for Transportation Security Administration employees.

OPM is required to review and approve an agency's performance appraisal system(s) to ensure it is consistent with the requirements of the law and defines the general policies and parameters the agency will use to rate employees. Once the appraisal system is approved, the agency establishes a performance appraisal program. The agency's performance appraisal program—which does not require OPM review or approval—defines the specific procedures, methods, and requirements for planning, monitoring, and rating employee performance. The program is tailored to the needs of the agency.

The majority of federal civilian employees are covered by the General Schedule (GS)—the federal government's primary pay and classification system for professional, technical, administrative, and clerical positions. The GS system has 15 grades: GS-1 (lowest) to GS-15 (highest). About 77 percent of permanent, non-SES employees in our data set were covered by the GS system in calendar year 2013. Non-GS employees include, among others, those covered by the Federal Wage System or by agency-specific pay systems.[10]

Agencies classify the grade of each job based on the level of difficulty, responsibility, and qualifications required by the job. OPM has established a uniform set of classification standards for agencies to determine grade levels for their positions organized within occupational categories—Professional, Administrative, Technical, Clerical, Blue Collar, and Other White Collar (PATCO). PATCO positions include:

- Professional positions (e.g., doctors) requiring knowledge in a field of science or learning acquired through education or training equivalent to a bachelor's degree or higher.

- Administrative positions (e.g., financial managers) involving the exercise of analytical ability, judgment, discretion, and personal responsibility and the application of a substantial body of knowledge of principles, concepts, and practices applicable to one or more fields of administration or management.

- Technical positions (e.g., medical technicians) typically associated with and supportive of a professional or administrative field. These positions involve extensive practical knowledge gained through experience or specific training less than that represented by college graduation.

- Clerical positions (e.g., data transcribers) involving structured work in support of office, business, or fiscal operations.

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[8]Performance management system development is required by 5 U.S.C. 4302(a); the eight rating patterns are found in regulation at 5 CFR 430.208(d).

[9]Federal regulations require that a performance appraisal system has, at minimum, one category that corresponds to an outright failure to meet established standards and one category that represents success in meeting established standards.

[10]The Federal Wage System is a uniform pay-setting system that covers blue-collar employees who are paid by the hour. In addition, some agencies have independent authority to administratively determine the rates of pay for any group or category of employees; for example, the Department of Veterans Affairs uses an agency-specific pay system for medical personnel.

- Blue collar positions comprising trades, crafts, and manual labor (unskilled, semi-skilled, and skilled, such as electricians).

- Other miscellaneous white collar positions (e.g., correctional officers) that do not fall into any of the prior categories.

Prior GAO Work Highlights Key Lessons Learned in Performance Management

In our prior work on employee performance management, we noted that effective performance management systems are not merely used for once- or twice-yearly individual expectation setting and ratings processes, but are tools to help organizations manage on a day-to-day basis, achieve results, accelerate change, and to facilitate two-way communication about individual and organizational performance.[11] Key findings from our earlier work include the following:

- The transparency and credibility of the performance management process is enhanced when meaningful performance distinctions are made—it helps ensure that promotion, pay, bonus, staffing, and other rewards and recognition decisions are based on employees' performance and results.[12]

- A cultural shift might be needed among agencies and employees to acknowledge that a rating of "fully successful" is already a high bar and should be valued and rewarded and that "outstanding" is a difficult level to achieve. In our examination of SES ratings and performance awards, we noted that one of the five case study agencies included in our review communicates the message that a "fully successful" rating is not average or ordinary; it demonstrates a significant level of accomplishment.[13]

- Good supervisors are key to the success of any performance management system. Supervisors provide the day-to-day performance management activities that can help sustain and improve the performance of more talented staff and can help marginal performers to become better. As a result, it will be important for agencies to promote people into supervisory positions because of their supervisory skills (in addition to their technical skills) and ensure that new supervisors receive sufficient training in performance management.[14]

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[11]GAO-03-488.

[12]See GAO-03-488 and GAO, *Results-Oriented Cultures: Modern Performance Management Systems Are Needed to Effectively Support Pay for Performance*, GAO-03-612T (Washington, D.C.: Apr. 1, 2003).

[13]GAO-15-189.

[14]See, for example, GAO, *Federal Workforce: Improved Supervision and Better Use of Probationary Periods Are Needed to Address Substandard Employee Performance,* GAO-15-191 (Washington, D.C.: Feb. 6, 2015).

Most Permanent, Non-SES Employees Are Rated Using a 5-Level Performance Appraisal System

Federal regulations establish eight performance rating patterns that can be used by agencies to rate employees. As shown in table 1, about 71.4 percent of permanent, non-SES employees at the 24 CFO Act agencies are rated using a 5-level performance appraisal system, followed by a 2-level pass/fail system (12.7 percent), 3-level system (9.4 percent), and 4-level system (6.2 percent).

Table 1: Employee Performance Appraisal Systems in Use by Chief Financial Officer Act Agencies, Calendar Year 2013

Type of rating system (levels)	Percent of employees covered (calendar year 2013)
5 levels	71.4%
2 levels (pass/fail)	12.7%
3 levels[a]	9.4%
4 levels[a]	6.2%

Source: GAO analysis of Enterprise Human Resources Integration (EHRI) data, rating period ending calendar year 2013. | GAO-16-520R

Note: N = 1,171,400 permanent, non-Senior Executive Service employees (rounded to the nearest 100). Numbers may not add up to 100 percent due to rounding.

[a]There are three possible rating patterns for 3- and 4-level rating systems; see enclosure I.

In addition, 18 of the 24 CFO Act agencies used more than one performance appraisal system during calendar year 2013. For example, at that time, the Department of Defense relied on six different rating systems to rate employees and the Department of Homeland Security used four different rating systems.[15]

About 61 Percent of Employees Were Rated as "Outstanding" or "Exceeds Fully Successful" in Calendar Year 2013

As indicated by figure 1, about 99 percent of permanent, non-SES employees received a rating at or above "fully successful." About 61 percent of employees were rated as "outstanding" (33.1 percent) or "exceeds fully successful" (27.4 percent).[16]

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[15]In July 2014, the Department of Defense announced that it planned to implement a 3-level performance appraisal system for all civilian employees, effectively reducing the overall number of performance appraisal systems it will use to rate employees. According to the department, this new system will be rolled out to a selection of facilities beginning in 2016 and gradually implemented across the department over the next few years.

[16]5 CFR 430.208 defines rating level 1 as "unacceptable," level 3 as "fully successful" or equivalent, and level 5 as "outstanding" or equivalent. We refer to level 3 as "fully successful" and level 5 as "outstanding" in this report. Also, in developing their performance management systems, agencies have discretion in establishing labels for rating levels 2 and 4. For the purposes of this report, and consistent with OPM guidance, we refer to level 2 as "minimally successful" and level 4 as "exceeds fully successful."

Figure 1: Permanent, Non-Senior Executive Service Employee Performance Rating Outcomes (All Rating Systems, Calendar Year 2013)
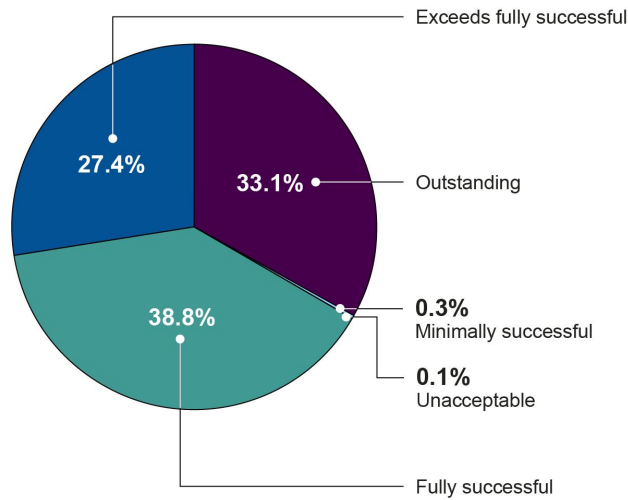
Source: GAO analysis of Enterprise Human Resources Integration (EHRI) data, rating period ending calendar year 2013. | GAO-16-520R

Note: N = 1,171,400 permanent, non-Senior Executive Service employees (rounded to nearest 100). Numbers may not add to 100 percent due to rounding.

Data Table for Figure 1: Permanent, Non-Senior Executive Service Employee Performance Rating Outcomes (All Rating Systems, Calendar Year 2013)

		RATING					All
		Unacceptable	Minimally Successful	Fully Successful	Exceeds Fully Successful	Outstanding	
All	Count (1,000)	1.6	3.7	455.3	322	388.8	1,171.40
	Row Percent	**0.10%**	**0.30%**	**38.80%**	**27.40%**	**33.10%**	100.00%

Employee Performance Rating Trends Vary Based on the Appraisal System Being Used

About 74 percent of permanent, non-SES employees under a 5-level appraisal system received ratings in the top two levels in calendar year 2013. Specifically, 38.6 percent of employees were rated as "outstanding," and 35.1 percent of employees were rated as "exceeds fully successful." An additional 25.5 percent were rated as "fully successful" (see figure 2).

Figure 2: Permanent, Non-Senior Executive Service Employees by a 5-Level Performance Appraisal System and Rating Outcomes (Calendar Year 2013)
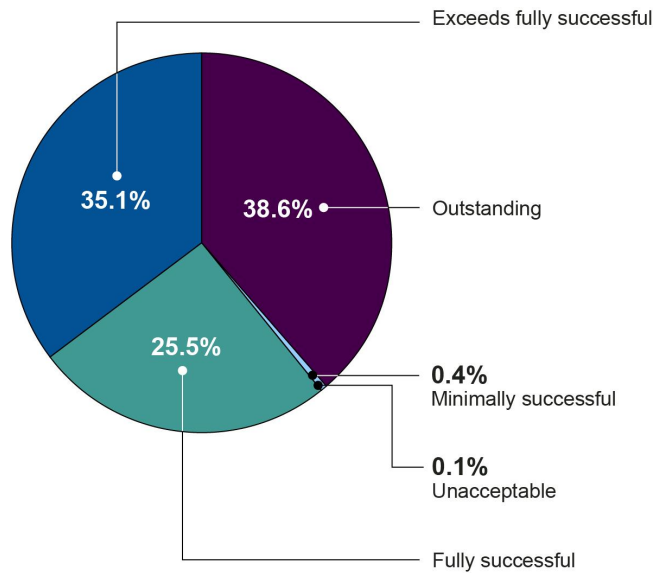
Source: GAO analysis of Enterprise Human Resources Integration (EHRI) data, rating period ending calendar year 2013. | GAO-16-520R

Note: N = 836,900 permanent, non-Senior Executive Service employees (rounded to nearest 100). Numbers may not add to 100 percent due to rounding.

Data Table for Figure 2: Permanent, Non-Senior Executive Service Employees by a 5-Level Performance Appraisal System and Rating Outcomes (Calendar Year 2013)

		RATING					**All**
		Unacceptable	**Minimally Successful**	**Fully Successful**	**Exceeds Fully Successful**	**Outstanding**	
5-pt rating system (H)	Count (1,000)	1.1	2.7	149.1	223.3	243.1	619.2
	Row Percent	**0.10%**	**0.40%**	**25.50%**	**35.10%**	**38.60%**	100.00%

In addition, we found that about 99.9 percent of career permanent, non-SES employees under a 2-level "pass/fail" appraisal system were rated at the pass level (which is equivalent to "fully successful" in other systems) in calendar year 2013.[17] About 12.7 percent of federal employees are rated using a 2-level performance appraisal system.

Though used considerably less often by the CFO Act agencies than a 5-level appraisal system (see table 1 above), we found that

- about 66.1 percent of permanent, non-SES employees rated under the most common 3-level appraisal system were rated as "fully successful" and about 33.7 percent of employees were rated as "outstanding," and[18]

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[17]A 2-level (pass/fail) performance appraisal system rates employees as either "unacceptable" or "fully successful" or equivalent. 5 CFR 430.208.

[18]As noted in enclosure I, agencies can select from one of three patterns when implementing a 3-level performance appraisal system. The majority—about 78 percent—of permanent, non-SES employees are rated under the pattern that includes "unacceptable," "fully successful," or "outstanding."

- about 88 percent of permanent, non-SES employees under the most common 4-level appraisal system were rated at the top two levels ("outstanding" (52.3 percent) or "exceeds fully successful" (35.7 percent)) and 11.7 percent of employees received a rating of "fully successful" (see figure 3).[19]

Figure 3: Permanent, Non-Senior Executive Service Employees by Most Common 3-Level and 4-Level Performance Appraisal Systems and Rating Outcomes (Calendar Year 2013)
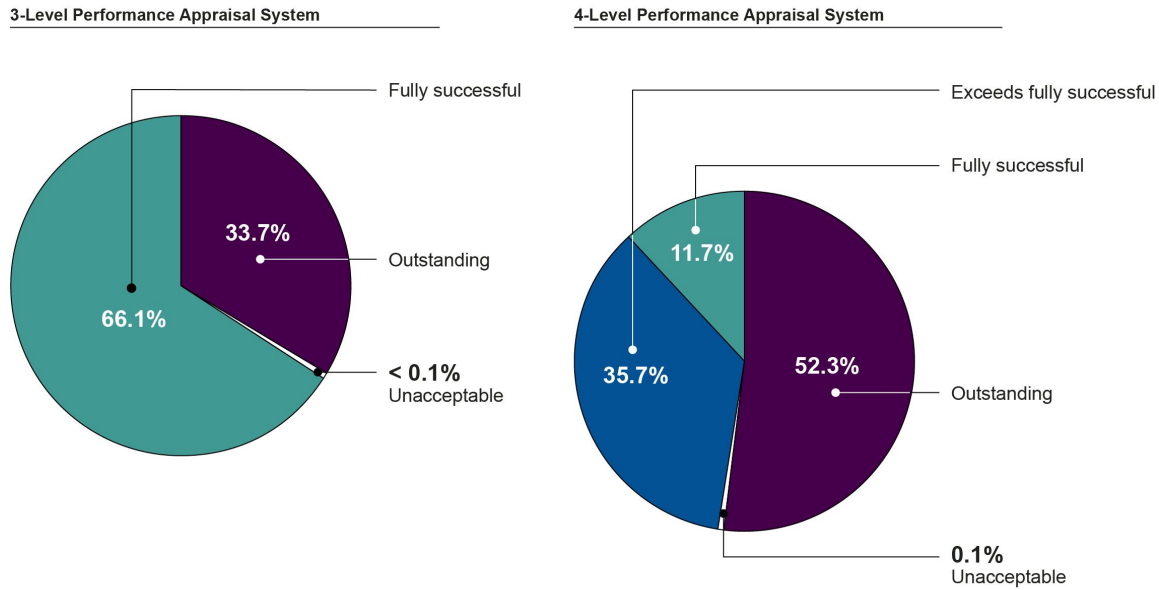
Source: GAO analysis of Enterprise Human Resources Integration (EHRI) data, rating period ending calendar year 2013. | GAO-16-520R

Note: N = 86,200 (3-level appraisal system) and N=67,900 (4-level appraisal system) permanent, non-Senior Executive Service employees (rounded to the nearest 100). Numbers may not add to 100 percent due to rounding.

Data Table for Figure 3: Permanent, Non-Senior Executive Service Employees by Most Common 3-Level and 4-Level Performance Appraisal Systems and Rating Outcomes (Calendar Year 2013)

		RATING					
		Unacceptable	Minimally Successful	Fully Successful	Exceeds Fully Successful	Outstanding	All
Level 3	Count (1,000)	< 0.1	.	57.0	.	29.1	86.2
	Row Percent	< 0.1%	.	66.10%	.	33.70%	100.00%
Level 4	Count (1,000)	< 0.1	.	8.0	24.3	35.6	67.9
	Row Percent	0.10%	.	11.70%	35.70%	52.30%	100.00%

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[19]As noted in enclosure I, agencies can select from one of three patterns when implementing a 4-level performance appraisal system. The majority—about 92 percent—of permanent, non-SES employees are rated under the pattern that includes "unacceptable," "fully successful," "exceeds fully successful," or "outstanding."

Performance Ratings for Administrative, Professional, and Technical Employees Tend Toward the Top Two Rating Categories

We conducted additional analysis on performance rating distributions for permanent, non-SES employees by the six broad "PATCO" occupational categories.

Figure 4: Permanent, Non-Senior Executive Service Employee Performance Rating Distributions by Occupational Category (All Appraisal Systems, Calendar Year 2013)

Occupational groups

Percentage of total population

Occupational group	Fully successful	Exceeds fully successful	Outstanding	Percentage of total population
Administrative	38.2%	25.8%	35.6%	(40.8%)
Professional	34.4%	29.0%	36.1%	(25.7%)
Technical	38.7%	31.0%	29.7%	(19.5%)
Blue collar	45.4%	27.2%	26.7%	(6.5%)
Clerical	40.1% (2.10% minimally successful)	26.7%	29.9%	(4.2%)
Other white collar	69.4%	14.9%	15.4%	(3.0%)

Legend:
- Unacceptable *(percentage of employees rated was less than 1 percent)*
- Minimally successful *(percentage of employees rated was less than 1 percent unless otherwise noted)*
- Fully successful
- Exceeds fully successful
- Outstanding
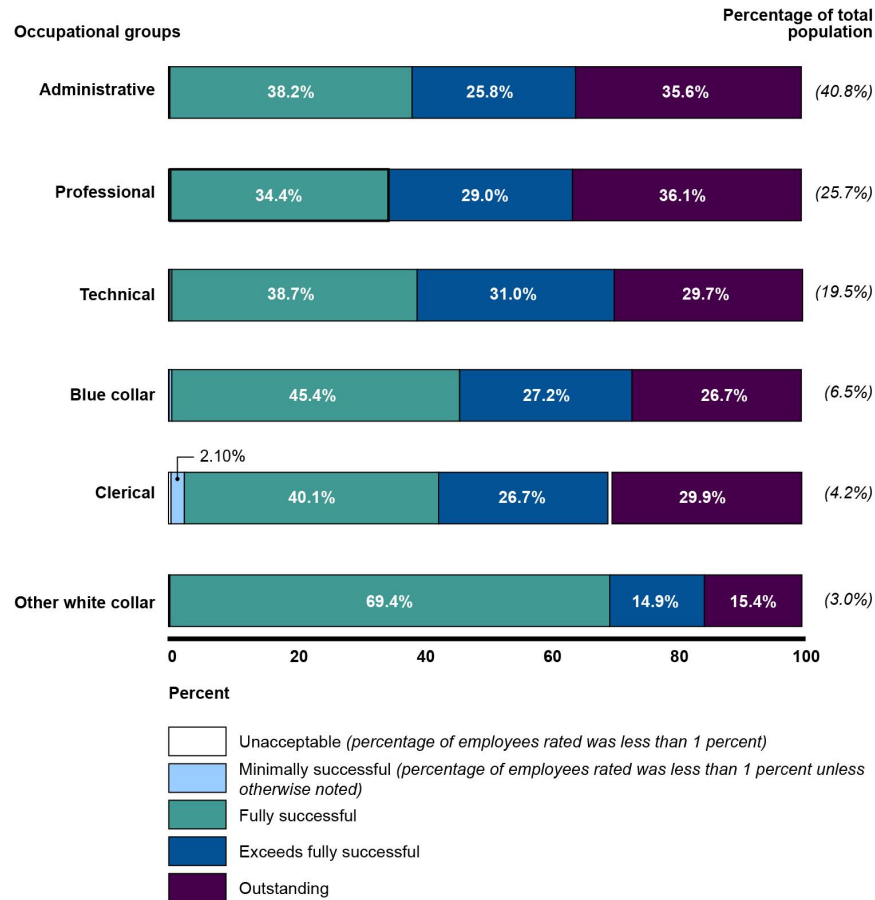
Source: GAO analysis of Enterprise Human Resources Integration (EHRI) data, rating period ending calendar year 2013. | GAO-16-520R

Note: N = 1,171,400 permanent, non-Senior Executive Service employees (rounded to the nearest 100). Numbers may not add to 100 percent due to rounding.

Data Table for Figure 4: Permanent, Non-Senior Executive Service Employee Performance Rating Distributions by Occupational Category (All Appraisal Systems, Calendar Year 2013)

			Unacceptable	Minimally Successful	Fully Successful	Exceeds Fully Successful	Outstanding	All	% of total Population
					RATING			All	% of total Population
All	**PATCO**	**(empty cell)**	0.3	0.8	182.8	123.7	170.5	478.2	**40.8%**
	A - Administrative	Count (1,000)							
		Row Percent	**< 0.1%**	**0.1%**	**38.2%**	**25.8%**	**35.6%**	100.00%	
	B - Blue collar	Count (1,000)	< 0.1	0.3	35.1	21.0	20.7	77.1	**6.5%**
		Row Percent	**< 0.1%**	**0.4%**	**45.4%**	**27.2%**	**26.7%**	100.00%	
	C - Clerical	Count (1,000)	0.5	1.0	19.8	13.2	14.8	49.3	**4.2%**
		Row Percent	**0.9%**	**2.1%**	**40.1%**	**26.7%**	**29.9%**	100.00%	
	O - Other white collar	Count (1,000)	< 0.1	< 0.1	24.8	5.3	5.5	35.8	**3.0%**
		Row Percent	**< 0.1%**	**0.1%**	**69.4%**	**14.9%**	**15.4%**	100.00%	
	P - Professional	Count (1,000)	0.2	0.8	104.1	87.8	109.3	221.6	**25.7%**
		Row Percent	**< 0.1%**	**0.2%**	**34.4%**	**29.0%**	**36.1%**	100.00%	
	T - Technical	Count (1,000)	0.5	0.7	88.7	71	68	228.9	**19.5%**
		Row Percent	**0.2%**	**0.3%**	**38.7%**	**31.0%**	**29.7%**	100.00%	
	All	Count (1,000)	1.6	3.7	455.3	322	388.7	1171.40	**100%**
		Row Percent	**0.1%**	**0.3%**	**38.8%**	**27.4%**	**33.1%**	100.00%	

As indicated by figure 4 above, the data we analyzed for permanent, non-SES employees showed the following:

- About 61 percent of employees in administrative positions received a rating of "outstanding" (35.6 percent) or "exceeds fully successful" (25.8 percent). Employees in the administrative category comprise about 40.8 percent of the employee population we analyzed.

- About 65 percent of professional employees were rated as "outstanding" (36.1 percent) or "exceeds fully successful" (29 percent). Employees in the professional category comprise about 25.7 percent of the employee population we analyzed.

- About 61 percent of employees in technical positions received a rating of "outstanding" (29.7 percent) or "exceeds fully successful" (31 percent). Employees in the technical category comprise about 19.5 percent of the employee population we analyzed.

- Although they comprise only about 3 percent of the employee population we analyzed, the majority of other white collar employees (e.g., corrections officers) received a rating of "fully successful" (69.4 percent). This may be due, in part, to about 57 percent of employees in this category being rated under a 2-level (pass/fail) performance appraisal system.

Three-Fourths of GS-13 Through GS-15 Employees Were Rated in the Top Two Rating Categories

Our analysis of permanent, non-SES employee data showed that about 77 percent of the employees were under the GS system in calendar year 2013. We further analyzed performance rating trends by GS-level groupings for the 3-, 4-, and 5-level appraisal systems.[20]

Figure 5: Permanent, Non-Senior Executive Service Employee Rating Distributions by GS Groups (3-, 4-, and 5-Level Appraisal Systems, Calendar Year 2013)
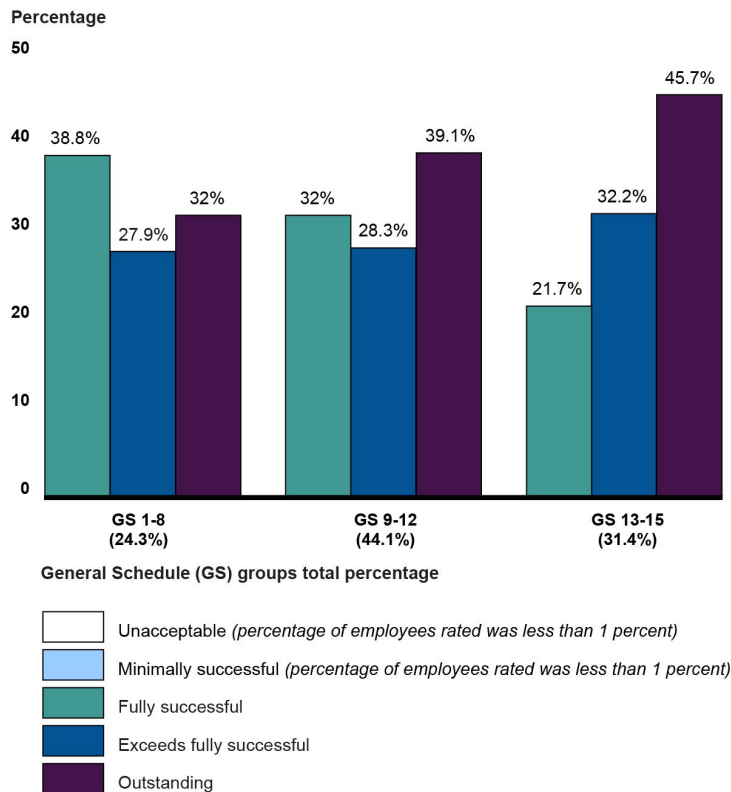
Source: GAO analysis of Enterprise Human Resources Integration (EHRI) data, rating period ending calendar year 2013. | GAO-16-520R

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[20]We do not present non-GS employees here because they have non-standardized pay plans and levels. For this analysis, we focused on the 3-, 4-, and 5-level appraisal systems which cover about 87 percent of permanent, non-SES employees under the GS system.

Data Table for Figure 5: Permanent, Non-Senior Executive Service Employee Rating Distributions by GS Groups (3-, 4-, and 5-Level Appraisal Systems, Calendar Year 2013)

		Unacceptable	Minimally Successful	RATING			All	% of total
				Fully Successful	Exceeds Fully Successful	Outstanding		
GRADE	(empty cell)	0.5	1.8	74.6	53.6	61.5	192.0	**24.3%**
GS 01-08	Count (1,000)							
	Row Percent	**0.2%**	**0.9%**	**38.8%**	**27.9%**	**32.0%**	100.00%	
GS 09-12	Count (1,000)	0.3	1.1	111.4	98.6	135.9	347.4	**44.1%**
	Row Percent	**< 0.1%**	**0.3%**	**32.0%**	**28.3%**	**39.1%**	100.00%	
GS 13-15	Count (1,000)	0.1	0.4	53.8	80.0	113.5	247.9	**31.4%**
	Row Percent	**<0.1%**	**0.1%**	**21.7%**	**32.2%**	**45.7%**	100.00%	

As indicated by figure 5, the data we analyzed for permanent, non-SES employees showed the following:

- A total of about 78 percent of GS employees in grades 13 through 15 were rated in the top two rating categories, "outstanding" (45.7 percent) and "exceeds fully successful" (32.2 percent). GS-13 through GS-15 employees comprise 31.4 percent of the employee population in the figure above.

- A total of about 67 percent of GS employees in grades 9 through12 were rated as "outstanding" (39.1 percent) and "exceeds fully successful" (28.3 percent). GS-9 through GS-12 employees comprise about 44.1 percent of the employee population in the figure above.

- GS employees in grades 1 through 8 were more often rated as "fully successful" (38.8 percent), followed by "outstanding" (32 percent). GS-1 through GS-8 employees comprise about 24.3 percent of the employee population in the figure above.

Agency Comments

We provided a draft of this report to OPM for comment. OPM responded, indicating they did not have comments on the report. OPM also provided technical comments that were incorporated, as appropriate.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Director of

the Office of Personnel Management, the appropriate congressional committees, and other interested parties. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

Should you or your staff have any questions on matters contained in this report, please contact me at (202) 512- 2757 or by e-mail at goldenkoffr@gao.gov. Key contributions to this report were made by Tom Gilbert, Assistant Director; Heather A. Collins, Analyst-in-Charge; Karen Cassidy; Christopher Falcone; Camille Henley; and Albert Sim.

Sincerely yours,

Robert Goldenkoff
Director
Strategic Issues

Enclosure-1

Enclosure I: Employee Performance Appraisal Patterns

Federal agencies are required to select one of eight performance appraisal rating patterns (lettered A through H), as defined in 5 CFR 430.208, as the basis of an employee performance appraisal system. At the end of the appraisal period, each employee is assigned an overall (or "summary") rating.

Table 2: Employee Performance Appraisal Rating Patterns and Levels

Rating pattern		Summary rating levels				
		Level 1 (unacceptable)	Level 2 (minimally successful or equivalent)	Level 3 (fully successful or equivalent)	Level 4 (exceeds fully successful or equivalent)	Level 5 (outstanding or equivalent)
2-level (pass/fail)	A	Yes	No	Yes	No	No
3-level	B	Yes	No	Yes	No	Yes
	C	Yes	No	Yes	Yes	No
	D	Yes	Yes	Yes	No	No
4-level	E	Yes	No	Yes	Yes	Yes
	F	Yes	Yes	Yes	No	Yes
	G	Yes	Yes	Yes	Yes	No
5-level	H	Yes	Yes	Yes	Yes	Yes

Source: GAO analysis of 5 CFR 430.208(d)(1) and OPM guidance. | GAO-16-520R

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