(Awards). This would consolidate the regulatory structure and clarify that rating-based cash performance award programs are an option that agencies are authorized—but not required—to use.

Finally, deregulation would result from modifying OPM's review of agency systems. An agency's appraisal system, or overall policy framework, would still be reviewed and approved, as required by law, for compliance with regulatory requirements. However, the scope of that review would be limited to that required by law, and there would be fewer regulatory requirements to review. The proposed regulation returns the Governmentwide regulatory scheme for performance management to the decentralized approach initially taken in implementing the Civil Service Reform Act of 1978. The highly detailed regulatory requirements that OPM is proposing to modify date to the mid-1980's, a time when there was a strong policy interest in achieving Governmentwide uniformity. Experience has provided substantial evidence that the "one size fits all" approach does not support effective performance management and needs to be changed.

Reinventing Performance Management

In addition to reducing the amount of regulation, OPM is proposing regulatory revisions to facilitate applying performance management regulations to improving individual and organizational performance. The language and context of existing regulation is centered strongly in a model of individual performance and recognition. The language, context, and focus of effective performance management practice have altered substantially in recent years. Many organizations have benefitted from a shift to focusing on the group or team performance level. Such a shift can greatly improve the credibility and utility of appraisal and award processes and outcomes for achieving the objective of improving organizational performance and mission accomplishment.

The current regulations stem from a model of appraisal based more on process inputs and the duties and responsibilities in an employee's individual position description and less on the results and accomplishments for which that employee is accountable. Experience has shown that those results and accomplishments are often more reasonably and meaningfully described, and certainly measured, at the group or team level. One objective in OPM's revision of appraisal and award regulations is to ensure that they could

be applied to managing group performance. Consequently, many proposed revisions would remove language (e.g., "employee" and "position") that narrowed the regulation's focus to individual performance. Several appraisal-related terms would be retained (e.g., appraisal, critical element, performance), but their definitions modified to accommodate this broader context.

OPM's goal is to establish a regulatory scheme that would operate effectively at the individual and the team or group level. An agency would still be able to design and operate its programs entirely at the individual level. Establishing and maintaining individual accountability and taking appropriate actions to deal with poor performers must remain significant aspects of the Government's performance management system. Therefore, the regulations would continue to require that each employee have a performance plan, and OPM is proposing to require that each plan must include at least one critical element that addresses individual performance. (See § 430.206(b)(4).)

In addition to making changes to accommodate group performance, OPM is proposing some revisions to the regulatory structure that are intended to refocus attention away from the once-a-year summary rating aspects of performance appraisal procedures and back toward the processes involved in communicating performance expectations and providing ongoing feedback. To that end, OPM is proposing to establish separate sections within the appraisal subpart of part 430 that focus on:

- —Planning performance, (See § 430.206.)
- —Monitoring performance, (See § 430.207.)

and

—Rating performance at the end of an appraisal period or cycle. (See § 430.208.)

The definition and requirements for a performance plan would be broad enough to accommodate including other expressions of performance expectations in addition to establishing elements and standards. (See § 430.203 and § 430.206(b)(5).) This would facilitate agencies integrating other performance planning processes with their appraisal programs (for example, by including factors from performance contracts, performance goals and targets, published customer service standards, organization-level performance plans established under the Government Performance and Results Act of 1993, etc.). The proposed regulations seek

only to establish clearly that agencies would be free to integrate such planning tools and products and do not establish specific requirements or procedures for doing so. Such factors could be considered, for example, in designing incentive award schemes and distributing rewards and recognition. However, such factors could not be used as the basis for initiating a performance-based action, which requires a determination that performance on a critical element is "Unacceptable."

Another area where OPM is proposing a broader context is the process for deriving a summary rating. Although OPM is proposing to permit as few as two summary rating levels (see below), it is also anticipated that agencies will continue to have an interest in making and recording further distinctions among the vast majority of employees who meet basic performance expectations. OPM is proposing regulations that would give agencies more flexibility in deriving and assigning summary rating levels. For example, agencies would be able tobut not required to—consider other performance-related factors beyond appraisal of employee or group performance on critical elements. (See § 430.208(b).) Examples of such other factors include:

- —Components from a performance plan such as meeting work plan objectives or group performance goals that had not been specifically framed as critical elements,
- A record of receiving awards for superior performance,
- —A record of documented productivity gains,
- —A non-critical element included in the performance plan to communicate an expectation and standards that, if met, could raise a summary rating above Level 3 ("Fully Successful" or equivalent).

In addition, OPM is proposing to give agencies the flexibility to use forced distributions of summary ratings above Level 3 ("Fully Successful" or equivalent), but only where those summary ratings above that level are not derived solely based on a comparison of performance against predetermined standards. An example of such a scheme would be to use performance-related criteria to rank the employees whose critical elements are all appraised as at least "Fully Successful" and assign the highest rating level to a limited number of employees. It should be noted that the effectiveness and acceptance of such a scheme would rest largely on the credibility and equity of the processes and criteria used to rank the employees.