Performance Management Changes

Briefing for Leaders

U.S. Office of Personnel Management

Overview

- Purpose of today's briefing is to give agency leaders an overview of significant changes in the federal personnel system with the update of performance management regulations and policies for General Schedule, Prevailing Rate, and Certain Other Employees (covered under 5 CFR 430 Subpart B)
- These regulations were updated to support the Administration's commitment to governmentwide performance management reform
- Objectives of implementation:
  - Address longstanding performance management issues
  - Streamline processes for finalizing ratings of record
  - Strengthen accountability for supervisors and employees
  - Enhance OPM oversight

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Implementation Timeline

- The final rule amending several parts of title 5 of the Code of Federal Regulations is effective on August 6, 2026
- Agencies are required to update their performance management policies and system prior to the end of the FY 2026 performance cycle
- Agency leaders must determine:
  - Agency Decision Framework
  - Organizational Performance Alignment Framework
  - Agency Calibration Program and Factors
  - Agency Calibration Panel Level(s) and Members
  - Internal Agency Distribution Caps (if applicable)
  - Agency Performance Management Officer (if not already assigned)

Implementation Timeline (cont.)

- Agencies should have begun the process to:
  - Assign the role of Performance Management Officer
  - Model design options for agency's Standardized Distribution process
  - Draft agency's Calibration Program
  - Draft agency's Communications and Change Management strategy
- FY26 final ratings must comply with OPM-issued ratings distribution caps at the agency level

Performance Management Officer (PMO) Role

Introduced in OPM's Performance Management Toolkit (September 2025), the PMO is a critical new role for agency implementation:

- Advises and assists agency leaders with PM policies and processes
- Should be within the 0201 series in an SES or SL position (can be a standalone role or an additional role for a senior HR employee such as the CHCO, Deputy CHCO, or HR Director)
- Involved in all aspects of the agency's PM process: training, monitoring, compliance, and data analysis
- Serves as the agency's PM oversight official
- Responsible for ensuring agency compliance with OPM distribution caps
- Partners with the agency PIO on identification and progress of agency performance goals

OPM Guidance

- OPM published several guidance resources on **www.opm.gov/performance-management** to assist agencies with implementing the new Performance Management regulations on its website:
  - Frequently asked questions and answers
  - Templates to notify employees of the changes in the rating process
  - Quick reference documents to inform employees, supervisors and managers, and human resources practitioners concerning key features of the regulations
  - Performance Management Officer Manual for agency PMO and HR specialists to assist with building and implementing agency-specific program and processes

Key Changes of Performance Management Reform

What Stays the Same?

Many important elements do not change under OPM's performance management regulations:

- Performance plans must still contain clear, job-related performance standards
- Performance ratings must be based on objective and measurable results
- Award programs remain unchanged. Employees will continue to be rewarded for high performance including end-of-year performance bonuses and special act awards consistent with agency policy
- Employees rated "Unacceptable" still receive a formal opportunity to improve before any action is taken
- Existing employee protections remain including EEO, whistleblower, and prohibited personnel practices
- Disabled veterans are still protected from having ratings lowered due to absences for medical treatment

Regulatory Changes

1. Authorizes OPM to establish a Standardized Distribution (SD) of some or all rating levels
2. Reduces summary level patterns from 8 to 3 (5-3-1; 5-4-3-1; or Pass/Fail for certain groups)
3. Eliminates assistance for Marginal Performance
4. Eliminates Mandatory Review of Level 1 Rating of Record
5. Prohibits challenging a Rating of Record through grievance procedures (retains “informal request,” “formal proceeding permitted by law,” and “incorrectly calculated or recorded”)
6. Adds Mandatory Supervisory Critical Element
7. Biennial Review and Certification of Agency Appraisal Systems

Policy Changes

1. Greater emphasis on calibration
2. Increased focus on organizational performance
3. More rigorous differentiation of performance
4. Enhanced transparency and documentation
5. Governmentwide ratings distribution caps

Calibration: A New Requirement and What It Means for Your Agency

Calibration is the structured process through which managers and leadership review *preliminary performance ratings* and evaluate them against organizational standards, workforce-wide performance outcomes, and applicable distribution requirements

- Agencies will need to create a "Calibration Program" that defines how the agency will transform individual supervisory assessments (preliminary performance ratings) into a consistent organizational performance management system that is based on:

  - Individual performance
  - Evidence-based decisions
  - Merit System Principles
  - Transparency

- Agencies must establish at least one Calibration Panel at the agency level; however, there is the flexibility to have intermediate calibration panels at the component level
  - The agency-level Calibration Panel should operate similarly to an agency' PRB with respect to calibrating individual ratings at the agency-wide level

Questions

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