



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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Washington, D.C. 20410

Office of the Chief Human Capital Officer
Employee and Labor Relations Division

September 1, 2026

TO: Ashaki Robinson, President, AFGE National Council of Locals 222

FROM: Daniel Raymond, Director, Employee and Labor Relations Division

SUBJECT: Article 49 Notice – Implementation of Changes to 5 CFR Part 430 and HUD Performance Management Policy

Pursuant to Article 1 of the Collective Bargaining Agreement, the parties recognize that changes to the CBA may be made when required by Government-wide regulation. Furthermore, Section 53.02 dictates that provisions invalidated or impacted by subsequent laws/regulations shall be renegotiated for the purpose of an adequate replacement. Therefore, pursuant to Article 49 of the HUD-AFGE Collective Bargaining Agreement, the Department hereby provides notice to the Union of proposed modifications to Articles 30, 31, 32, and 51 of the Agreement.

The proposed modifications are being made in connection with implementation of revisions to 5 CFR Part 430 governing Federal employee performance appraisal and performance management and the Department's revised Performance Management Policy implementing those Government-wide requirements. The proposed changes are limited to provisions of the Agreement that are affected by the revised 5 CFR Part 430 requirements and/or are necessary to implement the Department's revised Performance Management Policy, including conforming changes to related provisions of the Agreement affected by the revised performance-management framework.

The Department is not proposing to reopen the Agreement generally or to modify provisions unrelated to implementation of the revised 5 CFR Part 430 requirements or the Department's revised Performance Management Policy. The attached supplements identify the specific provisions of Articles 30, 31, 32, and 51 that the Department proposes to modify. All provisions not specifically identified in the respective supplements will remain unchanged.

I. BACKGROUND

The Office of Personnel Management (OPM) has revised the Government-wide regulations governing Federal employee performance appraisal and performance management under 5 CFR Part 430. The revised regulatory framework establishes requirements concerning agency performance appraisal programs, performance appraisal procedures, performance ratings, performance-management practices, and the treatment of Ratings of Record under negotiated grievance procedures.

HUD has developed a revised Performance Management Policy to implement the revised Government-wide requirements. The existing HUD-AFGE Collective Bargaining

Agreement contains provisions based upon the prior performance-management framework, including provisions concerning performance ratings, performance planning, performance improvement, incentive awards, within-grade increases, and challenges to performance appraisal matters. The Department therefore proposes targeted amendments to the Agreement to ensure that the Agreement and HUD's revised performance-management system operate consistently with applicable law, Government-wide regulation, and Department policy.

II. IMPLEMENTATION TIMELINE

The Department will implement the revised performance-management framework in phases to correspond with the applicable appraisal years.

A. FY 2026 Appraisal Year

For the FY 2026 appraisal year, employees will continue to be rated using the existing five-level performance-rating structure. The Department will apply the following changes for FY 2026:

1. Standardized distribution of performance ratings;
2. Revised Reviewing Official procedures, under which the Reviewing Official will review and approve Level 4 and Level 5 overall ratings and will not be required to review or approve Level 1, Level 2, or Level 3 overall ratings; and
3. Exclusion of Ratings of Record from the negotiated grievance procedure, consistent with applicable Government-wide requirements.

The Department will continue to administer FY 2026 annual performance awards under the existing performance-award process. The Department will likewise administer FY 2026 within-grade increases under the existing applicable Article 32 provisions and processes. Accordingly, the proposed amendments to Articles 31 and 32 establishing the revised performance-award and WGI frameworks will not apply to FY 2026 awards or FY 2026 WGI determinations.

B. FY 2027 and Subsequent Appraisal Years

Beginning October 1, 2026, the first day of the FY 2027 appraisal period, the Department will implement the revised performance-management framework established by the revised HUD Performance Management Policy. Beginning with the FY 2027 appraisal period:

- the Department will use a three-level performance-rating structure consisting of Level 1 (Unacceptable), Level 3 (Achieved Expectations), and Level 5 (Exemplary);
- the revised performance-planning and performance-appraisal procedures will apply;
- the revised ODAP framework will apply;
- the revised Article 31 performance-award provisions will apply to performance awards administered under the revised framework; and
- the revised Article 32 WGI provisions will apply to WGI determinations administered under the revised framework.

The revised Article 31 and Article 32 provisions are therefore intended to apply prospectively beginning with FY 2027, subject to applicable law, Government-wide regulation, and Department policy.

III. ARTICLE 30 – PERFORMANCE APPRAISAL

The Department proposes the attached Supplement to Article 30 – Performance Appraisal. The proposed amendments are necessary to implement the revised 5 CFR Part 430 requirements and HUD's revised Performance Management Policy. The proposed changes include the following:

A. Performance appraisal system and definitions

The proposed amendments update provisions establishing the Department's performance appraisal system and related definitions to conform to the revised Government-wide performance-management framework and HUD's revised policy.

B. Performance planning and performance standards

The proposed amendments revise provisions governing the establishment and communication of performance plans, performance elements, and performance standards. The amendments conform the Agreement to the performance-planning procedures established by the revised HUD Performance Management Policy while preserving appropriate management responsibility for establishing performance requirements.

C. Employee participation in performance planning

The proposed amendments clarify the employee's role in performance planning while avoiding language that creates an automatic contractual requirement for Union participation in every performance-planning meeting involving a bargaining-unit employee.

D. Changes to performance elements and standards

The proposed amendments establish procedures for modifying or adding performance elements and standards during the appraisal period when warranted by changes in duties, responsibilities, organizational priorities, mission requirements, or other circumstances.

E. Performance-rating structure

For the FY 2026 appraisal year, the Department will continue to use the existing five-level performance-rating structure. Beginning with the FY 2027 appraisal period, the Department will implement the revised three-level rating structure consisting of Level 1 (Unacceptable), Level 3 (Achieved Expectations), and Level 5 (Exemplary). The proposed amendments to Article 30 establish the contractual framework necessary to implement the revised rating structure beginning with FY 2027.

F. Standardized distribution

The proposed amendments establish the contractual framework necessary to implement standardized distribution of performance ratings. The standardized distribution requirements will be implemented for the FY 2026 appraisal year.

G. Reviewing Official process

For the FY 2026 appraisal year, the Department will continue to use the five-level rating structure while implementing revised Reviewing Official procedures. Under the FY 2026 process, the Reviewing Official will review and approve Level 4 and Level 5 overall ratings. Reviewing Official approval will not be required for Level 1, Level 2, or Level 3 overall ratings. Beginning with FY 2027, the Reviewing Official procedures will operate within the revised three-level rating structure established by the revised HUD Performance Management Policy.

H. Performance improvement and ODAP

The revised HUD Performance Management Policy establishes the Opportunity to Demonstrate Acceptable Performance (ODAP) process for addressing unacceptable performance. The proposed Article 30 amendments replace provisions of the existing Agreement that establish or require a separate contractual performance-improvement process with provisions consistent with the Department's ODAP framework.

I. Performance reviews and Ratings of Record

The proposed amendments revise provisions governing the preparation, review, communication, and finalization of Ratings of Record and related performance reviews.

J. Position changes and details

The proposed amendments establish provisions concerning performance ratings following position changes and the administration of performance plans and ratings for employees on detail and other special circumstances.

K. Performance-based position changes

The proposed amendments revise provisions concerning employees who change positions as a result of unacceptable performance.

L. Elimination of obsolete provisions

The proposed supplement deletes provisions that are based upon the former performance-management framework and are no longer necessary or consistent with the revised system.

M. Information, training, and system evaluation

The proposed amendments update provisions concerning performance-rating information, training and guidance, and Department evaluation of the performance appraisal program.

IV. ARTICLE 31 – INCENTIVE AWARDS PROGRAM

The Department proposes the attached Supplement to Article 31 – Incentive Awards Program. The proposed amendments make conforming changes to the performance-related provisions of Article 31 resulting from implementation of the revised performance-management framework and HUD's revised Performance Management Policy. The Department will continue to administer FY 2026 annual performance awards under the existing process. The proposed Article 31 amendments establishing the revised performance-award framework will apply beginning with FY 2027 and subsequent appraisal years. The proposed changes include:

A. Performance awards

The proposed amendments clarify the relationship between performance ratings and performance awards and establish that a performance rating does not independently create an entitlement to a performance award.

B. Agency discretion

The proposed amendments provide the Department appropriate discretion to establish and administer an annual performance-award program consistent with applicable law, Government-wide regulation, available funding, and Department policy.

C. Award methodology

The proposed amendments align the methodology used to administer performance awards with the revised performance-management framework.

D. Information

The proposed amendments establish appropriate parameters for information provided to the Union concerning the Incentive Awards Program.

E. Awards Committee and award criteria

The proposed supplement deletes existing provisions concerning the Awards Committee and the contractual requirement concerning consistent criteria for awards. These changes conform the awards provisions to the Department's revised administration of performance-related awards.

V. ARTICLE 32 – WITHIN-GRADE INCREASES

The Department proposes the attached Supplement to Article 32 – Within-Grade Increases. The proposed amendments make conforming changes to the performance-related provisions governing within-grade increases to ensure consistency with the revised performance-management framework and HUD's revised Performance Management Policy. The Department will administer FY 2026 WGI determinations under the existing Article 32 provisions and processes. The proposed Article 32 amendments will apply beginning with FY 2027 and subsequent appraisal years, subject to applicable law, Government-wide regulation, and Department policy. The proposed changes include:

A. Acceptable level of competence

The proposed amendments replace obsolete references to the former performance-rating structure with the applicable acceptable-level-of-competence standard.

B. Performance determination

The proposed amendments establish procedures for making WGI performance determinations consistent with applicable law, regulation, and Department policy.

C. Notification and opportunity to demonstrate acceptable performance

The proposed amendments align notification and performance-opportunity procedures with the revised performance-management framework and ODAP process.

D. Negative determinations and reconsideration

The proposed amendments preserve applicable reconsideration rights while aligning the process with applicable law, regulation, and Department policy.

E. Elimination of WGI waiver provision

The proposed supplement deletes the existing contractual waiver mechanism and permits WGI determinations to be administered consistent with applicable law, regulation, and Department policy.

F. Effective dates and waiting periods

The proposed amendments update WGI effective-date and waiting-period provisions.

G. Relationship to Article 51 and Article 13

The proposed amendments clarify the relationship between WGI determinations, reconsideration, the negotiated grievance procedure, and performance-based actions under Article 13.

H. Arbitration

The proposed amendments update the arbitration provision and establish the scope of arbitral review of a sustained negative WGI determination.

VI. ARTICLE 51 – GRIEVANCE PROCEDURE

The Department proposes the attached Supplement to Article 51 – Grievance Procedure. The proposed amendment is necessary to implement the Government-wide requirement concerning the treatment of Ratings of Record under 5 CFR Part 430. The proposed amendment adds the following subsection to Article 51:

(18) Ratings of Record. A Rating of Record, including the summary rating level, ratings assigned to individual critical elements, supporting narratives or written justifications, or the substance of a Rating of Record, is excluded from the negotiated grievance procedure. This exclusion does not affect any grievance, appeal, or other challenge otherwise authorized by this Agreement, applicable law, or Government-wide regulation concerning a subsequent reduction in grade, removal, denial of a within-grade increase, or other personnel action based upon unacceptable performance.

The exclusion will apply to Ratings of Record issued for the FY 2026 appraisal year and thereafter, consistent with applicable Government-wide requirements. The proposed language distinguishes a Rating of Record from a subsequent personnel action based upon unacceptable performance and preserves any grievance, appeal, or other challenge to such a personnel action that is otherwise authorized by the Agreement, applicable law, or Government-wide regulation.

VII. RELATIONSHIP TO THE REVISED PERFORMANCE MANAGEMENT POLICY

The proposed supplements are intended to ensure that the collective bargaining agreement and HUD's revised Performance Management Policy establish a consistent performance-management framework.

The proposed changes:

- implement applicable requirements arising from revised 5 CFR Part 430;
- establish the contractual framework for standardized distribution of performance ratings;
- implement the revised Reviewing Official process for the FY 2026 appraisal year;
- exclude Ratings of Record from the negotiated grievance procedure as required by applicable Government-wide requirements;
- transition the Department to the revised three-level performance-rating structure beginning with FY 2027;
- replace outdated performance-improvement procedures with the Department's ODAP process;
- conform related incentive-award and WGI provisions to the revised performance-management framework; and
- remove contractual provisions that are obsolete or inconsistent with the revised performance-management system.

The Department is not proposing to change provisions merely because the Department could administer them differently. The proposed amendments are being made to implement the revised 5 CFR Part 430 requirements and HUD's revised Performance Management Policy, including conforming changes to related provisions of the Agreement affected by the revised performance-management framework.

VIII. IMPLEMENTATION

The Department will implement the revised HUD Performance Management Policy effective October 1, 2026, with applicable portions of the revised framework implemented during the FY 2026 appraisal year as described in this notice.

For FY 2026, employees will continue to be rated using the existing five-level rating structure. The Department will implement standardized distribution, the revised Reviewing Official process under which Levels 4 and 5 require Reviewing Official review and approval, and the exclusion of Ratings of Record from the negotiated grievance procedure. The Department will administer FY 2026 performance awards and FY 2026 WGI determinations under the existing applicable CBA provisions and processes. Beginning October 1, 2026, the first day of the FY 2027 appraisal period, the revised three-level performance-rating structure consisting of Levels 1, 3, and 5 will apply. The revised Article 31 performance-award provisions and Article 32 WGI provisions will apply prospectively beginning with the FY 2027 appraisal period and thereafter, subject to applicable law, Government-wide regulation, and Department policy.

IX. ATTACHMENTS

Attachment A: Proposed Supplement – Article 30, Performance Appraisal

Attachment B: Proposed Supplement – Article 31, Incentive Awards Program

Attachment C: Proposed Supplement – Article 32, Within-Grade Increases

Attachment D: Proposed Supplement – Article 51, Grievance Procedure

Attachment E: HUD Performance Management Policy

Attachment F: OPM Final Rule Amending 5 CFR Part 430

Attachment G: OPM Guidance Concerning the Final Rule on Performance Appraisal