

State of Colorado
Performance System Requirements
November 2007



The state's performance management system was developed with input from various stakeholders, and the process remains open to refinement and improvement. It is anticipated that the system evaluation component will drive additional changes in order for the performance management system to remain relevant and effective. This document was prepared in accordance with the provisions of statute C.R.S. 24-50-104 (1)(c) and (c.5) and the Personnel Board Rules in effect as of October 1, 2007. Subsequent revisions to the statute or rules could cause conflicting statements. If such a situation should arise, the personnel rules will always be the official document upon which a ruling will be based or an interpretation will be made.

The performance management system consists of three components: performance management, achievement pay, and performance dispute resolution. Departments and higher education institutions develop and implement the components of their individual Performance Management Program, consistent with the system-wide requirements. The State Personnel Director approves all Programs in advance of implementation.

The system-wide requirements are set forth in rule (see below).

I. Performance Management

6-3. Appointing authorities and designated raters are responsible for communicating the department's performance management program and the performance expectations and standards, including an individual written performance plan, and for evaluating performance in a timely manner in accordance with rule.

6-4. The Director shall establish guidelines governing the performance management system. The performance management system does not apply to employees in the senior executive service or medical plan. Departments must develop a performance management program that includes the dispute resolution process and is approved by the Director before implementation. All employees shall be evaluated, in writing, at least annually based on the past year's performance. If the employee moves to a position under another appointing authority or department during a performance cycle, an interim overall evaluation shall be completed and delivered to the new appointing authority or department within 30 days of the effective date of the move. These guidelines shall be used in a timely manner by all appointing authorities and designated raters, including any person employed by the state who supervises an employee. The department's performance management component must include the following.

- A. A detailed training plan for employees and raters. Training is mandatory for all raters.

- B. Incorporate into each individual performance plan and evaluation the statewide, uniform core competencies defined by the Director. The statewide, uniform core competencies cannot be disregarded in the final overall rating for each employee.
- C. Develop a performance evaluation form.
- D. The statewide uniform performance cycle shall be April 1 to March 31.
- E. A planning meeting with the employee that shall occur by the date specified in the department's performance management program.
- F. Allow for coaching and feedback during the performance cycle including at least one documented progress review.
- G. Specify whether the performance evaluations are numerical, qualitative, or a combination that conforms to one of the performance rating levels. The Director shall define the performance rating levels and publish these standard definitions in written directives. A department's performance management program and forms shall contain the standard definitions. Departments may further define the levels in relation to mission and operational needs providing that such expansion falls within these required definitions. Beginning with the performance cycle on April 1, 2007, for achievement pay payable on July 1, 2008, three rating levels will be used and departments shall make conforming changes to performance management programs and forms. (See Definitions attached).
- H. Shall not establish a quota for the number of employees allowed to receive any of the performance ratings.
- I. Develop an accountability component to ensure compliance with the performance management system and the department's program. Such programs shall specify the sanctions, including those required by these provisions and statute, to be imposed for any rater employed by the state who fails to complete the performance plan or evaluation.
- J. Repealed.
- K. A description of the department's review process to monitor the quality and consistency of performance ratings within the department before final overall ratings are provided to employees.

6-5. Designated raters shall be evaluated on their performance management and evaluation of employees. Absent extraordinary circumstances, failure to plan and evaluate in accordance with the department's established timelines results in a corrective action and ineligibility for achievement pay. If the individual performance plan or evaluation is not completed within 30 days of the corrective action, the designated

rater shall be disciplinarily suspended in increments of one workday following the pre-disciplinary meeting.

- A. A reviewer must sign the rater's evaluation of an employee. If the rater fails to complete an individual performance plan or evaluation, the reviewer is responsible for completion. If the reviewer fails to complete the plan or evaluation, the reviewer's supervisor is responsible, on up the chain of command until the plan or evaluation is completed as required. If a rating is not given, the overall evaluation shall be satisfactory until a final rating is completed.

6-6. A needs improvement performance rating shall result in a performance improvement plan or a corrective action and a reasonable amount of time must be given to improve, unless the employee is already under corrective or disciplinary action for the same performance matter. A performance improvement plan is not a corrective action. If performance is still unsatisfactory at the time of reevaluation under a performance improvement plan, a corrective action shall be given. If performance is still unsatisfactory at the time of reevaluation under a corrective action, the appointing authority may take disciplinary action up to and including demotion or termination.

6-7. Each department head will report required information to the Director by the specified deadline.

II. Achievement Pay

3-19. Any permanent employee is eligible for achievement pay, except as provided below. Prior to achievement pay, the Director shall specify and publish the percentage for any base and non-base achievement pay for performance levels according to available statewide funding. The non-base achievement payment is calculated on base salary after any annual compensation adjustments. Payments are effective July 1. The employee must be employed on July 1 to receive payment. The employee's current department as of July 1 is responsible for payment.

- A. A department's performance program must address payment of non-base achievement pay for employees hired into the state personnel system during the performance evaluation cycle and rated as exceptional. In the absence of a specific provision in the program, the employee shall receive the full non-base achievement payment. An employee who has been in the state personnel system for the entire performance evaluation cycle and the final overall rating is exceptional shall receive full non-base achievement pay by the current department even if employed in another department during the previous cycle.
- B. If the final overall rating is needs improvement, the employee is ineligible for any achievement pay.
- C. Achievement pay shall not be denied because of a corrective or disciplinary action issued for an incident after the close of the previous performance cycle.

D. Base building achievement pay is permanent, shall not exceed the grade maximum, and is paid as regular salary.

1. If the overall rating is exceptional, any remaining portion of the base achievement pay that exceeds grade maximum shall be paid as a one-time, non-base lump sum in the July payroll. The salary lid does not apply.
2. If the final overall rating is other than exceptional, but not needs improvement, any portion of the payment that would cause base pay to exceed the grade maximum shall not be paid. If base pay is at grade maximum or in saved pay above the maximum, the employee is ineligible for a base building achievement pay.

E. Non-base achievement pay must be earned each year and shall be paid as a one-time lump sum in the July payroll. The grade maximum and statutory lid do not apply to non-base payments.

3-20. Departments are strongly encouraged to use incentives.

Incentive Awards

3-21. An appointing authority may grant an immediate cash or non-cash incentive award in recognition of special accomplishments or contributions throughout the year or to augment achievement pay, e.g., on-the-spot cash awards, work-life programs, or administrative leave. Other than augmenting achievement pay, incentives shall not be used to supplement or substitute for annual compensation adjustments or other base pay movements. The statutory salary lid does not apply to these incentives. Departments must develop and communicate, prior to use and on an ongoing basis, a plan outlining their award program. Such plans shall be developed with the input of employees and managers. Records on any aspect of this program must be provided to the Director when requested.

III. Performance System Disputes

8-94. The performance management dispute resolution process is an open, impartial process that is not a grievance or appeal. No party has an absolute right to legal representation, but may have an advisor present. The parties are expected to represent and speak for themselves.

8-95. Only the following matters are disputable:

- A. the individual performance plan, including lack of a plan during the planning cycle;

- B. the individual final overall performance evaluation, including lack of a final overall evaluation;
- C. the application of an department's performance management program to the individual employee's plan and/or final overall evaluation; and,
- D. Repealed.

8-96. The following matters are not disputable:

- A. the content of a department's performance management program;
- B. matters related to the funds appropriated;
- C. the performance evaluations and achievement pay of other employees; and,
- D. Repealed.

8-97. Every effort shall be made by the parties to resolve the issue at the lowest possible level in a timely manner. Informal resolution before initiating the dispute resolution process is strongly encouraged.

8-98. Dispute Resolution Process. Only the issue(s) as originally presented in writing shall be considered throughout the dispute resolution process.

A. Internal Stage. The first stage is the department internal dispute resolution process. Each department shall continually communicate and administer a detailed internal dispute resolution process that complies with the requirements of, and is approved in advance by, the Director. A description of the process must be communicated to all employees and must include the following elements.

1. The time limits and the process for filing a written request for review of the issue(s) throughout the dispute resolution process.
2. Who will decide the issue(s). The appointing authority is the decision maker unless it is delegated in writing and publicized in advance. Employees must be notified of the authorized decision maker for their disputes.
3. The time limits for issuing the final written department decision.
4. Any other specific requirements established by the Director.

A department's decision on issues involving an individual performance plan or evaluation concludes at the internal stage and no further recourse is available. For issues disputable at the external stage, the employee shall be given written notice, including deadlines and address for filing and the requirement to include a copy of the original written dispute and the department's final decision.

B. External Stage. This stage is administered by the Director. Only those original issues involving the application of the department's performance management program to the individual performance plan and/or evaluation.

1. Within five working days from the date of the department's final decision, an employee may file a written request for review with the Director at the address specified in the Director's dispute resolution processes section of this chapter.
2. The request for external review shall include a copy of the original issue(s) submitted in writing and the department's final decision.
 - a. The Director or designee shall retain jurisdiction but may select a qualified neutral third party to review the matter. The Director or designee shall issue a written decision that is final and binding within 30 days.

8-99. The scope of authority of those individuals making final decisions throughout the dispute resolution process is limited to reviewing the facts surrounding the current action, within the limits of the department's performance management program. These individuals shall not substitute their judgment for that of the rater, reviewer, or the department's dispute resolution decision maker if an issue is being considered at the external stage. Further, these individuals shall not render a decision that would alter a department's performance management program.

- A. In reaching a final decision, these individuals have the authority to instruct a rater(s) to:
 1. follow a department's performance management program;
 2. correct an error; or,
 3. reconsider an individual performance plan or final overall evaluation.
- B. These individuals may also suggest other appropriate processes such as mediation.

8-100. Retaliation against any person involved in the dispute resolution process is prohibited.

ATTACHMENT

Standard Definitions: Performance Rating Levels

Definition of Level 3

This rating represents consistently exceptional and documented performance or consistently superior achievement beyond the regular assignment. Employees make exceptional contribution(s) that have significant and positive impact on the performance of the unit or the organization and may materially advance the mission of the organization. The employee provides a model for excellence and helps others to do their job better. Peers, immediate supervision, higher-level management and others can readily recognize such a level of performance.

Definition of Level 2

This rating level encompasses a range of expected performance. It includes employees who are successfully developing in the job, employees who exhibit competency in work behaviors, skills, and assignments, and accomplished performers who consistently exhibit the desired competencies effectively and independently. These employees are meeting all the expectations, standards, requirements, and objectives on their performance plan and, on occasion, exceed them. This is the employee who reliably performs the job assigned and may even have a documented impact beyond the regular assignments and performance objectives that directly supports the mission of the organization.

Definition of Level 1

This rating level encompasses those employees whose performance does not consistently and independently meet expectations set forth in the performance plan as well as those employees whose performance is clearly unsatisfactory and consistently fails to meet requirements and expectations.

Marginal performance requires substantial monitoring and close supervision to ensure progression toward a level of performance that meets expectations. Although these employees are not currently meeting expectations, they may be progressing satisfactorily toward a level 2 and need coaching/direction in order to satisfy the core expectations of the position.