

Department of Local Affairs
Performance Management Program



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Department of Local Affairs

Performance Management Program

I. Background:

The Department of Local Affairs has been committed to the goal of performance based pay from its inception as Colorado Peak Performance to the present. This plan underscores that continued belief in and commitment to the value of performance management and achievement pay.

II. Overview of DOLA Program:

The purpose of this program is to promote excellence in state government and to better serve the citizens of Colorado. The three components of this program are: performance management, achievement-based pay, and dispute resolution. Performance management links DOLA's mission, vision, values and goals to employee objectives while achievement-based pay establishes a process that links employee's pay to meeting employee performance objectives, and dispute resolution establishes a formal process for resolving differences associated with the implementation of the DOLA program. This program places responsibility and authority on supervisors with the flexibility to manage under changing conditions and circumstances. The program requires communication between supervisors and employees in setting goals, developing performance plans, and measuring performance results. Further, the program provides financial incentives to employees for improved performance.

III. Local Affairs' Approach:

Our newly revised performance plan and evaluation form (please see attachment) is centered around the statewide uniform core competencies of communication, interpersonal skills, customer service, accountability and job knowledge and those competencies will be considered during every employee's evaluation. Likewise, our revised Performance Plan and Evaluation form includes the uniform definitions for each rating level as required. Furthermore, our rating system is based around evaluation units, which provides appropriate latitude as to how supervisors rate staff, while minimizing cross division competition for limited funds.

We use performance rating scores in a fashion, which removes the incentive for raters to inflate scores to get their staff more money, and to remove the differential effect of easy and tough raters through a structured performance review process. Thus all staff performance contributions within the same work group or evaluation unit will be assessed concurrently.

We use a distribution of performance scores and awards using a modified version of the old system with a 300 point maximum. Following this rating process the scores will be converted into one of three overall ratings of: Needs Improvement (Level 1), Successful (Level 2), or Exceptional (Level 3). For purposes of clarification, the aforementioned performance levels are further defined below:

- Level 3 (Exceptional) – This rating represents consistently exceptional and documented performance or consistently superior achievement beyond the regular assignment. Employees make exceptional contribution(s) that have a 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 jobs better. Peers, immediate supervision, higher-level management and others can readily recognize such a level of performance.
- Level 2 (Successful) – This rating level encompasses a range of expected performance. It includes employees who are successfully developing in the job, employees who exhibit competency in the 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.
- Level 1 (Needs Improvement) – 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 rating and need coaching/direction in order to satisfy the core expectations of the position.

IV. DOLA Implementation:

A. Performance Management: The procedure for developing Individual Performance Plans brings together supervisors and subordinates in a cooperative and collaborative effort. Each major work unit is asked to identify strategic objectives consistent with the Department's current Strategic Plan for the purpose of linking these to individual employee and work group performance plans. As part of their individual performance plan, each employee has one or more individual performance objectives (IPOs) linked to a strategic objective. This process includes individual planning sessions between supervisors and their subordinates. In addition, performance objectives and measures will be identified as part of the annual performance planning process. Both behavioral and objective performance measures will be used. A performance plan with a numerical performance evaluation scoring system will be established within 30 days of the beginning of the evaluation period for all employees or within 30 days of hire for a new employee. Current procedures ensure that an employee's plan is developed jointly with either his/her immediate or next level supervisor. In all cases, supervisory staff will be provided with performance management training and all employees will have a performance plan.

Our current performance review cycle begins on April 1 and ends March 31 of the following year.

Presently, employees and supervisors begin the performance planning process with the previous year's plan and evaluation. Working together, they: determine whether management priorities have changed necessitating a change in the employees priorities; whether the employee's job has significantly changed for other reasons; revise or reaffirm the significant segments of the job to be evaluated; discuss and agree on performance objectives and measures to be used for the plan year; and review and update each employee's PDQ as necessary due to a change in job duties performed. If the employee and supervisor cannot agree on the appropriate performance objectives or measures to be used, the supervisor shall decide. New performance plans for all DOLA employees are expected to be finalized no later than 30 days after the employee's performance evaluation has been finalized for the previous plan year ending March 31.

B. Evaluation Units: For the implementation of the individual performance plans and subsequent review of employee performance scoring, department staff will be organized into evaluation units ranging from approximately ten to forty employees each. Each evaluation unit will have a designated 'review' function, which will provide a process of checks and balances and will ensure a level of internal consistency and equity among supervisors. Review function make-up and appropriate review processes will be structured to accommodate the particular needs of each evaluation unit.

Designation of evaluation units:

Executive Director's Office (to include :)

Director, Division of Housing

Director, Division of Emergency Management

Director, Division of Local Government

Legislative Liaison

Executive Assistant

Public Information Officer

Director, Board of Assessment Appeals

Director, Human Resources

Controller

Director, Office of Information Services

Division of Local Government (incl. 3 fte located in OED)

Division of Emergency Management

Division of Housing

Division of Property Taxation

Board of Assessment Appeals

Administrative Services

C. Supervisor/Employee Communication: At a minimum, DOLA policy is that a six-month Interim Evaluation will be held with each employee and documented on the Performance Plan and Evaluation form. More frequent coaching and feedback between the supervisor and employee is encouraged. This process can occur daily, weekly or monthly or some other time period that is adequate to keep the employee timely and fully informed of his/her progress in meeting performance expectations. At the same time, the employee has a responsibility to keep the supervisor informed of his/her concerns or perceived problems in meeting performance expectations. Communications must be free and open. Training in coaching and feedback skills and techniques was provided earlier and will be reinforced. All supervisors have a provision or factor in their own performance plan that measures and evaluates the effectiveness of their performance management of their staff.

If an employee moves to another appointing authority or department during a performance cycle, an interim evaluation must be completed and delivered to the new appointing authority or department within 30 days.

D. The Reviewer Function: Perhaps the greatest change in the performance review system continues to involve the reviewer function. Where under the previous system, the reviewer functioned more as a ratifier of the direct supervisor's evaluation, under the proposed plan, the reviewer will have a much more active role in both the performance planning and evaluation process. The role of the reviewer is a crucial link in the successful application of the evaluation process. The reviewer, usually the employee's authority, (either singularly or as a group) will provide the assurance that there exists in the system, both equity and consistency. Trust in the system by all employees is the eventual goal. With the exception of those staff who report directly to the Executive Director, no additional employee's rating will be the product of a single individual. Ratings for all remaining staff will be the product of supervisor and reviewer collaboration.

While only limited use has been reported to date, the Department encourages that all employees within a work unit be given the opportunity to participate in peer and customer evaluation exercises that will be presented to Division Directors, supervisors, and review teams for consideration in developing employee evaluations. This would allow the raters to compare their evaluation with that of the employee's co-worker(s) and customers to determine consistency or to ask for further explanation if the two evaluations vary considerably.

A joint review of the employee's performance by the supervisor and reviewer resulting in an evaluation score of Needs Improvement (Level 1), Successful (Level 2), or Exceptional (Level 3) will occur as the first step in the evaluation process. Any employee who receives an overall rating of Needs Improvement will receive a corrective action or performance improvement plan. Procedures will be developed to ensure that all employees' performances are reviewed and rated. Failure by designated raters to plan and evaluate in accordance with the Department's established timeframes results in a corrective action and ineligibility for achievement pay. If the plan or evaluation is not completed within 30 days of the corrective action, the rater shall be disciplinary suspended in increments of one workday following the pre-disciplinary meeting. In the event a supervisor fails to conduct either a performance plan or evaluation, the reviewer will be responsible for doing so. Should the supervisor fail to do so, the reviewer shall prepare the employee's performance plan or evaluation as applicable. Should the reviewer fail to complete either a performance plan or evaluation, it will be the responsibility of the reviewer's supervisor to do so and said responsibility will move on up the chain of command until such time as it's completed. In the unlikely event, after proceeding in accordance with the aforementioned process, that no rating for an employee is produced that individual shall be deemed to have received a 'Successful' rating until a final rating can be given. Throughout the review process, substantial weight will be given to the initial supervisor's evaluation.

The following evaluation steps will be used to develop the rating:

1. Immediate supervisor completes the employee's performance evaluation using the standard evaluation instrument (this may include added dimensions such as a 225 rating, customer surveys, peer evaluations, etc.) where applicable;
2. Immediate supervisor and next level supervisor meet to review the preliminary evaluation and modify as necessary;
3. Employee performance evaluations are reviewed by the reviewer and both supervisor and reviewer signatures are needed before the rating score is finalized.
4. The supervisor communicates the final evaluation and score to the employee.

The department will conduct a review process to monitor the quality and consistency of performance ratings (while at the same time balancing the deference due to supervisors and appointing authorities) on a department-wide basis before final overall evaluations are provided to employees. That process may include a review of a sample of individual performance evaluations for completeness, mathematical accuracy, reasonableness and such other factors, which may become apparent at a later date. It may also include appropriate tests for nondiscrimination.

E. Incentive Awards: In addition to the individual annual performance award there may also be discretionary incentive awards authorized by the Executive Director of the Department for activities, which occur on a one-time basis, across evaluation units, or exemplary performance by an individual or evaluation unit as permitted under State Personnel Board Rule 3-21. The selection of individuals for special bonuses will be determined during the fiscal year by the Executive Director in consultation with Division Directors and major section heads. Candidate names may also be submitted by Division Directors to the Executive Director with a thorough description of the exceptional performance evidenced and a description of performance goals.

V. Achievement Pay:

Achievement Pay will be given to deserving, permanent employees effective on July 1. Employees receiving 'Needs Improvement' (Level 1) performance evaluations will not be eligible for Achievement Pay. Employees rated at the 'Successful' (Level 2) and Exceptional (Level 3) are eligible to receive base-building Achievement Pay up to the maximum of the pay range. Achievement Pay is based on the final overall rating. The employee must be employed on July 1 to receive Achievement Pay. The employee's current department as of July 1 is responsible for payment of Achievement Pay. Prior to the payment of Achievement Pay, the DPA Director will specify and publish a percentage for base and non-base achievement Pay according to available statewide funding. Source of funds (e.g., cash or general), method of funding (e.g., appropriated or memorandum of understanding), and length of state service will not be criteria.

Base-building Achievement Pay is permanent and paid as regular salary. However, if the final overall rating is Exceptional (Level 3), any portion of Achievement Pay that exceeds grade maximum will be paid as a one-time lump sum in July payroll. If the final rating is not Exceptional, the award cannot exceed the grade maximum. If base pay is at grade maximum or in saved pay above the maximum, the employee is ineligible for Achievement Pay. An employee granted Achievement Pay will not be denied the award because of a corrective action or disciplinary action **issued for an incident after the close of the previous performance cycle.**

In no case, may an employee be granted Achievement Pay greater than the set performance award maximum applicable to their performance level.

Employees hired into the system during the performance cycle are eligible to receive the full percentage of base and non-base Achievement Pay on July 1st.

VI. Non-Monetary Awards:

The Department of Local Affairs does not have a formal, non-monetary award policy. However, the department recognizes the value of non-monetary awards and will continue to evaluate this option in the coming years.

VII. Ongoing Processes:

A. Training: As the system matures we will continue to provide training to managers, reviewers, direct supervisors, and employees. While, our basic tactic continues to be a 'learn by doing' approach, performance management training is mandatory for all raters. To this end, we will continue to coach supervisors and managers in the various aspects of performance management and evaluation.

B. Communication: The department will communicate its approved Performance Management Program to employees by posting the plan on the Intranet, through the use of small group meetings, articles in the newsletter, and new employee orientation sessions.

C. Dispute Resolution Process: All employees shall be provided an opportunity to have the following disputable matters i.e.: their performance plan (or lack thereof), their final performance rating (or lack thereof), and the application of the agency's performance pay program to their individual plan/final evaluation reviewed within an open and impartial Department process which shall allow the parties an opportunity to have issues reviewed objectively. This will occur through an alternative dispute resolution process. Any employee requesting such a review under the alternative dispute resolution process shall:

1. Submit their request in writing within three working days of notification to the designated 'reviewer' for further discussion and reconsideration. The intent of this process shall be to discuss all related issues fully within a non-adversarial setting and with due regard for the continued working relationship between the two parties; the reviewer will provide a written response to the employee within five working days following the conclusion of the meeting. The

reviewer may not unilaterally modify either the amount or the composition of the award. Where the Division Director acts as the reviewer, the Human Resources Director (or designee) will serve in an advisory role.

2. Following receipt of the written response from the reviewer, when the employee chooses to advance the discussion, s/he must advise the designated reviewer above of that decision in writing, within three working days, and request review by a 'second level' review panel. This review panel will be comprised of three members. One of which will be an additional Division Director (from within DOLA, but outside the employee's division), the second will be an Executive Director's designee and the third will be the Human Resources Director. The written decision of the DOLA panel will be final and binding on all parties except that the employee may request an external review under very limited circumstances as described below.

No party has an absolute right to legal representation but they may have an advisor present at all such face-to-face meetings. However, the parties are expected to represent and speak for themselves and the discussion should be between the employee, the supervisor and the reviewer. The discussion shall be confined to those issues originally presented in writing. The decision makers are limited to addressing facts surrounding the current action and shall not substitute their judgment for that of the rater but may instruct raters to follow the agency plan, correct errors, adjust a performance rating or plan or take other appropriate action. They cannot render decisions which would alter the agency's Performance Management and Pay Program.

At the conclusion of the internal review process, the employee will be given written notice as to the specifics of the external review process. The employee may then request review by the State Personnel Director but only regarding matters relating to either the application of the agency's program to the individual's plan or final rating. Such a request must be made in writing within five working days of the agency's final decision and must include a copy of the original issues and the final decision. The State Personnel Director may select a qualified neutral third party to review the matter. The Director will issue a written decision that is final and binding within 30 days. For an issue being reviewed at the external stage, these individuals cannot substitute their judgment for that of the rater, reviewer, or the department's dispute resolution decision maker at the internal dispute stage. In reaching a final decision, they have the authority to instruct a rater(s) to follow the agency plan, correct errors, reconsider a performance plan or final overall evaluation, or suggest other appropriate action.

Employees will be notified annually of the dispute resolution process and retaliation against any person involved in the dispute resolution process is prohibited.

Under statewide policy, the following matters cannot be disputed: the content of department's Performance Management and Pay Program; matters related to appropriated funds, the evaluations and Annual Performance Award of other employees; the amount of an Annual Performance Award and any interim rating.

D. Review and Modification: Undoubtedly, revisions and adjustments in our approach to this system will occur as we strive to implement the direction of the General Assembly and to

move to a more competitive compensation system. One that values the quality of work performed, that continues the prevailing wage concept and at the same time provides monetary incentives for superior performance.

The Department further commits to comply with any and all performance pay related Board Rules and Director's Administrative Procedures issued in the future. In conclusion, we respectfully request approval of our Performance Management and Pay Program.

Attachment: *DOLA Performance Plan and Evaluation form (revised 2/2008)*