

TECHNICAL ASSISTANCE – SENIOR EXECUTIVE SERVICE (SES)

Prepared by the Division of Human Resources in the Department of Personnel & Administration. Revised August 31, 2007.

GENERAL

The senior executive service is a distinct performance pay plan authorized by statute, C.R.S. 24-50-104 (5), to compensate those senior manager positions having a high level of management responsibility. The intent in establishing the SES was to strike a more appropriate balance between the continuity of a stable workforce and allowing the flexibility to effectively implement new policy direction in executive policy matters. It also permits certain high level employees, in exchange for higher potential salaries, to give up certain rights and privileges of the state personnel system. SES salaries cannot exceed a statutory salary lid, which is 25% above the maximum of the Management class.

By statutory limit, no more than 125 positions can be in the SES. Each department, excluding institutions of higher education, is allowed SES positions according to the following table.

| Total # of personnel system employees in department | # SES positions |
|--|------------------------|
| Less than 300 | 5* |
| From 300 up to 2000 | 10* |
| More than 2000 | 15* |

* Note: The State Personnel Director may authorize additional positions for good cause shown as long as the statutory total of 125 is not exceeded.

SES CRITERIA

Positions must meet all of the following criteria as identified in Rule 2-11:

- Be in the Management class;
- Be responsible for directly controlling, through subordinate managers, relatively large or important segments of a principal department, including the acquisition and administration of human, fiscal, operating, and capital resources; and,
- Be responsible for direction and guidance of significant programs, projects, and public policy development.

NOMINATION PROCESS

The department head of each principal department nominates positions for inclusion in the SES to the State Personnel Director through the Department of Personnel & Administration (DPA), Division of Human Resources (DHR). Nominations must be made in writing, and must include rationale for the nomination, how it meets the SES criteria, and the current job description.

Nominated positions are reviewed by DHR for proper allocation and then forwarded to the State Personnel Director for approval. The State Personnel Director makes the final decision. The final decision cannot be appealed.

DPA will notify the nominating department head and human resources office of the State Personnel Director's decision. Approved positions are placed in the SES on a date determined by the nominating department head as long as it does not precede the approval date.

APPOINTMENTS TO SES POSITIONS

Appointments to positions in the SES are made by department heads on the basis of "merit and fitness." A position in the SES may be filled by any of the methods for filling positions allowed by statute or rule. An employee occupying a position in the SES may transfer into another SES position with the approval of the department heads involved. Because the SES is a performance pay plan, it is not considered a promotion or a demotion to move an encumbered Management class position into or out of the SES pay plan.

COMPENSATION

Chapter 3 of the Director's Administrative Procedures governs compensation for employees in the SES. The State Personnel Director may issue additional guidance concerning pay adjustments. The actual salary amount paid to a SES employee is determined by the employee's department head as part of the annual performance contract and may not exceed 25% above the regular statutory lid (range maximum of the Management class). The maximum salary is published in the cover letter to the Annual Compensation Plan. SES employees do not receive any pay adjustments as other employees in the state personnel system, such as salary survey adjustments or achievement pay.

Salary amounts may not be changed during the contract year. The salary may be increased, decreased, or left unchanged from one contract year to the next based upon the department head's evaluation of the employee's performance or expected performance, but may also consider the factors below:

- The need to attract and retain the services of highly qualified and motivated executive level staff;
- The market for the particular position or skill;
- The employee's experience;
- The employee's level of responsibility, the degree of risk and exposure, and the value to the organization of the position;
- The department's budget; and,
- Salaries and performance expectations of other SES employees in the department and/or other departments.

LEAVE AND BENEFITS

Employees in Senior Executive Service positions are eligible for the same group benefits, leaves, and retirement options offered other employees in the state personnel system. The same personnel and benefits eligibility rules apply.

RIGHTS OF SES EMPLOYEES

Certified employees occupying positions in the SES pay plan have rights mandated by federal law and regulations for such things as discrimination, fair labor standards, fair employment, etc. In exchange for the higher potential salaries, employees under SES performance contracts are **not afforded** any of the following rights:

- Retention or reemployment;
- Appeal of the State Personnel Director's decision to move a position into or out of the SES;
- Any pay adjustments such as survey or achievement pay; and,
- Appeal of the salary from one contract year to the next.

Additionally as provided by Rule 2-11(C), as part of the performance contract negotiation process and in consideration for a salary that exceeds the maximum of the Management class, an employee may be required to waive certain appeal, disciplinary, grievance, and other rights and privileges of the state personnel system with the exception of the right to appeal dismissal for failure to perform satisfactorily under the SES contract and reductions of salary during the term of the SES contract. The waiver of these rights will be specified in the annual contract as shown in the contract cover sheet attached to this document.

PERFORMANCE CONTRACT

An annual performance contract must be negotiated between the SES employee and the department head before July 1, the beginning of each fiscal year or within 30 days of hire or transfer to another SES position. The contract will specify the terms and conditions applicable for the contract period. The contract must specify the salary and the performance criteria upon which the employee will be evaluated at the end of the contract period. The provisions of the performance management system rules for other state employees do not apply to employees in the SES. The performance of SES employees is to be evaluated based on the terms of the annual performance contract.

The performance contract should include performance objectives and measures as agreed upon. Best practice encourages periodic progress reviews and the completion of appraisals prior to the approval of a salary change for the next contract. By mutual agreement of the parties, performance objectives and/or measures may be altered during the course of the contract year to address new or modified performance expectations. Salary amounts are not to be changed during the contract period.

The department head has final authority and responsibility for concluding the negotiation of the annual performance contract. The standard *Senior Executive Service Contract* form provided by DPA (attached) must be used without modification; however, the "special projects and emphasis areas" section of the performance plan should to be completed to meet the business and performance

needs of the department. A copy of the current performance contract is to be maintained by the department's human resources office. As new contracts are negotiated, a copy of each must be submitted to DHR.

REMOVAL OF POSITIONS FROM SES

The State Personnel Director may review a position at any time to determine if the position continues to meet the requirements for inclusion in the SES. If it is determined that a position no longer meets the criteria for the SES, including if a department head no longer supports inclusion in the SES, the position will convert to the Management pay plan. DHR must be notified when a position is removed from the SES.

RENEWAL OF SES CONTRACTS

If a department head decides not to renew a SES employee's contract at the end of the contract period, written notice must be given to the employee by May 1. The SES employee is separated on June 30, unless the department head elects to place the employee in another vacant position for which the employee is qualified. If a department head fails to provide written notice of non-renewal before May 1 and a new contract is not negotiated by July 1, the employee is removed from the SES pay plan and placed in the Management class and pay range. The salary of the employee will be set in accordance with Director's Administrative Procedures.

If the department head provides timely notice and furnishes a contract for renewal and the employee fails or refuses to sign the contract by July 1, the employee is deemed to have resigned effective June 30th.

LAYOFF

SES employees do not have rights under the layoff and reemployment provisions of the State Personnel Board rules. The SES employee shall have reinstatement privileges to any vacant position in the employee's previously certified class, if applicable.

DISCIPLINARY ACTIONS

The disciplinary process applied to SES employees should be similar to that used for other personnel system employees, with the exception of certain disciplinary rights waived in the SES performance contract. Disciplinary actions that result in dismissal for failure to perform or a reduction of salary during the contract term are appealable to the State Personnel Board. The salary of a SES employee who is moved out of SES as a disciplinary action for performance reasons is set in accordance with the downward movement rules for other personnel system employees, except the saved pay provisions do not apply. However, pursuant to C.R.S 24-50-104(5) (c), any person in SES shall have no right to a position outside of SES.

Every attempt is made to keep this information updated. For additional information, refer to the *State Personnel Board Rules and Director's Administrative Procedures* (rules) or contact your department human resources office. Subsequent

revisions to rule or law could cause conflicts in this information. In such a situation, the law and rule are the official source upon which to base a ruling or interpretation. This document is a guide, not a contract or legal advice.



Senior Executive Service Contract

Employee:

Title:

Department:

Division:

Executive Director:

Salary:

\$ _____ / month

Contract Term:

July 1, 2007 - June 30, 2008

By signing this contract, the employee acknowledges, understands, and agrees as follows:

- 1) Salary for FY 07-08 may not exceed \$11,390 per month and shall not change during the term of this contract;
- 2) Salary is based on the negotiation of an annual contract between the employee and the Department Executive Director, and the amount of such salary may increase, decrease, or remain unchanged from year to year;
- 3) Employees in the senior executive service may not appeal a reduction in salary from one year to the next, nor may they appeal removal from the senior executive service and placement in a traditional pay plan;
- 4) If the Executive Director gives the employee written notice of non-renewal by May 1, the employee shall either be separated from state service upon expiration of the contract on June 30 or appointed to a vacant non-senior executive service position for which qualified;

- 5) If the Executive Director has not given timely written notice of non-renewal and no contract is provided by July 1, the employee shall be returned to the traditional classified pay plan at either the contract salary or the statutory salary lid, whichever is lower;
- 6) If a contract is provided and the employee fails or refuses to sign by July 1, the employee shall be deemed to have resigned effective June 30.
- 7) Employees in the senior executive service have no retention or reemployment rights with respect to any other position in the state personnel system; and
- 8) Any termination during the contract term may be appealed to the State Personnel Board.

With respect to any separation from state service as a result of the expiration or non-renewal of this contract, the employee further voluntarily waives all appeal, disciplinary, grievance, and other rights and privileges of the state personnel system.

Employee

Date

Executive Director

Date

CORE REQUIREMENTS

| CUSTOMERS | 1 | 2 | 3 |
|--|---|---|---|
| Program goals and objectives clear and customer-oriented | | | |
| Maintain positive, smooth, and supportive customer relations | | | |
| Emphasis on customer satisfaction | | | |
| Program efficiency and effectiveness routinely measured | | | |
| Efficiencies and cost containment continually sought | | | |
| | | | |
| Overall | | | |

| CREDIBILITY | 1 | 2 | 3 |
|--|---|---|---|
| Long and short range plans developed and monitored | | | |
| Maintain legislative credibility | | | |
| Program processes designed to achieve goals and objectives | | | |
| Budgets monitored and adhered to | | | |
| Personnel rules followed | | | |
| Decisions are based on data | | | |
| | | | |
| Overall | | | |

| COMMUNICATIONS | 1 | 2 | 3 |
|---|---|---|---|
| Encourage public/community input and education | | | |
| Affected parties kept involved and informed | | | |
| Clear, concise, effective written communications produced | | | |
| Clear, concise, effective oral communications exhibited | | | |
| Listened well and sought feedback | | | |
| | | | |
| Overall | | | |

| OTHER | 1 | 2 | 3 |
|---|---|---|---|
| Employee morale and productivity high | | | |
| Employees empowered to work creatively and make own decisions | | | |
| Decisions made at the lowest possible level | | | |
| | | | |
| | | | |
| Overall | | | |

SPECIAL PROJECTS AND EMPHASIS AREAS

| OBJECTIVE | RESULTS | 1 | 2 | 3 |
|-----------|---------|---|---|---|
| | | | | |

| OBJECTIVE | RESULTS | 1 | 2 | 3 |
|-----------|---------|---|---|---|
| | | | | |

| OBJECTIVE | RESULTS | 1 | 2 | 3 |
|------------------|----------------|----------|----------|----------|
| | | | | |

| OBJECTIVE | RESULTS | 1 | 2 | 3 |
|------------------|----------------|----------|----------|----------|
| | | | | |

| OBJECTIVE | RESULTS | 1 | 2 | 3 |
|------------------|----------------|----------|----------|----------|
| | | | | |

RATING LEVELS:

1 = Needs Improvement

2 = Successful and, on occasion, exceeds expectations

3 = Exceptional

EVALUATION SUMMARY

The rater should gather information from all available sources to assess how well the employee has met performance expectations. The rater should meet with the employee about one week before the rating becomes final to allow the employee the opportunity for input into the process.

| | 1 | 2 | 3 |
|--|---|---|---|
| CORE REQUIREMENTS | | | |
| Customers | | | |
| Credibility | | | |
| Communications | | | |
| Other | | | |
| SPECIAL PROJECTS AND EMPHASIS AREAS | | | |
| Objective: | | | |
| Overall | | | |

DATE OF EVALUATION: _____

Employee **Appointing Authority** **Executive Director**



SENIOR EXECUTIVE SERVICE PERFORMANCE CONTRACT INSTRUCTIONS

(Remove these two pages after the contract is prepared.)

PLANNING

The employee and the appointing authority will meet before the start of the performance contract period to develop the employee's performance plan. The department head or a lower-level appointing authority may develop the performance plan. If someone other than the department head develops the plan, the department head must approve the plan by signing the form.

The first section of the form identifies the employee and executive director and includes signature lines. The second section of the form is designed around core requirements. The core requirements have individual objectives that further define expectations. The appointing authority and employee may select additional objectives by adding statements in the blank spaces provided. The third section of the form is used to identify special projects or emphasis areas. The appointing authority and employee will agree on specific projects, responsibilities, or emphasis areas that will augment the core performance areas and objectives. (Page numbers should be inserted after the performance planning is completed.)

It is important that the appointing authority makes certain the employee **understands** the performance expectations for each objective, special project, or emphasis area in the performance contract. This may be accomplished either through verbal discussion, adding written narrative clarification to the performance plan, or writing detailed individual performance objectives.

PROGRESS REVIEWS

At a minimum, quarterly meetings between the appointing authority and employee are encouraged during the performance contract period. These will help ensure that the employee and appointing authority understand the other's perception of the employee's performance. If problems are identified, plans for improvement can be developed and the employee then has the opportunity to improve his or her performance.

EVALUATION

During the evaluation, the appointing authority should gather information from all available sources to assess how well the employee has met performance expectations. A meeting with the employee should be the final step before the final rating is determined to allow the employee the opportunity for input into the final evaluation.

The appointing authority will determine the rating for each objective and then an overall rating for each core requirement, special project, and emphasis area using the rating key at the top of the page.

The overall rating for each area is then transferred to the evaluation chart on last page and an overall performance rating is determined. Additional narrative statements that more fully describe the employee's accomplishments may be attached.

SALARY

The department head will approve the salary for the next performance contract period after negotiation with the employee. The employee, appointing authority, and department head sign the form. The completed form will be sent to the department's human resources office for processing and placement in the employee's personnel file and retained for three years. A copy of the final contract is sent to DHR.

NOTES:

- Any person in the senior executive service shall have no right to a position outside of the senior executive service (Section 24-50-104(5) (c), C.R.S.).
- Salaries must be based on the negotiation of an annual contract between the employee and the department head, and the amount of such salaries may increase, decrease, or remain unchanged from year to year (Section 24-50-104(5)(d), C.R.S. and Rule 3-25).
- Employees in the senior executive service may only appeal directly to the State Personnel Board for dismissal for failure to perform or a reduction in pay during the contract term. (Section 24-50-104(5) (d) and Rule 8-53).

**TECHNICAL GUIDE
DHR APPROVAL FOR PUBLICATION**

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