COLORADO
Office of Administrative Solutions
Department of Human Services

Colorado Department of Human Services Performance Management Program Implementation Plan

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Revised February 2015

COLORADO DEPARTMENT OF HUMAN SERVICES
PERFORMANCE MANAGEMENT PROGRAM IMPLEMENTATION PLAN

I. INTRODUCTION

The Colorado Department of Human Services (CDHS) performance management efforts include a variety of tools and products, such as guiding principles, philosophies, training modules, a web site, communication avenues, a PMP Data Entry Tool and so on. For the most part, the information contained in those important resources will not be repeated here. The primary purpose of this plan is to simply set forth the mechanics and common framework for performance management for this department.

Managers, supervisors, and employees are encouraged to refer to and apply the guidance provided in the above-mentioned resources when determining how to carry out this plan. Information is available on the department's web site located at http://bit.ly/1vutOol. Assistance is also available from Office of Administrative Solutions, Division of Employment Affairs.

This plan will be continuously improved upon, as the concepts of performance management continue to be practiced and more experience gained. The Executive Management Team, employees, supervisors and managers will remain involved in the implementation and enhancement of the plan.

II. PERFORMANCE CYCLE

The performance cycle for all CDHS employees will be a twelve (12) month period from **April 1** through **March 31**.

III. PERFORMANCE MANAGEMENT

Performance Planning

- Plans for employees must be in place within one month of the beginning of the new planning cycle (on or before April 30), or within 30 days of hire or transfer.

- PMP Plans will be developed by utilizing the standardized Performance Planning and Appraisal Forms located on the CDHS intranet.

- Completed plans remain with the agency for the duration of the plan year. Neither plans nor copies of plans are forwarded to the district human resources office.

- The performance planning process involves at least one (1) meeting between the supervisor and the employee by April 30, and should include discussion of employee and supervisor expectations, individual performance objectives, and the core competencies (described later in this document). A copy of the completed performance plan should be provided to the employee.

- Individual performance plans should support CDHS goals and objectives, and teamwork can be measured as a component of an individual's performance plan.

- The supervisor is required to prepare the performance plan within the established timeframes. If the supervisor fails to prepare a performance plan, the reviewer is responsible for completing the plan within 5 working days. If the reviewer fails to prepare a performance plan, the reviewer's supervisor is responsible for completing the plan within 5 working days. This process continues up the chain of command until the plan is completed.

- If an employee is on extended leave (e.g., FMLA or military leave) the employee's supervisor should make every effort to meet the April 30 deadline for new performance plans, unless there are circumstances which may require a delay beyond that date (e.g., the employee's absence was an unanticipated emergency).
    - The employee's supervisor must send written documentation to the CDHS PMP coordinator, prior to the April 30th deadline, requesting authorization for a delay in reviewing the new performance cycle plan with the employee who is on leave.
    - If this request is denied the supervisor will be required to meet the deadline or face sanctions as listed below.
    - In a circumstance where a delay is authorized, the supervisor is required to review the new performance plan with the employee during the first week of the employee's return to work. Employees placed in this extraordinary circumstance category will have full rights to the dispute resolution process even though the time period has extended beyond the end of the fiscal year.

- Absent extraordinary circumstances, failure by any supervisor to provide a timely performance plan will result in a corrective action. If the supervisor fails to comply with the corrective action, the supervisor will be ineligible to receive a merit pay adjustment. This does not require that the supervisor's overall performance rating be a Level 1. The Human Resources Director or PMP Coordinator will notify the appropriate Office Director of any supervisor's failure to comply based on information contained in the PMP Data Entry Tool, which is the official repository for performance plans and evaluations. A performance plan is not considered complete until it has been entered into the PMP Data Entry Tool (described later in this plan).

Minimum Core Competencies

Performance plans for all CDHS employees will include, at a minimum, the following core competencies:

- **Communication** - Effectively communicates by actively listening and sharing relevant information with co-workers, supervisor(s) and customers/clients so as to anticipate problems and ensure the effectiveness of the department.

- **Interpersonal Skills** - Interacts effectively with others to establish and maintain smooth working relations.

- **Customer Service** - Works effectively with internal/external customers and clients to satisfy service and product expectations.

- **Accountability -** Employee's work behaviors demonstrate responsible personal and professional conduct, which contribute to the overall goals and missions of the department.

- **Job Knowledge** – The employee is skilled in job-specific knowledge that is necessary to provide the appropriate quantity and quality of work in a timely and efficient manner.

- **Occupational Safety** - The employee's actions, attitudes and communications demonstrate a high personal and professional regard for the organization's value of occupational safety and enhance the safety culture of the work unit and Department.

Evaluating Performance

Consider the following points when evaluating an employee's performance:

- Review any information discussed in the employee's performance appraisal meeting.
- Assess the level of results versus the stated performance expectations to determine an objective rating.
- Use all the resources gathered to determine individual core competency ratings and the final appraisal rating.
- Calculate the results and finalize the performance appraisal document.
- Remember to **focus on performance!**

These core values represent the minimum competencies required for a performance plan. CDHS and Offices may choose to include additional competencies. Offices may further define these competencies as necessary for a particular job and may weight the competencies as deemed appropriate. However, the above competencies cannot be disregarded in the final rating for each employee. Below is an example of how to weight each competency to arrive at an overall score:

COMPETENCY TITLE	WEIGHT		RATING 1-3		POINTS
COMMUNICATION	15%	X	2.3	=	0.35
INTERPERSONAL SKILLS	25%	X	2.2	=	0.55
CUSTOMER SERVICE	15%	X	1.9	=	0.29
ACCOUNTABILITY	15%	X	2.8	=	0.42
JOB KNOWLEDGE	15%	X	3	=	0.45
OCCUPATIONAL SAFETY	15%	X	2.8	=	0.42
TOTAL WEIGHT (MUST BE 100)	100%		**TOTAL SCORE**		**2.48**

In addition to the core competencies that are required for every employee, all supervisors' plans must contain the following competencies:

- **Performance Management** – Effectiveness in managing the performance of subordinate employees, including developing plans and conducting progress reviews and performance evaluations, coaching, providing feedback and resolving disputes.

- **Empowerment** - Encourage an environment that provides the means and opportunity through open, continuous and effective communication for a person to utilize his or her individual strengths, ideas and talents. Make resources available for self-actualization by supporting development of leadership, ownership, responsibility and pride in each employee's professional growth and development.

COMPETENCY TITLE	WEIGHT		RATING 1-3		POINTS
COMMUNICATION	20%	X	2	=	0.40
INTERPERSONAL SKILLS	10%	X	2.5	=	0.25
CUSTOMER SERVICE	23%	X	2	=	0.46
ACCOUNTABILITY	17%	X	2.2	=	0.37
JOB KNOWLEDGE	10%	X	2.1	=	0.21
OCCUPATIONAL SAFETY	10%	X	2.3	=	0.23
PERFORMANCE MANAGEMENT (Supervisor)	5%	X	2	=	0.10
EMPOWERMENT (Supervisor)	5%	X	2	=	0.10
TOTAL WEIGHT (MUST BE 100)	100%		**TOTAL SCORE**		**2.12**

Progress Review

Progress reviews, also known as "Mid-Year Reviews" provide a formal opportunity for a supervisor and employee to discuss the overall performance to date and are key to managing performance on an on-going basis. Each employee is required to have at least one (1) progress review by October 31 of the performance cycle. Offices or individual supervisors may decide to have more than one progress review. Further, supervisors are expected to provide coaching and feedback to employees on a regular basis throughout the performance cycle year.

If an employee moves to another supervisor during the performance cycle (internal to CDHS), an Interim Evaluation must be completed, with a rating, and delivered to the new supervisor and entered into the PMP Data Entry Tool within 30 days of the transfer.

Final Performance Evaluation

- All employees must be evaluated, in writing, at least annually based on the past year's performance.

- Evaluations of employee performance for the previous performance cycle year must be conducted within one month after the end of a performance cycle (on or before April 30), or an interim evaluation within 30 days of the transfer or termination of an employee.

- Evaluations must be completed for any employee with a plan in place at the end of the performance cycle, or for any employee who should have had a plan in place based upon these guidelines. In other words, employees hired on or before February 28th, require a performance plan and evaluation.

- The performance evaluation process involves at least one (1) meeting between the supervisor and the employee. During this meeting, the employee and supervisor will review the CDHS Policies contained in the *Checklist of Required Certifications to Accompany the PMP*.

- The final evaluation will be reviewed and signed by a higher-level reviewer (may be Division Director, Deputy Executive Director or other party) **prior** to the evaluation rating being given to the employee.

- The supervisor is required to conduct the performance evaluation within these established timeframes. If the supervisor fails to conduct a performance evaluation, the reviewer is responsible for completing the evaluation within 5 working days. If the reviewer fails to prepare a performance evaluation, the reviewer's supervisor is responsible for completing the evaluation within 5 working days. This process continues up the chain of command until the evaluation is completed. If a rating is not given, the overall evaluation must be satisfactory (Level 2) until a final rating is completed according to State Personnel Board Rules.

- If an employee is on extended leave (e.g., FMLA or military leave) the employee's supervisor is required to make every effort to meet the April 30 deadline for final evaluations, unless there is an extraordinary circumstance which may require a delay beyond April 30 (e.g., the employee's absence was an unanticipated emergency).
    - The employee's supervisor must send written documentation to the CDHS PMP coordinator prior to the April 30 deadline, requesting authorization for a delay in evaluating the employee who is on leave.
    - If this request is denied the supervisor will be required to meet the deadline or face sanctions as listed below.
    - In a circumstance where a delay in evaluating an employee is authorized, the supervisor is required to go through the formal evaluation process with the employee during the first week of the employee's return to work. Employees placed in this extraordinary circumstance category will have full rights to the dispute resolution process even if the time period has extended beyond the end of the fiscal year.

- Absent extraordinary circumstances, failure by any supervisor to provide a timely performance evaluation will result in a corrective action. This does not require that the supervisor's overall performance rating be a Level 1. If the supervisor fails to comply with the corrective action, the supervisor will be ineligible for a merit pay adjustment. All supervisors who fail to complete evaluations within 30 days of the corrective action must be disciplinarily suspended in increments of one workday following the pre-disciplinary meeting (according to State Personnel Board Rules). The Human Resources Director or PMP Coordinator will notify the appropriate Office Director of any supervisor's failure to comply based on information contained in the PMP Data Entry Tool, which is the official repository

for performance plans and evaluations. A performance evaluation is not considered complete until it has been entered into the PMP Data Entry Tool.

- Supervisors are required to conduct evaluations for all employees. Supervisors must conduct a formal evaluation when an employee transfers or terminates employment and must enter this information into the PMP Data Entry Tool for sharing with the new supervisor.
    - An Interim Evaluation is required when an employee leaves CDHS, including transfers to another state department.
    - An Interim Evaluation, with a rating, is required when an employee changes jobs or supervision within CDHS.
    - An Evaluation is not required when an employee retires from the state personnel system, although such is encouraged in the event an employee returns to state employment.

- If there is more than one supervisor for an employee, all supervisors must collaborate throughout the performance cycle process.

- If a rating is not given, the employee's overall evaluation must be satisfactory (Level 2) until a final rating is completed.

IV. Ratings

CDHS final performance evaluation ratings will be based on a qualitative system. Final ratings must fall into one of three categories:

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.

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 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 and furthers the mission of the organization.

Level 3 (Outstanding) – This rating level represents consistently exceptional 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.

At evaluation time, the rater should rate the employee in each core competency by assigning a level (described above) that is reflective of the employee's performance for the year in that particular core competency. Raters must then average the ratings of all core competencies and utilize the scale below to derive an overall performance rating:

1.0 to 1.7 = Level 1
1.8 to 2.5 = Level 2
2.6 to 3.0 = Level 3

When evaluating performance, it is important to consider these key differences between the three rating levels of the performance scale. A Level 2 is actually a high standard to meet. Employees receiving this rating level do everything a supervisor asks of them, and occasionally a bit more.

- Level 1:
  - Does <u>not consistently</u> meet requirements
  - Requires <u>substantial monitoring</u>
  - Needs coaching to satisfy the core expectations
- Level 2:
  - Meets expectations and <u>on occasion</u> exceeds expectations
  - <u>Reliably</u> performs the job assigned
  - May have <u>some</u> documented impact <u>beyond</u> regular assignment
- Level 3:
  - <u>Consistently</u> exceeds expectations
  - <u>Consistently</u> exceptional
  - A <u>model for excellence</u> for others
  - Materially <u>advances the mission</u> of the organization

Another method that may help distinguish between Level 2 and Level 3 ratings is to consider the Frequency, Duration, and Impact of the performance observed.

<u>Frequency:</u> Does the behavior observed occur very often, or only on occasion?
<u>Duration:</u> Did the behavior observed occur throughout the performance cycle, or for a shorter time period?
<u>Impact:</u> Did the behavior improve the way work was performed, or make some meaningful impact to the team or to the business?

Additionally, all core competencies must be rated at least a Level 2 for the employee to attain an overall rating of Level 3. In other words, an employee who is rated a Level 1 in any one core competency may not be rated an overall Level 3.

- Multi-source assessment processes should be considered for evaluating employees, where feasible (e.g., supervisory observation, surveys, customer feedback, employee input, etc.).

- An employee whose final evaluation results in an overall rating of Level 2 or Level 3 is eligible for a Merit Pay adjustment as described below in Section VIII. Individual Merit Pay adjustments.

- An employee whose final evaluation results in an overall rating of Level 1, describing unsatisfactory performance or performance needing improvement, is subject to either a performance improvement plan or 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 as described in State Personnel Board Rules.

V. Distribution of Ratings

As part of the implementation of performance management, and in order to monitor quality and consistency of ratings, supervisors and/or managers must:

- Discuss the distribution of ratings within offices/divisions/work units;
- Evaluate the data, examine what is happening in these units to determine if the distribution is appropriate; and if not,
- Make whatever adjustments are necessary to ensure fair, equitable, and consistent evaluations of subordinates. Adjustments may include:
  - modification of the definition and application of competencies;
  - modification of rating standards; and/or
  - impose whatever other adjustments are necessary within the requirements of the CDHS Plan.

Quotas or forced distribution processes for determining the number of ratings in any of the three performance levels are prohibited by statute and therefore must not be established.

VI. Dispute Resolution Process

The CDHS Dispute Resolution Process is designed to be an open, problem-solving, quality assurance process; preserve working relationships; be fair, consistent and objective; include review by an impartial party(s) outside the supervisory chain, when possible; assure that both the employee and the supervisor have a responsibility in the process, and allow all parties an opportunity to have their issues heard. It is not a grievance or appeal. The CDHS Dispute Resolution process incorporates the following core elements.

- The following are reviewable under the CDHS Performance Management Program dispute resolution process:
  1. An employee's final overall performance evaluation, including lack of a final overall evaluation; and
  2. Application of the CDHS Performance Management Program, policies, or processes to an individual employee's plan and/or final overall evaluation.

- The following are not reviewable:
    1. Content of the CDHS Performance Management Program;
    2. Matters related to funds allotted to each agency and work unit; and
    3. Performance evaluations and merit pay adjustments of other employees.

- Allegations of retaliation for disclosure of information (whistle blowing) and discrimination must be filed with the State Personnel Board, pursuant to Personnel Board Rules.

- Performance evaluations that result in a corrective action are subject to and may be addressed through the CDHS grievance process.
- Employees are strongly encouraged to initiate discussions within their organizations by first approaching the supervisor whose actions are being disputed. Every effort must be made by the parties to resolve their dispute at the lowest possible level and in a timely manner.

- No party has the absolute right to legal representation, but may have an advisor present. The parties are expected to represent and speak for themselves.

- Retaliation against **any** party involved in the Dispute Resolution process is prohibited.

- The dispute resolution process should be concluded within 30 calendar days of initiation (e.g., within 30 calendar days of the date the performance plan or final evaluation is completed). In no case shall a performance evaluation dispute conclude later than June 26 of any calendar year, unless a waiver has been granted for the employee's plan or evaluation.

- If an employee with a pending dispute separates from the state personnel system, the dispute will be dismissed.

- Only issues presented originally in writing will be considered throughout the review process.

STEPS IN THE CDHS (INTERNAL) DISPUTE RESOLUTION PROCESS

1. **If an employee disagrees with his/her plan or evaluation**, as presented by the rater, the employee discusses such plan or evaluation with the plan/evaluation reviewer, within 3 working days of the receipt of the plan or evaluation. If the dispute involves application of the CDHS Performance Management Program, the employee meets with the reviewer within 3 working days of the date their knowledge of the disputable action occurred. The reviewer issues a written decision within 3 working days of the date of the meeting with the employee.

2. **If the employee is not satisfied with the results at Step 1**, the employee forwards an completed CDHS REQUEST FOR DISPUTE RESOLUTION form, along with any supporting documentation, to the appointing authority (named on the plan/evaluation) within 3 working days of the date the employee received a written decision from the reviewer.

- If the appointing authority is the supervisor or the reviewer (signatory) of the plan or evaluation, then the dispute must be forwarded to the appointing authority's supervisor.
- An appointing authority makes hiring decisions, administers corrective/disciplinary actions and evaluates performance as defined in State Personnel Board Rules.

3. **The Appointing Authority will utilize the CDHS Dispute Resolution Advisory Panel for the review of PMP disputes.**
   - The purpose of the panel is to provide the appointing authority with an objective review of the dispute and recommendation.
   - The panel will be a standing department-wide panel formed to review all CDHS disputes. The Deputy Executive Director of Operations determines the panel process and the make-up of this panel.
   - This panel will consist of representation from the various offices/divisions. When necessary a subject matter expert relative to a specific discipline may be added to the panel for clarification regarding operational issues.
   - It is expected that the appointing authority will use the panel process. However, if for extenuating circumstances a panel is not used, the appointing authority must demonstrate in his or her decision how objectivity was built into the dispute resolution process.
   - The panel issues a written recommendation to the appointing authority on a *CDHS Dispute Resolution Advisory Panel Written Recommendation to Appointing Authority* form.
     - The panel may recommend whether the plan or evaluation should stand, whether errors occurred, suggest other appropriate processes, such as mediation, and whether the CDHS Performance Management Program Plan was followed. The panel may not substitute its judgment for that of the rater or reviewer.
     - The panel's written recommendation must be issued within seven (7) working days of the date the appointing authority received the dispute.

4. **The appointing authority issues a written decision, which is final and binding (unless disputable at the external stage), within five (5) working days of the date of the panel's recommendation.**
   - If the appointing authority does not concur with the panel and issues a decision that is contrary to the panel's recommendation, the appointing authority must send a written explanation and justification of the decision to the Deputy Executive Director.
   - After the CDHS Dispute Resolution process has been exhausted, the employee may request (within 5 working days of the final decision) that the State Personnel Director review his/her dispute on those matters relating to application of the Department's Performance Management Program. Disputes involving plans or evaluations conclude with the appointing authority's decision and no further internal recourse is available.
   - A description of the Dispute Resolution Process must be given to employees at the time of his/her evaluation. This information is contained on the PMP signature page. Employees must be given written notice that they may, after completion of the internal process, submit a Consolidated Appeal/Dispute Form to the State Personnel Director for issues that concern the application of the

CDHS Performance Management Program, if relevant. This form is available at the following web address: https://www.colorado.gov/pacific/spb/forms-2 This notice must contain the deadlines for filing (5 working days from the date of the appointing authority's decision), list of what must be included in the request (copy of original issue and decision), and the address for filing (Attn: Appeals Processing, 1525 Sherman Street, 4th Floor, Denver, Colorado 80203), and a reference to State Personnel Board Procedures for more information regarding the Director's review process.

CDHS PERFORMANCE MANAGEMENT PROGRAM

DISPUTE RESOLUTION PROCESS

Employee receives plan/evaluation from his/her supervisor (rater). Employees are encouraged to initiate discussion with their supervisor. Every effort should be made by the parties to resolve their dispute at the lowest possible level and in a timely manner.

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Step 1: Employee disagrees with plan/evaluation. Employee discusses with reviewer within 3 working days of receipt of evaluation from the rater. Reviewer issues decision within 3 working days of discussion/meeting with employee.

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Step 2: If the employee is not satisfied with the results at Step 1, employee forwards a completed CDHS REQUEST FOR DISPUTE RESOLUTION form, along with any supportive documentation, to the appointing authority (named on the plan/evaluation) within three (3) working days of the date the employee received a written decision from the reviewer. (cc: Human Resources)

Appointing authority forwards dispute to advisory panel. Panel issues written recommendation(s) to appointing authority, within 7 working days of date dispute received by appointing authority.

Appointing authority issues written decision, which is final and binding (unless disputable at the external stage) within 5 working days of the date of the panel's recommendation(s).

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External Review (State Personnel Director): Within 5 working days of decision by the Appointing Authority, employee may request that the State Personnel Director review his/her dispute on those matters relating to the application of the Department's Performance Management Program.

Is the appointing authority the rater or the reviewer (signatory) of the plan or evaluation in dispute? If YES, dispute is forwarded to next level supervisor.

A standing panel will be formed to review all disputes within CDHS. If the panel is not used, AA must demonstrate in his/her decision how objectivity was built into the dispute resolution process. The Deputy Executive Director decides how to set up this process.

If AA does not concur with panel recommendation, AA must justify his/her decision to the Executive Director.

If employee is alleging discrimination or retaliation, they must file an appeal with the State Personnel Board (see Personnel Board Rule 8-25). The form is available at the following web address: https://www.colorado.gov/pacific/spb/forms-2

Definitions

Rater – Supervisor who does initial evaluation for the employee
Reviewer – Rater's supervisor or higher-level manager
Appointing Authority – Reviewer's appointing authority

External Dispute Process (limited to application of the Department's Performance Management Program): Within 5 working days of the decision by the appointing authority, the employee may request that the State Personnel Director review his/her dispute on those matters relating to the application of the Department's Performance Management Program. The employee's request must include a copy of the original issues submitted in writing and the CDHS final decision. The State Personnel Director may select a qualified neutral third party to review the matter and must issue a final, binding decision within 30 days of receipt of the dispute. The decision-maker may not substitute his/her judgment for that of the rater, reviewer or the CDHS dispute decision-maker. The external decision-maker may have the authority to instruct CDHS to follow the CDHS program, correct an error, or reconsider an individual's performance plan or final evaluation. The external decision maker may suggest other appropriate processes, such as mediation.

The scope of authority for any decision-making party in the dispute resolution process is limited to review of the facts surrounding the current action, within the limits of the CDHS Performance Management Program.

VII. Allocation Process

When merit pay adjustment funds have been allocated to the department through the annual Long Bill, they will be distributed throughout the department. Once a process has been established, information about the process will be disseminated through the Executive Management Team and by other means to employees.

VIII. Individual Merit Salary Adjustments

- Employees must be notified by June 30 of the final decision as to whether merit pay adjustments will be given.
- Merit pay adjustment allocation decisions are made based upon directives issued by the Department of Personnel & Administration (DPA) and, where discretion is allowed, the CDHS Executive Management Team and Executive Director. Prior to the payment of merit pay adjustments, the DPA Director must specify and publish a percentage for base and non-base merit pay according to the available statewide funding.
- Permanent employees are eligible to earn a merit pay adjustment each year based on the employee's final overall rating.
- All merit pay adjustments will be a percentage of the employee's salary and will be effective on July 1.
- The entire original, completed evaluation form must be forwarded to the district human resources office to be placed in the employees' official file. A record of the official performance plan, interim evaluation, mid-year review, and final evaluation will be maintained in the PMP Data Entry Tool described later in this document.
- Decisions regarding pay adjustments for newly hired and transferred employees are as follows and are based on the annual performance cycle of April 1 through March 31.
    - Employees must be employed in the state personnel system on July 1 in order to receive a merit pay adjustment.
    - Employees who transfer into CDHS from another state department will be treated as though they were employees of CDHS for their current period of

employment with the state and will be eligible for a merit pay adjustment based on the CDHS requirements for pay adjustment eligibility. The employee's current department as of July 1 will be responsible for payment of the adjustment.

- Merit Pay Adjustments will be as follows:
  - Employees rated at Level 1 (Needs Improvement) are not eligible for a merit pay adjustment. A Level 1 performer may not be reevaluated and will not be eligible for a merit pay adjustment for the remainder of the year.
  - Employees rated at Level 2 are eligible for merit pay adjustments up to the pay range maximum. If the employee's base pay is at the maximum or above the maximum (saved pay), the employee is ineligible for a merit salary adjustment.
  - Employees rated at Level 3 are eligible for non-base building merit pay adjustments, in addition to base building. Any portion of the base building merit pay adjustment amount that exceeds the maximum of the pay range must be paid as a one-time lump sum in the July payroll.
  - Base building adjustments are permanent and are paid as regular salary. Non-base adjustments must be re-earned each year.
  - Non-monetary incentives may be given to employees rated at Levels 2 or 3, regardless of their position in the pay range and are not calculated in the total amount of the pay adjustment. Monetary incentives may be given but may only be non-base building awards.
  - Non-base building pay adjustments will be paid in one lump sum payment in July.
  - An employee granted a merit pay salary adjustment must not be denied the adjustment because of a corrective or disciplinary action issued for an incident after the close of the previous performance cycle.
  - The DPA establishes the guidelines for merit pay adjustments at each level and, when discretionary, the Executive Director determines the amount at each level within DPA parameters.
  - Regardless of performance level, an employee cannot be granted a pay adjustment or combination of pay adjustments greater than the set merit pay adjustment maximums.
  - Historically and within DPA parameters, the CDHS Executive Management Team has established one specific percentage increase amount at each performance level, rather than establishing ranges of percentages. Should the Executive Management Team decide to set a pay range and distinguish between adjustments for employees rated at the same level, the Executive Management Team must first establish minimum criteria for distinguishing performance salary adjustments and have such criteria approved by DPA. The criteria must describe how these standards reflect the CDHS mission and operational needs and how the requirement for consistent treatment of similarly situated employees is met. Funding source, method of funding, and length of state service must not be criteria for distinguishing performance salary adjustments.

IX. Communication

CDHS remains committed to keeping all department employees continuously informed of the specifics related to the CDHS Performance Management Program.

- We want all employees to be informed on the basics of the Performance Management Program and the decisions made.

- All employees are encouraged to continue to provide feedback regarding the CDHS Performance Management Program and its design and implementation.
- CDHS will use every communication vehicle available and appropriate to disseminate current and correct information as quickly as possible. These include, for example:
    - Internet web site and e-mail
    - Staff meetings
    - Printed reference materials for employees, supervisors and managers
    - Training
    - Office PMP coordinators (as designated in the various Offices)

X. Accountability

The PMP Data Entry Tool is an automated system that supervisors must use to enter individual employee performance cycle data. The automated system allows input and tracking of performance plans, performance evaluations (mid-year and final), supervisory compliance and non-compliance with the performance cycle criteria, and distribution of the evaluation ratings. Records contained in the system are the official performance cycle records for CDHS employees. Therefore, CDHS supervisors are obligated to abide by the requirements of the PMP Data Entry Tool, including established timeframes. **Performance plans and evaluations are not deemed complete until such time as they are entered and saved in the PMP Data Entry Tool.**

The Office of Administrative Solutions uses this system to generate annual reports that are mandated by statute. In addition, this system is used to identify supervisors who are not in compliance with performance cycle requirements. The names of non-complying supervisors are forwarded to the Office Director for imposition of sanctions, as described in the Performance Planning and Performance Evaluation sections. Sanctions include, for example, corrective action and disciplinary action, including suspension pursuant to statute.

XI. Training

CDHS Performance Management Training is mandatory for all Performance Management Program raters. CDHS will offer this training on an on-going basis and will use the PMP Data Entry Tool to identify new supervisors to ensure compliance.

In keeping with the commitment to help make performance management successful across the department, training modules will be developed and delivered to CDHS employees at all levels throughout the organization. In addition, CDHS will continuously responded to special requests for services, including assistance in developing performance objectives, and creating performance plans that support the unit, Department, and state missions.

XII. Annual Reporting Requirements

CDHS will comply with all performance management system reporting requirements and will submit the required information for the department as a whole. As requested,

the Executive Director of CDHS will report to the State Personnel Director the following:

- Percentage of supervisory compliance.
- Supervisory suspensions or demotions for non-compliance.
- Total dollars appropriated for merit pay adjustments for the fiscal year.
- Total amount of those appropriated dollars for employee's performance awards.
- Total amount of dollars awarded for each performance category.
- Other information, as required by the State Personnel Director, will be reported by specified deadlines.