



**COLORADO COMMISSION ON
HIGHER EDUCATION**

PERFORMANCE PAY PROGRAM

**IMPLEMENTATION PLAN FOR
COLORADO PERFORMANCE PAY
SYSTEM**

SEPTEMBER 2005

EXECUTIVE DIRECTOR APPROVAL

Most Current as of February 2006

I. Introduction

The Colorado Commission on Higher Education (CCHE) has a staff of 29 with 26 exempt and 3 classified. CCHE has a unified performance management system. The system has components that include planning, training, evaluation, and monitoring.

The mission of the Commission is to implement the directives of the General Assembly, and promote and preserve quality, access, accountability, diversity and efficiency within Colorado public higher education.

CCHE is student-centered, quality-driven and performance-based. Every CCHE work unit is measured first and foremost by these standards. Additional key performance areas as captured in the State's Core Competencies are components in the planning and evaluation process as well. Accordingly, performance evaluation is tied to the overall accomplishment of CCHE's mission.

CCHE's plan meets pay system guidelines established for all state agencies. CCHE's plan shall be revised as necessary to remain in compliance with all requirements of the State of Colorado's Performance Pay Program and Personnel Board Rules as well as the State Personnel Director's Administrative Procedures. Amendments to the plan will be submitted to the State Personnel Director for approval prior to implementation.

Responsibility for implementation, management and review resides with the Executive Director and management team for CCHE.

The Executive Director provides executive oversight of CCHE's Performance Pay Program. The Executive Director also serves on the Executive Oversight Committee for the statewide performance pay system.

CCHE's management team, in consultation with the Executive Director, works to assure proper implementation and quality assurance for the program. The management team will review quality of the program on a regular basis with a commitment to accuracy, consistency and fairness.

This plan is designed to be flexible, changing to meet the needs of the organization, the State of Colorado and the employee. The plan incorporates a process to enhance the best efforts of our staff through appropriate recognition. Cohesive work units, working together for a common purpose with well-defined goals and rewards will help CCHE further its mission. Our individual work units will demonstrate the best in competence, service and accountability.

II. Performance Planning

A. Process

Planning begins the process for the employee and supervisor. This process establishes guidelines, sets goals, provides clarity, and establishes priorities. The first statewide performance cycle shall end no later than March 31, 2006. All subsequent cycles shall be April 1 through March 31. The 2005-06 performance cycle will begin on March 31, 2005. The mandatory planning session between the supervisor and employee will occur at the beginning of the performance evaluation cycle or with orientation of each new employee in their first month of employment. The process will also consider the employee's performance rating from the prior cycle. Areas for improvement noted in the prior cycle will be emphasized in the subsequent year's performance plan for the employee.

The mandatory planning session will include a review of CCHE's mission, a review and discussion of the work unit's plan and goals for the upcoming year, the employee's job description and any areas noted for improvement in the prior cycle. Areas noted for improvement will be addressed with a plan for correction. A review of CCHE's core competencies required for that position will be included. Those competencies required will be used to determine the employee's performance rating. Further, priorities will be set in each competency area as part of the Individual Performance Plan (IPP).

The manner in which each supervisor conducts the performance-planning meeting is left to the discretion of the supervisor. The supervisor must, however, provide a written statement of the employee's performance plan for both the employee and the supervisor to sign within 10 working days. Supervisors will involve the employee in developing the IPP.

Both the individual plans and the process are designed to maximize the employee's opportunity to attain a Level 4 rating and allow the employee to participate in the team effort to achieve the goals of CCHE. To this end, the plans will be developed with an eye to the rating process.

B. Core Competencies

Every employee's performance plan will include core competencies as defined by the State Personnel Director. These competencies are 1) communication, 2) interpersonal skills, 3) customer service, 4) accountability, and 5) job knowledge. The employee's performance rating will be partially determined through consideration of statewide core competencies. The statewide, uniform core competencies cannot be disregarded in the final rating for each employee.

C. *Team Building*

Teamwork will be included as a component of every employee's performance plan. CCHE believes that every employee has a role, equally important, in reaching our goals. Individual employee performance ratings will not be affected by the failure to perform of other team members. Teambuilding skills will be evaluated in relation the importance of teamwork to an employee's overall job responsibilities.

D. *Individual Program Goals*

The individual's performance plan (IPP) will be developed at the beginning of the evaluation process, beginning with the mandatory supervisory meeting. The IPP will align with goals and objectives of CCHE. IPPs are written statements that clearly communicate performance expectations for the employee. IPPs will include areas for improvement noted from the prior cycle. IPPs will assist in planning for continuing job responsibilities while considering any new initiatives for the coming year. The IPP will be reviewed to evaluate the employee's annual performance rating.

III. *Performance Management*

A. *Performance Progress Review*

At least annually, all employees will be evaluated based on their job performance during the performance cycle. If an employee moves to a position under another appointing authority, work unit or department during a performance cycle, an interim overall evaluation shall be completed and delivered to the new appointing authority or department.

Supervisors will complete at least one mandatory and documented meeting for Performance Progress Review during the performance year. If the supervisor chooses to conduct only one progress review, that shall occur during the month of October of that performance year. At the supervisor's discretion, progress reviews may be conducted more frequently. Coaching and feedback are required components of this review. This meeting will include review and discussion of the unit's work plan and any changes resulting from new initiatives. It will also include review and discussion of the employee's performance on core competencies and progress on the IPP. Modifications to the employee's performance plan will be noted at this time.

B. *Final Performance Review*

This review involves a mandatory meeting with the supervisor and the employee. This meeting will include review and discussion of all relevant performance data accumulated throughout the evaluation year. This review

may include multi-source assessment processes as feasible. For example, an individual with heavy public contact demands may be assessed through surveys of those contacts. Assessments may also include interviews of co-workers or other work unit members.

This meeting to conclude the review process may immediately precede and be incorporated with, the mandatory planning process meeting for the next evaluation cycle. This meeting will take place no later than March 15 of each year. A higher level will review the supervisor's evaluation of the employee's performance.

C. Performance Rating

All employees will receive, in writing as part of the annual performance review process, a performance rating. Performance ratings are based on qualitative values. These values correspond to the four established rating levels. Level One indicates unsatisfactory performance. The performance rating represents a fact-supported determination made by the supervisor. The definitions are as follows:

Definition of Level 4 (Outstanding)

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.

Definition of Level 3 (Above Standard)

This rating level encompasses the accomplished performers who consistently exhibit the desired competencies effectively and independently while frequently exceeding expectations, standards, requirements, and objectives of the job assigned. Their work has a documented impact beyond the regular assignments and performance objectives that directly supports the mission of the organization.

Definition of Level 2 (Satisfactory)

This rating level encompasses a range of expected performance. It includes those employees who exhibit competency in the work behaviors, skills, and assignments for the job as well as those employees who are successfully developing in the job. These employees are meeting all the expectations, standards, requirements, and objectives on their performance plan and, on occasion, may exceed them. This is the employee who reliably performs the job assigned.

Definition of Level 1 (Unsatisfactory)

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 to achieve consistent completion of work, and requires more constant, close supervision. Though these employees do not meet expectations, they may be progressing satisfactorily toward a level 2 rating and need to demonstrate improvement in order to satisfy the core expectations of the position.

Each supervisor will consider and correspondingly rate the employee's performance on each selected core competency. The competencies for rating were selected during the planning process. A supervisor's effectiveness in executing the performance management functions required for proper supervision will be considered when the supervisor's rating is determined.

The supervisor will also rate the employee's performance on the IPP.

The supervisor will develop a composite performance rating based on the ratings for each competency area, the IPP and other relevant job performance data. Other data may include multi-source assessment processes.

CCHE's quality control of performance ratings and the performance pay program are dependent on the skill of supervisory staff in evaluation of employee performance consistent with the four levels established. Supervisors will examine each employee's performance as set forth in the individual employee's performance plan, selected core competencies and IPP. The supervisor will also consider other job relevant data and compare the employee's performance with the performance of other members of the work unit. The supervisor will make a fact-supported finding reflecting the performance of each employee.

Quotas or forced distribution processes for determining the number of ratings in any of the four performance levels will not be established.

This rating will be forwarded to the Executive Director for review. The final rating will then be made. Each rating will then reflect the agreement of the supervisor and the Executive Director. The Executive Director has a broader view of the organization and will consider the performance of other work units when reviewing recommended performance ratings. This review process will provide quality control by ensuring valid rating processes with

consistency between work units. CCHE is committed to ensure the equity and fairness of the rating process for all employees.

Performance ratings will be provided to the employee no later than May 1. The rating will be provided to the employee by their supervisor.

A level 1 rating denoting unsatisfactory performance will result in a performance improvement plan OR a corrective action. A reasonable amount of time must be given to improve. If performance is still unsatisfactory at the time of reevaluation, a corrective action is given. Subsequently, if performance does not improve after the corrective action is given, a disciplinary action shall be taken. Supervisors are responsible for documentation to support the rating and subsequent action. The performance improvement plan or corrective action shall specify the reason for the action and the desired behavior or outcomes expected from the employee to remedy the situation. The plan will also specify a period of time for the employee to comply with the requirements of the plan. The supervisor will meet with the employee no later than the last day specified by the plan to review the employee's compliance status. The supervisor may then choose any of the following:

1. change the rating from Level 1 to Level 2 or above;
2. extend the time period for compliance thus continuing the performance improvement plan or corrective action;
3. in consultation with the Executive Director, pursue more severe action against the employee which might include suspension or termination;
4. review the situation and take other action as appropriate in consultation with the Executive Director.

If a supervisor fails to provide an employee with any required plans or ratings, the supervisor's reviewer (generally the Executive Director) will be responsible for completing the plan. If the reviewer fails to complete a plan or evaluation, the next level in the chain of command is responsible until the plan or evaluation is complete. If a rating is not given, the overall evaluation is satisfactory until a final rating is completed and lack of a plan or rating can be disputed.

Absent extraordinary circumstances, failure to timely plan and evaluate in accordance with the department's established timelines results in a corrective action and ineligibility for a performance award. If the individual performance plan or evaluation is not completed within 30 days of the corrective action, the rater must be disciplinarily suspended in increments of one workweek following pre-disciplinary meeting. Statute provides, in addition, that if any evaluations are not completed by July 1, supervisor may be demoted. If failure to evaluate by July 1 happens for consecutive 2 years, supervisor shall be demoted to non-supervisory position.

IV. Training and Communications

A. Orientation

All employees will be provided with an orientation to the Performance Program Plan. This orientation will occur for all employees at a mandatory all-staff meeting the first transition year. New employees will be oriented within 30 days of hire.

B. Training

All supervisors are required to attend performance management training. CCHE is not sufficiently large to provide in-house training. CCHE will consequently rely on training developed by the Department of Personnel. Supervisors are required to attend an initial training prior to commencement of the individual planning process that begins March 1. As resources are identified, opportunities for further training will be offered throughout each year. CCHE will develop a library of resources for supervisory reference. It is expected that HRS will provide training modules, train-the-trainer resources, written materials, and tutorials.

C. PPP Communications

Performance pay program information is disseminated through a variety of methods.

- Periodic all-staff meetings
- E-mail
- Interoffice memo
- All employees have access to Stateline for statewide updates
- Periodic updates at management team meetings (held weekly) and whose members then communicate updated information to their work units

Supervisor/Employee communication

CCHE policy states that supervisors will review each classified employee two times per year with a progress review in November and the annual review in March. This is the minimum requirement for employee review and supervisors are strongly encouraged to provide review, coaching and feedback more frequently. Supervisors are encouraged to participate in opportunities for training in coaching and feedback. The supervisor will determine the appropriate interval for coaching to best keep the employee informed of their progress in meeting the goals of their individual IPP and CCHE. The employee has an obligation to keep their supervisor informed of any challenges encountered in meeting their goals. The effectiveness of

supervisors will be measured relative to their performance management of their staff.

This component of the PPP is perhaps the most important. For work unit and CCHE success, supervisors must maintain frequent contact and coaching with their staff with an eye towards continuous improvement.

V. **Dispute Resolution**

This process is designed to be open and impartial allowing an opportunity for the parties to discuss the issues in dispute. It is recommended that disputes be resolved informally at the lowest level possible prior to moving to a formal process. The authorized decision-maker for all disputes is the Executive Director. ***Only those matters originally presented by the employee in writing will be considered during this process.***

The dispute resolution process has two stages. The internal stage is administered by CCHE and approved by the State Personnel Director. The Department of Personnel administers the external stage.

Employees will be provided on an annual basis with a description of the internal dispute resolution program that includes timelines and names the Executive Director as the appointing authority and decision-maker.

No party has an absolute right to legal representation during the dispute resolution process, but both parties may have present a person of the respective party's choice. The parties are expected to represent and speak for themselves.

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

A. ***Bases for Dispute***

An employee may dispute the following:

- Employee performance plan (or lack of a plan) during the planning cycle;
- Employee's final performance evaluation;
- The application of CCHE's performance pay program to the individual employee's performance plan and/or evaluation; and
- Full payment of the performance salary adjustment.

Disputes concerning the application of CCHE's performance pay program, policies, or processes; and full payment of an award may proceed to the Department of Personnel for an external review after CCHE's internal review process has been completed.

Matters NOT subject to dispute are:

- The content of CCHE's performance pay program;
- Performance evaluations, ratings and awards of other employees;
- All matters relating to performance salary adjustments; and
- Funds appropriated.

B. Internal Process

1. The supervisor and employee work together to resolve the dispute. This process must be completed within five (5) working days of the event that raised the dispute. The supervisor cannot render a decision that alters the PPP. If the employee's immediate supervisor is the Executive Director the process begins at 2.
2. If, after the five-day informal resolution process, the dispute has not been resolved to the employee's satisfaction, the employee may elect to formalize the dispute by submitting the dispute in writing to the Executive Director. The written dispute must be submitted to the Executive Director within five (5) working days of the conclusion of the informal process. The Executive Director then has five (5) working days from receipt of the written dispute to render a written decision. The Executive Director may discuss the matter with the employee and supervisor involved in the dispute. The Executive Director is limited to reviewing the facts of the dispute. The Executive Director may then instruct the supervisor to:
 - Follow CCHE's performance pay program,
 - Correct errors,
 - Reconsider a performance rating or plan,
 - Suggest other avenues for resolution.

The Executive Director cannot alter CCHE's performance pay program.

The supervisor/Executive Director sends copies of the decision to the employee and to the human resources manager.

C. External Process

Employees who are dissatisfied with the results of the internal dispute resolution process may then elevate the dispute to the external process administered by the State Personnel Director.

An employee must exhaust remedies provided for in the internal stage before proceeding to the external stage.

Employees will be notified to submit a written request to the State Personnel Director for consideration under the external process. Notice will include

deadlines for filing, the address for filing, and what may be included in the request. The request must include a copy of the original issue(s) submitted in writing and CCHE's final decision.

The employee must make the request to the State Personnel Director within five (5) working days of the final decision from CCHE's internal process.

The director may select a qualified neutral third party to review the matter. The director shall issue a written decision that is final and binding within 30 days. 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 agency's program. For an issue being reviewed at the external stage, these individuals shall not 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 (in the external stage), these individuals have the authority to instruct a rater(s) to: a) follow agency's program, b) correct an error, or c) reconsider an individual performance plan or final overall evaluation. These individuals may also suggest other appropriate processes such as mediation.

Final resolution of issues concerning the individual's performance plan (or lack of plan) and the individual's performance evaluation shall occur at the internal stage of the dispute resolution process. Employees will have no further recourse for resolution of these disputes.

VI. Performance Based Pay

A. Schedule for Performance Pay Program

- Performance Planning Begins **March 1**
- Mid-year Performance Progress Review Begins. **October**
To be completed by November 1.
- **Evaluation Process begins (mandatory supervisory meeting) **March 1**
- IPP developed for next performance year **March-April**
- Employee Performance Plans Due to HR Office **May 1**
- Final Performance Review (can be concurrent with **) **April**
- Final employee performance ratings due **May 1**
- Performance pay program dispute resolution process **May-June**
- Executive Director works with supervisors and Controller to determine employee performance award distribution **May-June**
- Executive Director makes final approvals of performance adjustments **June**
- Employees notified of performance salary adjustments **June**

B. Performance Pay Distribution

All performance salary adjustment distributions comply with the following system rules:

1. Annual base building performance salary adjustments will be a percentage of salary, effective July 1. Base building adjustments are permanent and paid as regular salary.
2. Pay decisions are based on evaluations within the rules of the PPP.
3. The employee must be employed on July 1 to receive payment of an adjustment and the employee's current department as of July 1 is responsible for payment of the adjustment.
4. Employees hired into the state personnel system during the performance evaluation cycle shall receive the full performance salary adjustment percentage determined by the employee's department for the performance level achieved.
5. An employee cannot be granted an award greater than the set maximum.
6. If the employee's final overall rating is Level 1 (needs improvement), the employee is ineligible for an annual performance salary adjustment.
7. For those employees below the pay range maximum, Level 2 through Level 4 ratings are eligible for base building performance salary adjustments. No base building adjustment can be awarded that results in a base salary that exceeds the maximum pay range. If the final overall rating is not excellent, the adjustment cannot exceed the grade maximum. Salary adjustments must be base building except that, if the final overall rating is at Level 4, any portion of the adjustment amount that exceeds grade maximum shall be paid as a one-time lump sum in the July payroll.
8. For those currently at the pay range maximum, only Level 4 ratings are eligible for the performance-based awards. No performance salary adjustment amount is guaranteed above pay range maximum. Level 2 and Level 3 ratings at or above the maximum of the pay range are not eligible for any performance salary adjustment.
9. An employee granted an annual performance salary adjustment shall not be denied the adjustment because of a corrective or disciplinary

action issued for an incident after the close of the previous performance cycle.

10. Prior to the payment of annual performance salary adjustments, the State Personnel Director shall specify and publish the percentage ranges for performance levels based on the available statewide performance pay funding.
11. If CCHE decides to provide differing performance salary adjustment percentages for employees rated at the same rating level, it will specify the criteria for distinguishing the performance salary adjustments.
12. Source of funds (e.g., cash or general), method of funding (e.g., appropriated or memorandum of understanding), and length of state service shall not be criteria.

C. *Non-monetary Incentive Awards*

Employees are eligible to receive non-monetary incentive awards, regardless of pay range, to supplement salary-based performance salary adjustments. The Executive Director will determine the extent to which these awards will be used. Supervisors will be informed annually of the availability of the program.

D. *Notice of Performance Pay Amounts*

Employees will be notified by the Controller of employee performance salary adjustments. Notice will specify the employee's base building performance salary adjustment as well as the employee's new base salary. These notices will be provided in July.

VII. *Performance Pay Program Monitoring, Evaluation and Reporting*

The Executive Director working with the Management Team will provide oversight of the quality of the PPP. CCHE will provide timely reports as required to the State Personnel Director. The Executive Director and Management Team will review and monitor the program to provide improvements and adjustments as needed to maintain the quality and fairness of the program.

VIII. *Performance Measurement and Reporting Tools*

Performance measures will include:

- Timeliness of all requirements of the PPP for supervisor-employee interaction.
- Timeliness of submission of reports

- Number of employees submitting requests for dispute resolution.
- Total amount of awards
- Distribution of awards by rating level

Tools used include forms developed by CCHE to guide the employee and supervisor through the PPP. IPP, core competencies and all review forms are redundant in the emphasis on the mission of CCHE. The four performance levels are clearly articulated in relevant forms. Further, the forms will be easily accessed through the CCHE computer system for ease of completion by the supervisor.