

# TECHNICAL GUIDANCE – PERFORMANCE MANAGEMENT

Prepared by the Division of Human Resources in the Department of Personnel & Administration. Issued June 12, 2015.

## GENERAL

This document is for use by human resources professionals and others who serve as supervisors/reviewers in the state's performance management system.

Colorado Revised Statute (C.R.S.) C.R.S. 24-50-104 and 24-50-125 govern performance management in the state personnel system. In addition, performance management system parameters are outlined in Chapter 6 of the State Personnel Rules. The state's performance management system has three components: Performance Management, Dispute Resolution, and Merit Pay. This technical assistance will provide guidance on performance management and the dispute resolution process.

The state's performance management system applies to all state classified employees in all departments (general government and institutions of higher education), with the exception of those in the medical pay plans. The evaluation of performance is used as a factor in compensation, promotions, demotions, removal from eligible lists, reduction of force, and all other transactions in which considerations of quality of service are properly a factor.

Statute requires the State Personnel Director to develop guidelines and coordinate a performance system that is simple and understandable with input from employees, managers, and other affected parties; that emphasizes planning, management, and evaluation of employee performance; and that includes uniform and consistent guidelines for all departments. Statute prohibits a forced distribution of performance ratings and authorizes individual and group (team) performance awards.

Rule 6-4 requires Departments to develop a performance management program that includes the dispute resolution process and is approved by the State Personnel Director before implementation. Allowing each department to develop their own performance management program provides departments the flexibility to develop an individualized program that reflects the mission and culture of their department.

## PERFORMANCE STEPS

The following steps are included when managing an employee's performance:

- Establish a performance plan;
- Establish standards and measures within the plan;
- Meet with the employee;
- Track and coach performance; and
- Conduct periodic progress reviews.

**Step 1: Establish the performance plan** – Before establishing the performance plan, best practice is to review the vision/mission of the department and of the work unit, the business requirements for the work unit, and the position description (PD) of employee. Such review will contribute to the development of critical goals to be accomplished by the employee. At a

minimum, always review the PD when creating the performance plan. When establishing the performance plan, keep in mind that communicating expectations to the employee is a key contributor to an employee performing satisfactorily, and that appointing authorities and designated raters are responsible for communicating performance expectations and standards, including an individual written performance plan. Performance plans align with unit and division objectives, which in turn align with the department's strategic plan. Every employee must receive a planning meeting by the date specified in the departments' performance management program.

**Step II. Establish standards and measures** – Think about critical success factors when measuring performance for a unit, and think about activities, objectives, competencies, results, and outcomes when measuring performance for employees. In addition to the required statewide core competencies (communication, interpersonal skills, customer service, accountability, and job knowledge), the performance plan identifies individual performance objectives (IPO's) that are specific to the job. These IPO's are not a list of tasks, but rather goals and objectives that describe an outcome. The method for measurement is clear and understandable to the employee and makes a clear distinction between what would be considered a successful rating and an exceptional rating. Standards and measures may change throughout the performance cycle; adjustments to the performance plan are to be made to reflect these changes as necessary.

**Step III. Meet with the employee** – Rule 6-4 requires a performance planning meeting with employees. Best practice is to meet with the employee to review and edit the performance plan together; to jointly set realistic and attainable goals and measurements; and to communicate priorities and reasonable target dates for outcomes. Such activities are likely to encourage buy-in and commitment from the employee. Remember that the most meaningful and successful performance plans are developed collaboratively with the employee. However, as the supervisor is responsible for assigning the work, agreement is not a requirement. Once the performance cycle begins, the employee will be evaluated/rated on those expectations contained in the performance plan.

**Step IV. Track and coach performance** – Supervisors need to track an employee's accomplishments, adjust priorities, and make changes to the performance plan accordingly. Rather than focusing exclusively on mid-year and year-end evaluations, focus on employee-centered, ongoing and continuous feedback regarding how their performance is meeting the supervisor's expectations. This will make the required mid-year and year-end process less cumbersome, as ongoing discussions throughout the performance cycle will result in a less labor intensive final overall evaluation. The work will already be done from the continuous, quality feedback provided throughout the performance cycle. In addition to knowing what is expected, per Rule 6-4, appointing authorities and designated raters are responsible for providing coaching and feedback during the performance cycle. One of the most commonly asked questions by supervisors is how to motivate employees to perform well. A significant part of motivating employees is providing quality coaching and feedback on a regular basis.

**Step V. Conduct periodic progress reviews** - Scheduling performance discussions with the employee to assess overall progress throughout the year is beneficial for both the employee as

well as the supervisor. Rule 6-4 requires at least one documented progress review be conducted during the performance cycle.

### **FINAL OVERALL PERFORMANCE EVALUATION**

When preparing for the final overall evaluation, gather all information that has already been documented throughout the year, via periodic performance assessment throughout the performance cycle (tracking sheets, notes to files, input/kudos from customers, computer generated stats, etc.) and plan for an adequate amount of time to meet with the employee. Supervisors/raters may ask the employee to bring a self appraisal (informal) and any tracking sheets, notes to files, input/kudos from customers, etc. to the meeting or send in advance. . The final overall evaluation must be reviewed by the Reviewer (signed and dated) before presenting the final overall evaluation to the employee. To finalize the formal evaluation process for the performance cycle, the supervisor should meet with the employee to present the final overall evaluation and rating. Subsequently, the rating date that is reported into payroll is the date the employee signed the final evaluation as identified on the performance evaluation cover page. The earliest date that an employee should receive a final performance evaluation is April 1<sup>st</sup>. All performance evaluations should be finalized no later than May 1 to ensure accurate and timely merit payments are recorded in payroll.

A final overall rating of Level 1 (Needs Improvement) shall result in a performance improvement plan or a corrective action and a reasonable amount of time to improve. A performance improvement plan is not a corrective action, but rather a more informal written communication to the employee about what is expected to improve performance and meet expectations.

### **ROLES AND RESPONSIBILITIES**

For the performance management cycle to be effective, everyone in the department must play a role.

**Supervisor/Rater** – Supervisor/raters play a key role as they guide, direct, and support the work of employees by:

- Communicating the performance management process, including plans for administering the process, to employees;
- Setting clear expectations for the employee’s job performance;
- Meeting regularly with employees to provide ongoing, continuous, quality feedback;
- Documenting significant events, accomplishments or milestones throughout the rating period;
- Praising accomplishments or positive behavior(s);
- Correcting performance or behavior when necessary; and
- Encouraging employee growth by teaching, coaching, and mentoring.

In order to ensure employees receive the support and feedback they need to be successful, effective performance management must be a high priority for supervisors/raters on a daily basis. Every supervisor/rater should spend time helping employees be successful.

The following requirements apply to all supervisors and designated raters, including non-classified (exempt) supervisors who supervise classified employees.

- Providing employees with a performance plan that details what the employee is expected to achieve over the next performance cycle.
- Evaluating all state classified employees, in writing, at least annually based on the past year's performance.
- Completing and delivering an interim overall evaluation within 30 days if an employee moves to a position under another supervisor, appointing authority, or department during a performance cycle.
- A final evaluation is not required when an employee retires from employment in the personnel system.

Per Rule 6-5, designated raters shall be evaluated on performance management and evaluation of employees.

Statute provides sanctions for designated supervisors/raters who fail to evaluate employees at least once a year. Sanctions include suspension of at least one work day if the evaluation is not completed by July 1; and demotion to a non-supervisory position if annual performance evaluations are not completed timely for two consecutive years.

Personnel Rule provides sanctions for supervisors/raters who fail to plan and evaluate in accordance with the timelines established in the department's performance management program. Sanctions include a corrective action and ineligibility for merit pay, and, if the individual performance plan or evaluation is not completed within 30 days of the corrective action, disciplinarily suspensions in increments of one work day following the pre-disciplinary meeting.

Sanctions are enforced by appointing authorities (not supervisors/raters) with the assistance of departmental human resource offices. Application of the sanctions provided by statute and personnel rule reinforces the importance of the proper management of the performance management system.

**Reviewer** – Another key role in the success of the performance management system is that of the reviewer. Reviewers are those critical people who help ensure consistency of ratings throughout their department by:

- Ensuring consistency in ratings among those units (section) supervised;
- Providing quality control; and
- Calibrating ratings (not forced distribution).

The following requirements apply to reviewers, including any person employed by the state who is responsible for reviewing performance evaluations of state classified employees. This includes non-classified (exempt) staff, who are designated reviewers for classified employees' performance evaluations:

A reviewer must review and sign the supervisor's/rater's evaluation of an employee. If the supervisor/rater fails to complete an individual performance plan or evaluation, the reviewer is

responsible for completion of the plan or evaluation. If the reviewer fails to complete the plan or evaluation, the reviewer's supervisor is responsible. If a rating is not given, the overall evaluation shall be satisfactory until a final rating is completed.

## **PERFORMANCE MANAGEMENT PROGRAMS**

All departments are required to develop and publish departmental performance management programs. This program is the classified employee and supervisory guide for performance management with the State of Colorado and provides specific departmental guidelines and requirements to abide by. All departmental performance management programs must be approved by the State Personnel Director before implementation.

A detailed description of the mandatory components of department performance management programs is provided in Chapter 6 of the State Personnel Rules. The following components must be addressed:

- mandatory training for all raters;
- statewide uniform core competencies;
- a performance evaluation form;
- identification of the standard Statewide performance rating cycle;
- a requirement for a planning meeting with the employee;
- a requirement for coaching and feedback during the performance cycle (including at least one documented performance review);
- identification of whether evaluations are numerical and/or qualitative;
- inclusion of the definitions of the standard performance ratings;
- prohibition of quotas for the number of employees allowed to receive any of the performance ratings
- establishment of an accountability component to ensure compliance with the performance management system and the department's program;
- identification of sanctions to be imposed for supervisors/raters for failure to comply; and
- a description of the department's review process to monitor the quality and consistency of performance ratings within the department before the final rating is provided to employees.

The mandatory core competencies are communication, interpersonal skills, customer service, accountability, and job knowledge. Examples of performance objectives for these statewide core competencies can be found on the "[Required Core Competencies](#)" document on the Department of Personnel and Administration (DPA)/Division of Human Resources (DHR) website.

## **PERFORMANCE MANAGEMENT DISPUTE RESOLUTION**

All matters related to the performance management system are under the jurisdiction of the State Personnel Director. The State Personnel Director has delegated the final decision making authority relative to performance management to the Director of the Division of Human Resources within DPA. Chapter 8 of the State Personnel Rules (8-83 through 8-89) details the performance dispute resolution process. The State Personnel Board has jurisdiction over allegations of discrimination related to performance management and over a final grievance decision associated with a corrective action arising from a final overall evaluation.

The performance management dispute resolution process is an open, impartial process that is not a grievance or appeal. Attempting informal resolution before initiating the dispute resolution process is strongly encouraged. The performance management dispute resolution process is identified, in detail, in each departmental performance management program.

The scope of authority of individuals making final decisions throughout the dispute resolution process is limited to reviewing the facts surrounding the current action, within the limits set forth in the department's performance management program.

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

In the event that an employee with a pending performance management dispute separates from the state personnel system, the dispute is dismissed.

The following matters related to performance management **are disputable**:

- The individual final overall performance evaluation, including lack of a final overall evaluation; and
- The application of a department's performance management program to the individual employee's final overall evaluation

The following matters related to performance management **are not disputable**:

- The content of a department's performance management program;
- Matters related to funds appropriated for merit pay (including full payment); and
- The performance evaluations and merit pay of other employees.

Only the issue(s) originally presented in writing by the employee can be considered during the dispute resolution process.

Departmental performance management programs must identify the dispute resolution process, and the process must be communicated to all employees. The process must identify time limits and the procedure(s) for filing, who will make decisions regarding the issue(s), and time limits for issuing the final written department decision. The departmental internal decision on issues involving an individual performance plan or evaluation concludes at the internal stage and no further recourse is available.

If the issue(s) raised by an employee involve the application of the department's performance management program, and those issues are not resolved within the department, the employee may file a written request for review by the State Personnel Director. The request must be filed within five working days of the department's final decision. The request for external review must include a copy of the original issue(s) submitted in writing and the department's internal final decision. The State Personnel Director's decision, which must be issued within 30 days, is final and binding within 30 days. Note that the State Personnel Director cannot substitute his judgment for that of the rater, reviewer, or the department's dispute resolution decision maker.

## **ANNUAL REPORTING**

Statute requires the State Personnel Director to monitor compliance with the requirements of the performance management system and to annually report such findings to the Joint Budget Committee of the General Assembly. The report includes percentage of supervisory compliance, supervisory suspensions or demotions for non-compliance, dollars appropriated for performance awards, dollars awarded to employees for performance awards, and dollars awarded for each performance category.

Each department head is required to report the specified information to the State Personnel Director by the specified deadline. Accordingly, all departments and institutions of higher education must either enter their performance ratings directly into the payroll system or send their file to transfer data to payroll. Specific instructions on recording performance data will be provided by DHR on an annual basis.

## **FREQUENTLY ASKED QUESTIONS**

- Q1. What if an employee is hired on or after March 1, does the supervisor have to complete a final overall performance evaluation?
- A1. Unless otherwise noted in your departments Performance Management Program, for those employees hired 30 days or less from the end of the performance rating cycle, completion of a final overall performance evaluation for the current rating cycle is not required. The employee's final overall rating is determined to be satisfactory (level 2).
- Q2. If an employee moves to a position under another appointing authority or department or a supervisory change is made during a performance cycle, an interim evaluation is to be completed and delivered to the new appointing authority or department within 30 days of the effective date of the move or change. What if the previous supervisor is no longer present to conduct the interim evaluation?
- A2. If a rater fails to complete an interim evaluation the reviewer is responsible for completion. If the reviewer fails to complete the interim evaluation, the reviewer's supervisor is responsible. If no interim evaluation is given, the employee is determined to be performing satisfactorily.
- Q3. Can electronic signature be used on the performance evaluation form?
- A3. Yes, if your department has the electronic capability and it has been approved as a departmental practice.
- Q4. If an employee disagrees with a final overall performance evaluation rating, can the employee prepare a rebuttal?
- A4. Yes, an employee may submit a rebuttal to the final overall performance evaluation, which must be attached to the final overall performance evaluation form and submitted to

the department's Human Resources office. This does not change the final overall performance evaluation or rating.

- Q5. Can the final overall performance rating and/or numerical score be changed once the form is signed?
- A5. Yes, this may occur based on an internal department dispute resolution decision. The employee and supervisor should initial this change on the evaluation form.
- Q6. If an employee retires from the state personnel system, is it required that the supervisor conduct a final overall performance evaluation?
- A6. No, a final overall performance evaluation is not required for employees who retire from or otherwise leave the state personnel system.
- Q7. Can a department change the definitions of the performance ratings, level 1, level 2, and level 3?
- A7. The State Personnel Director has published standard definitions for the three performance ratings. Departments may further define the levels in relation to mission and operational needs providing that such detail falls within the required standard definitions.
- Q8. As a rater, what should be done if I'm being asked to change the ratings for my unit employees?
- A8. Reviewers are responsible for monitoring the quality and consistency of performance ratings within the department before final overall ratings are provided to employees. If a rater is being asked to change ratings for a unit, the request should be based on concerns regarding the quality and consistency of performance ratings applied. It is a violation of statute to establish quotas for the number of employees allowed to receive any of the performance ratings. If this is happening, talk with the department Human Resources office immediately.
- Q9. How are supervisors and raters held accountable for implementing the performance management system (planning, coaching, evaluating employees)?
- A9. Designated raters are evaluated on their performance management and evaluation of employees. Typically, this is achieved by a specific individual performance objective being added to the supervisors' performance plan for the performance rating cycle. In addition there are sanctions that may be applied to supervisors who fail or are late in conducting planning and evaluation of their employees.
- Q10. Do all departments have to participate in the annual reporting process, even if utilizing other payroll systems?




- A10. Yes, per statute and rule all departments including general government and institutions of higher education are required to report supervisory compliance and performance ratings for all state personnel system employees.
- Q11. If an employee separates from the state personnel system, while a performance dispute is in process, does a department need to issue an internal department decision?
- A11. No, in the event that an employee with a pending dispute separates from the state personnel system, the dispute is dismissed.
- Q12. If an employee separates from the state personnel system, does the rater need to issue a final performance evaluation prior to the separation?
- A12. No it is not required by rule; however it is strongly encouraged as best practice to finalize an evaluation prior to an employee separating from the state personnel system so there is a record of performance.
- Q13. If an employee is on extended leave, does a final evaluation have to be completed?
- A13. Yes, rating must be issued in accordance with the departments performance management program.
- Q14. Are performance evaluations required for temporary employees?
- A14. No, performance evaluations are not required for temporary employees.

Every attempt is made to keep this technical guidance 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.

**TECHNICAL GUIDANCE  
DHR APPROVAL FOR PUBLICATION**

This signature page is required for new technical guidance or when major policy revisions are made resulting from changes in law, rule, directives, or official interpretation. As of March 1, 2009, new signatures are not required for non-substantive revisions resulting from correction of errors (e.g., typographical or grammatical), or updating factual information (e.g., minimum wage, statute or rule cites) or illustrative samples. Readers should always check the date on the first page to ensure they are using the most current version.

Technical Guide Topic:	<b>Performance Management</b>		
Effective Date:	<b>June 12, 2015</b>		
Date of Superseded Version:	<b>March 17, 2014</b>		
State Chief Human Resources Officer:	<i>il</i>  <i>gm</i>	Date:	<i>6/5/15</i>

## Version Control Table

Version	Date approved	Author(s)
<b>1.0</b>	2014-03-17	Consulting Services
Last version published.		
<b>2.0</b>	2015-06-12	S. McCabe
<p>This technical guidance was updated due to audit recommendations from the State Auditor's report that was provided in June 2014. One of the recommendations was for DHR to conduct periodic compliance spot checks to verify data agencies record into the payroll system. Recommendations from the compliance spot check that was completed in March 2015 included; defining the reported performance evaluation date as the employee signature date and defining a uniform latest appraisal deadline. These recommendations (along with other minor edits) have been addressed in this Technical Guidance update.</p> <p>Cross referenced with: C.R.S. 24-50-104; C.R.S 24-50-125; Rules 6-3 through 6-7 of State Personnel Rules; Rules 8-83 through 8-89 of State Personnel Rules.</p>		