



## CHAPTER 13

# PERFORMANCE MANAGEMENT

### INTRODUCTION

The Commonwealth's **Performance Management Program** is an integral part of the Compensation Management System. Therefore, this component shares the same overall goals, which are as follows:

- To attract qualified employees.
- To retain qualified employees.
- To motivate employees by rewarding sustained performance.
- To support management in the realization of organization objectives.

The **Performance Management Program** has been designed to encourage career development to enhance the Commonwealth's workforce and to financially reward employees' performance. The Commonwealth's annual performance cycle is October 25<sup>th</sup> to October 24<sup>th</sup> of the following year with the applicable pay out of performance increases effective November 25<sup>th</sup>. Employee performance will be a key determinant in how pay will be administered not only in the **Performance Management Program** but also with the Commonwealth's **Pay Practices** (see Chapter 8 – Pay Practices).

The Commonwealth's performance management philosophy is to reward employees for their work contributions in a fair and equitable manner. The performance management philosophy was developed based on the following underlying principles:

- To identify individual and/or team objectives and measures linked to the agency's mission and strategic objectives.
- To promote employee and career development through creating an environment of learning and quality improvement through training, coaching, counseling and mentoring.
- To provide open and honest periodic evaluations of employee's performance.

- To administer financial rewards based on distinctions in performance with the highest level of award directed to “**Extraordinary Contributor**” and a lesser amount directed to “**Contributor**”.

Key design features of the Commonwealth’s **Performance Management Program** include 3 performance rating levels; a 12-month probationary period for new employees; an opportunity for employee self-evaluation, and movement toward employee feedback on supervisors’ performance for development purposes. Additionally, the **Performance Management Program** provides flexibility and allows agencies to design optional features to effectively meet their agencies’ needs. Agencies may develop their own performance evaluation systems using the 3 performance ratings. Options may include group or team performance evaluations, numeric weighting systems and performance measures based on organizational objectives.

The **Performance Management Program** has intentionally been designed to allow agencies a great deal of flexibility in planning their performance management systems to meet their unique organizational needs. Therefore, agency management will need to make a number of decisions prior to implementing their **Performance Management Program**. The agency will need to describe the design and the implementation strategy of their **Performance Management Program** in their **Agency Salary Administration Plan** (see Appendix A, Agency Salary Administration Plan Guidelines).

### **Performance Ratings**

It is important to emphasize that evaluation of employee’s performance should be done on a continuous basis by providing verbal and/or written feedback throughout the performance cycle. The Commonwealth’s **Performance Management Program** has 3 performance ratings that are (1) used to rate performance on individual measures; and (2) are the composite rating for an employee’s overall performance. These ratings are described below.

- **Extraordinary Contributor**: This rating recognizes work that is characterized by exemplary accomplishments throughout the performance cycle and performance that considerably and consistently surpasses the criteria of the job function. To be eligible to receive an overall rating of

**Extraordinary Contributor**, an employee must receive at least one documented **Acknowledgment of Extraordinary Contribution** form during the rating cycle. However, the receipt of this form does not guarantee or necessarily warrant an overall annual rating of **Extraordinary Contributor**.

- **Contributor Rating:** This rating recognizes work that is at or above the performance standards by achieving the criteria of the job function throughout the performance cycle. Employees at this level are achieving the **core responsibilities** and performance measures as outlined by the supervisor.
- **Below Contributor:** This rating recognizes job performance that fails to meet the criteria of the job function. An employee who receives at least one **Need Improvement/Substandard Performance** form may receive an overall rating of **Below Contributor** on the annual rating. An employee cannot be rated **Below Contributor** on the annual evaluation if he or she has not received at least one **Need Improvement/Substandard Performance** form during the performance cycle.

## **PROBATIONARY PERIOD**

The Commonwealth requires a **Probationary Period** for all full-time, part-time and restricted classified employees. Employees who are employed or re-employed in classified positions must serve a 12-month **Probationary Period** beginning on the date of employment. If an agency determines at any time during the **Probationary Period** that an employee is not suited for the job, the employee may be terminated or allowed to resign.

## **Human Resource Policies Related to Probationary Employees**

Probationary employees are not covered or subject to provisions under a number of the Commonwealth's Human Resource policies. The following is a listing of these policies:

- **Standards of Conduct:** Supervisors may not apply the Standard of Conduct Policy to probationary employees. Notices of termination should be issued in the form of a memorandum and not by a Written Notice Form under the Standards of Conduct. The memorandum should state that the employee is being terminated due to unsatisfactory performance or has elected to resign during the probationary period.

- **Grievance Procedure:** Probationary employees do not have access to the Commonwealth's Grievance Procedure.

### **Extension of Probationary Period**

The **Probationary Period** may be extended for up to 6 additional months beyond the initial 12 months for performance reasons or due to periods of leave with or without pay. However, the total **Probationary Period** may not exceed 18 months, excluding periods of leave with or without pay. **Probationary Periods** must be extended when employees are on leave with or without pay, including short-term disability (Virginia Sickness and Disability Program-VSDP), Military Leave and Leave Without Pay-Layoff. Employees must be notified in writing if their probationary period will be extended for performance reasons or due to leave.

The extension of the **Probationary Period** must be documented on a **Probationary Progress Review Form** (see Appendix E, Form #1) or a similar agency-developed form and must be approved by the supervisor of the evaluator. The **Probationary Progress Review Form** must provide information to the employee about the performance deficiencies, expected level of performance and the amount of time the **Probationary Period** is extended. A copy of the completed **Probationary Progress Review Form** must be given to the employee.

When a probationary employee is placed in a different position during the first 6 months of probation, the remainder of the 12-month probationary requirement must be completed. Additionally, the supervisor may elect to extend the **Probationary Period** not to exceed a total of 18 months. If an employee moves or is placed in a new position during the last 6 months of his or her probationary period, the employee's must complete the remainder of the 12-month probationary requirement or the **Probationary Period** may be extended no more than 18 months. In both cases, the employee must be notified in writing if the **Probationary Period** is to be extended.

### **Probationary Progress Reviews/Documentation**

Within the first 30 days of employment, the supervisor should establish performance expectations for the new employee. Supervisors are encouraged to use this as an opportunity to discuss with the incumbent the position's responsibilities, expected job performance and clarify any aspects of the job.

It is recommended that the supervisor evaluate and provide structured feedback periodically to the new employee during the **Probationary Period**. An interim **Probationary Progress Review Form** or similar form may be completed at any time during the **Probationary Period** to document the employee's progress and to provide feedback to the employee about their performance.

It is recommended that supervisors meet with the probationary employee at 6 months to advise them of their progress toward meeting established performance expectations. However, the supervisor should meet with the probationary employee prior to the completion of the **Probationary Period** and provide the employee a written assessment using the **Probationary Progress Review Form**. A decline in performance or unsatisfactory performance following the completion of an interim review during the **Probationary Period** may be the basis for termination.

The supervisor should notify the employee in writing when the 12-month **Probationary Period** has been satisfactorily completed. If a probationary employee is not notified of satisfactory completion or extension of the **Probationary Period** at the end of 12 months, it is understood that the employee successfully completed the probationary requirement.

### **Performance Increases for Probationary Employees**

Probationary employees are not eligible for an increase that recognizes the completion of their probationary period. However, agencies have the option to give a pro-rated November 25<sup>th</sup> performance increase to probationary employees that are hired after the beginning of the annual performance cycle (October 25<sup>th</sup> through October 24<sup>th</sup> of the following year).

If granted by the agency, performance increases for probationary employees will be based on the employee's hire date and overall performance rating of at least "**Contributor**" on their most recent **Probationary Progress Review**. Employees rated "**Below Contributor**" will not be eligible for a performance increase. All performance increases are effective on November 25<sup>th</sup>.

The following outlines the requirements and options agencies have in evaluating and granting pro-rated performance increases to employees who have not completed a full performance cycle (hired or rehired after October 25<sup>th</sup>).

- Agencies are **required** to evaluate employees hired/rehired between the beginning of the performance cycle (October 25<sup>th</sup>) and January 24<sup>th</sup> (1<sup>st</sup> quarter of the performance year). If these employees are rated **Contributor** or **Extraordinary Contributor**, they will be eligible to receive a performance increase on November 25<sup>th</sup> of 100% of the established rate for the appropriate rating.
- Agencies are **required** to evaluate employees hired/rehired between January 25<sup>th</sup> and July 24<sup>th</sup> (2<sup>nd</sup> and 3<sup>rd</sup> quarter of the performance year). The highest performance rating an employee can receive if hired during this period is **Contributor**. It is **optional** whether an agency gives pro-rated performance increases to employees hired between these dates. If the agency determines that a pro-rated performance increase will be awarded, the increase will be 75% of the established rate for employees hired during the 2<sup>nd</sup> quarter of the performance year (January 25<sup>th</sup> through April 24<sup>th</sup>) and 50% of the established rate if hired during the 3<sup>rd</sup> quarter of the performance year (April 25<sup>th</sup> through July 24<sup>th</sup>).
- It is **optional** whether agencies evaluate and/or grant pro-rated performance increases to employees hired during the 4<sup>th</sup> quarter of the performance year (July 25<sup>th</sup> and October 24<sup>th</sup>). The highest rating an employee hired during this period of time can receive is **Contributor**. If a pro-rated performance increase were granted, it would be 25% of the established rate for the **Contributor** rating.

The following chart depicts the range of hire dates, evaluation and pro-rated increase requirements/options and the percentage increase options for probationary employees that have not completed an entire performance cycle.

<b>Hire/Rehire Date</b>	<b>Probationary Progress Review</b>	<b>Pro-rated Performance Increase</b>	<b>Options for Percentage Increase Based on Established Rate</b>
October 25 <sup>th</sup> –January 24 <sup>th</sup>	Required	Required	100% rate for “Contributor” or “Extraordinary Contributor”
January 25 <sup>th</sup> –April 24 <sup>th</sup>	Required	Optional	0% or 75% of rate for “Contributor”
April 25 <sup>th</sup> –July 24 <sup>th</sup>	Required	Optional	0% or 50% of rate for “Contributor”
July 25 <sup>th</sup> –October 24 <sup>th</sup>	Optional	Optional	0% or 25% of rate for “Contributor”

## **PREFORMANCE MANAGEMENT PROCESS**

### **I. Development of Employee Work Profile/Performance Plan**

The Commonwealth's ***Performance Management Program*** is designed to be flexible and allow agencies to design optional features that more appropriately address their specific organizational needs. It is recommended that agencies use a combination form similar to the sample Employee Work Profile (see Appendix E). However, agencies may design and use form(s) that meet their unique needs as long as each employee has a work description with the required position identification information and a performance plan (see Appendix E – Guide for Designing an Employee Work Profile). The work description must be sufficient enough to assign a position to the proper Role, determine the Fair Labor Standards Act (FLSA) status and provide the basis for the performance evaluation.

Additionally, agencies have the flexibility to design their own performance evaluation system. However, agencies must be able to convert their performance rating scheme back to the Commonwealth's 3 designated ratings (e.g. ***Extraordinary Contributor, Contributor, Below Contributor***). Options may include group or team performance evaluations, numeric weighting systems and performance measures based on organizational objectives.

### **II. Performance Planning Meeting**

Generally, a supervisor should schedule a ***Performance Planning Meeting*** with the employee within 30 days from the beginning of each performance cycle. At this meeting, the employee and supervisor should review the ***core responsibilities*** and ***special assignments*** from the previous cycle and update them for the new cycle. If the employee is new, the position changes or had significant changes to the ***core responsibilities***, the supervisor and employee should meet to discuss these changes within 30 days of the employee's begin date or date of the job changes.

### **III. Information Gathering for the Performance Evaluation**

In order for performance evaluations to be effective and reflect the actual performance of the employee, it is imperative to collect and document

information on a continuous basis. Supervisors should use a variety of sources when gathering evaluation information.

Sources may include direct observation of employee behaviors and work products by the supervisor and information solicited from peers, customers, subordinates, and other supervisors who interact and work with the employee. The information is most relevant and valuable when these additional sources possess a clear understanding of the employee's **core responsibilities**. Employees should be informed that potential sources may be used in the evaluation process at the beginning of the performance cycle.

Additionally, a valuable source of information for performance evaluations can be obtained from the employee themselves. The Commonwealth's **Performance Management Program** encourages employees to actively participate in the performance evaluation process. Therefore, each employee must be afforded the opportunity to provide their supervisor with a self-assessment (employee self-evaluation) of their performance for the rating period. The supervisor must review and consider the self-assessment when completing the employee's performance evaluation.

Another source of information that is particularly valuable for a management development purpose is employee feedback on their supervisor's performance commonly referred to as **upward feedback**. Initially, employees feedback will be used for development purposes to assist supervisors in improving their supervisory and management skills. As agencies gain experience in the use of **upward feedback**, the results may be used for evaluative purposes.

#### **IV. Feedback During the Performance Evaluation Cycle**

Supervisors should mentor, coach and reinforce progress toward expected results and outcomes and address areas of concern as they arise. Effective management of performance involves providing continuous formal (written documentation) and/or informal (verbal) feedback to employees throughout the entire performance cycle. Formal feedback may be accomplished through **Interim Performance Evaluations** or written notification for exemplary accomplishments or substandard performance.



- **Interim Performance Evaluations**

An **Interim Performance Evaluation** provides an opportunity to give structured feedback to employees on their progress toward meeting performance expectations as well as identify any personal developmental needs during the evaluation cycle. **Interim Performance Evaluations** may be conducted at any time during the performance cycle to advise an employee of their progress towards meeting performance measures or to document performance problems. However, it is recommended that all non-probationary employees receive an **Interim Performance Evaluation** near the middle of the performance cycle.

Agencies may use the **Interim Performance Evaluation** form (see Appendix E, Form #4), the **Employee Work Profile** or a similar agency-developed form for this purpose. The completed **Interim Performance Evaluation** should be maintained in the supervisor's file. If the **Employee Work Profile** is used, it should be clearly marked "Interim".

If the employee's supervisor leaves during the performance cycle, he/she should complete an **Interim Performance Evaluation** at that juncture. This is helpful to the incoming supervisor to assist in the evaluation of the employee at the end of the performance cycle. The new supervisor should review the performance expectations, make any necessary modifications and incorporate the former supervisor's assessment in the overall evaluation at the end of the performance cycle.

An **Interim Performance Evaluation** should be completed if, after 6 months into the performance cycle, an employee transfers, promotes or demotes into a new position with a different supervisor within an agency or between state agencies in the Executive Branch. The supervisor prior to the employee's departure from the position should complete the **Interim Performance Evaluation**. The employee's new supervisor should consider this information in assessing the employee's performance at the end of the performance cycle.

- **Acknowledgment of Extraordinary Contribution/Substandard Performance**

Acknowledging an employee's performance in a timely manner will either reinforce exceptional behaviors or clarify specifically for the employee

that their performance is not acceptable and needs improvement. All performance, whether extraordinary, acceptable, or unacceptable should be acknowledged and recognized periodically during the performance cycle. However, for performance extremes (exemplary or substandard displays of performance) and employee should receive formal, written recognition immediately.

Supervisors are encouraged to formally recognize exemplary performance during the rating cycle by documenting the incident(s) on an ***Acknowledgment of Extraordinary Contribution*** form (see Appendix E, Form # 5) or similar form developed by the agency. ***Reviewers*** must sign these forms. It is important to differentiate between performance that is expected of the employee and performance that far exceeds supervisory expectations.

Employees must receive at least one documented ***Acknowledgment of Extraordinary Contribution*** form during the rating cycle to be eligible for this level rating on their annual evaluation. However, the receipt of an ***Acknowledgment of Extraordinary Contribution*** does not guarantee or necessarily warrant an overall annual rating of ***Extraordinary Contributor***.

Supervisor should immediately identify poor, substandard or unacceptable performance. Substandard performance on any ***core responsibility*** or ***special assignment*** may result in a ***Need Improvement/Substandard Performance*** form or similar form developed by the agency (see Appendix E, Form # 6). ***Reviewers*** must approve and sign these forms. An employee must receive at least one ***Need Improvement/Substandard Performance*** form to be eligible for an overall annual rating of ***Below Contributor***.

Issuing this form requires that the supervisor develop an improvement plan, with specific timelines, addressing the area(s) that require immediate attention. Input should be solicited from the employee in developing the improvement plan. A timeline for improvement must be established and must be at least 30 days and no more than 180 days. Based on the timeline established, the supervisor must re-assess the employee based on the performance improvement plan.

In addition to the ***Performance Management Program***, the Commonwealth's ***Standards of Conduct*** are also available to address employee performance and conduct. The concept of "progressive

discipline” can assist supervisors in working with employee in improving their performance. Supervisors would normally address first time minor or marginal performance issues through performance counseling and coaching. However, repeated and more serious performance or conduct issues may result in further disciplinary actions.

## V. Completing the Performance Evaluation

### • Timelines for Performance Evaluations

The supervisor must have performance evaluations finalized for employees that have completed a full 12-month performance cycle (October 25<sup>th</sup> through the next October 24<sup>th</sup>) by October 24<sup>th</sup>, but not before August 10<sup>th</sup>. In completing the performance evaluation and arriving at an overall performance rating, the supervisor should take into consideration how successful the employee was in meeting the criteria established by the performance measures and the length of time the employee performed in their job.

If an employee was absent from work for a significant portion of the performance year, the percentage increase may be impacted. Employee absences due to compensatory time, overtime leave, workers’ compensation, military, Family and Medical Leave and Short Term Disability should not influence the employee’s overall performance rating. However, the amount of time an employee is out of work may alter the percentage of increase they are eligible to receive as outlined below.

<b>Portion of Performance Cycle Worked</b>	<b>Percentage Increase Based on Established Rate</b>
Less than full but at least 9 months	100% of rate for Contributor or Extraordinary Contributor
At least 6 months but less than 9 months	75% of rate for Contributor
At least 3 months but less than 6 months	50% of rate for Contributor
Less than 3 months	25% of rate for Contributor

### • Reviewer Approval of the Performance Evaluation

The **reviewer’s** role is key in the performance evaluation process. The **reviewer** is responsible for reviewing the performance plan and evaluation before it is presented to the employee and providing the supervisor with appropriate feedback.

If the **reviewer** does not agree with the performance plan and/or the evaluation, the **reviewer** should discuss the areas of concern with the supervisor. **Reviewers** have the authority to change any part of the performance plan and/or evaluation based on their judgment about the employee's performance or the supervisory approach to the performance evaluation. Additionally, agencies may determine if higher levels of management may change the employee's evaluation.

- **Conducting the Evaluation (The Evaluation Meeting)**

The purpose of the **evaluation meeting** is to provide the supervisor and employee an opportunity to discuss job performance during the previous performance cycle and to plan for future performance objectives. The **evaluation meeting** requires careful planning and preparation on part of both the supervisor and employee. The supervisor should be prepared to discuss what input/feedback was considered in the employee's evaluation; the rationale for each of the individual and overall performance ratings; future performance expectations and employee development results.

If an employee disagrees with their performance evaluation, they should be given ample opportunity to explain their rationale. The supervisor may change any ratings that are warranted based on the information provided by the employee. If the supervisor decides to change a rating, the **reviewer** must be consulted before the change is made and must initial the change.

At the end of the **evaluation meeting** the employee should review the performance evaluation, write any comments and sign the form indicating that the results have been discussed. If the employee refuses to sign the evaluation, the supervisor should indicate this on the performance evaluation.

- **Re-evaluation Corrective Action Plan – Below Contributor Rating**

An employee who receives an overall performance rating of **Below Contributor** must have an action plan developed outlining the minimum performance expectations and be re-evaluated in 3 months. The action plan is developed by the supervisor, approved by the **reviewer** and

discussed with the employee within 10 workdays of the **evaluation meeting**.

The agency may also access the Standards of Conduct Policy to address employee performance or utilize the **Needs Improvement/Substandard Performance** forms to document specific performance incidents or issues. At the conclusion of the re-evaluation period, if the employee's rating continues to be **Below Contributor**, the supervisor has several options including demotion, reassignment, reduced duties or termination.

If the agency identifies another position within the 3-month period that is more suitable for the employee's level of performance, then the employee may be reassigned or demoted which will conclude the re-evaluation period. If this occurs, then the employee will not be eligible for a performance increase. With a demotion, the agency must reduce the employee's salary at least 5% since this constitutes a **Disciplinary or Performance Salary Action** (see Chapter 8 – Pay Practices).

As an alternative to reassignment or demotion, the agency may elect to maintain the employee in their position and eliminate the duties that the employee was unable to successfully fulfill. This reduction in duties must be accompanied by a concurrent salary reduction of at least 5% as outlined in the **Disciplinary or Performance Salary Action** (see Chapter 8 – Pay Practices).

If the agency determines that termination is the proper action based on the re-evaluation, then the employee will be terminated at the conclusion of the 3-month re-evaluation period.

## **VI. Appeals**

When an employee disagrees with the evaluation and cannot resolve the disagreement with the supervisor, the employee may appeal to the **reviewer** for reconsideration. The employee must make this appeal in writing within 10 workdays of the initial **evaluation meeting**. The **reviewer** should discuss the appeal with the supervisor and the employee.

After discussion of the appeal, the **reviewer** should provide the employee with a written response within 5 workdays of receipt. The response should indicate the **reviewer's** conclusion of the performance evaluation. In

addition, agencies may develop their own appeals process for the reconsideration of employee performance evaluations. The appeals process should be outlined in the **Agency Salary Administration Plan** (see Appendix A).

## **VII. Performance Evaluation Formula**

The General Assembly and the Governor annually determine the statewide average performance increase for the Commonwealth's workforce. Agencies may not supplement the funding provided by the General Assembly and Governor for employee performance increases.

The agency may elect to distribute the performance increase based on the agency as a whole or proportion the increase based on designated **sub-agencies**. A **sub-agency** is a designation an agency may use to sub-divide into smaller organizational units to fairly and equitably distribute performance increases based on available funding. This designation would normally occur at a level where the responsible manager exercises full authority over both personnel and budget management.

For employees that receive an overall performance rating of **Contributor**, they must receive at least 80% of the statewide average increase. The actual increase may vary from one agency or sub-agency to another based on the formula used within these limits and the number of employees in the agency or sub-agency that are rated as **Contributor**. Employees that are rated as **Extraordinary Contributor** must receive no more than 250% of the statewide average increase.

The actual increase may vary from one agency or sub-agency to another based on the formula used within these limits and the number of employees in the agency or sub-agency that are rated as **Contributor**. All agencies or sub-agencies (within an agency) do not have to give the same percentage increase to employees rated as **Contributors** or **Extraordinary Contributors**. However, employees that receive the same rating within the agency or sub-agency must receive the same performance increase amount.