

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # *B-3

Urgent

Routine

AGENDA DATE June 22, 2010

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Modify the Pay for Performance System for Department Head, Management, and Confidential Employees

STAFF RECOMMENDATIONS:

1. Approve the revisions to the Pay for Performance system for Department Head, Management, and Confidential Employees to be effective July 1, 2010.
2. Direct the Chief Executive Officer to administer the program and adopt rules as necessary to ensure the proper administration of the program.

FISCAL IMPACT:

The revised Pay for Performance system is designed to streamline the time required to complete the evaluation process and is anticipated to result in a savings of a least 4.5 hours of staff time per evaluation or approximately 1,700 hours total staff time county-wide.

BOARD ACTION AS FOLLOWS:

No. 2010-374

On motion of Supervisor Chiesa Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

DISCUSSION:

Historical Perspective

On May 13, 1997, the Board of Supervisors adopted the Performance Based Pay Process for Department Heads. This was the first compensation program implemented in Stanislaus County designed to rate employee performance based on the Board's stated goals and priorities. In 1998, the program was expanded to include all Management and Confidential employees. The evaluation process was based on the criteria used in the Malcolm Baldrige National Quality Program. The Pay for Performance (PFP) system involved evaluations from a team of peers and direct reports, an employee self-evaluation and the supervisor's evaluation. The system also included the creation of an annual development plan for each employee which included a series of goals and objectives requiring measurement of numerous performance outcomes on an annual basis. Employees in the PFP system were eligible for a performance bonus based on evaluation scores and development plan outcomes on an annual basis.

The system has been amended several times through additional Board action in an effort to improve the efficiency and effectiveness of the evaluation process. Currently, 40% of an employee's overall performance rating comes from the evaluation team of peer and subordinate employees, and 60% of the overall rating is generated from the supervisor's evaluation. The performance based bonus component of the PFP system was suspended starting July 1, 2009, due to ongoing budget challenges throughout the County.

Process Improvement Overview

One of the Board of Supervisors' priorities is efficient delivery of public services. The Chief Executive Office has received ongoing feedback from Managers and Department Heads that the existing Pay for Performance process, including mandated team evaluations and individual development plans, was no longer the most efficient or effective option for conducting annual performance evaluations. These issues have become especially challenging as departments are operating with significant reductions in staffing at all levels of the organization and refocusing organizational resources on core business delivery. The Chief Executive Office has worked to develop a more efficient evaluation system that will provide valuable feedback to employees in a quick, easy to use format.

The staff is recommending streamlining the current evaluation system effective July 1, 2010. The existing PFP process has been re-designed to improve turnaround time and to focus evaluation criteria on specific performance factors for Department Heads, Managers and Confidential employees. The revised process no longer includes a development plan or team member evaluations, and will reduce the overall processing

timeline for each evaluation from approximately 10 weeks to six weeks. The revised process also incorporates updated Business and Leadership Core Competencies, designed to establish benchmark performance for employees in leadership roles throughout the organization.

Revised Evaluation Process

The revised process focuses on two components: a self-evaluation and supervisor evaluation. Self-evaluation ratings are gathered to allow the employee to reflect on his/her performance, and to share the employee's perceptions of their own performance with their supervisor. The employee self-evaluation ratings do not count toward the overall score, similar to the current PFP system.

Departments will no longer be required to assemble an evaluation team of peers and subordinate employees for each evaluation, and therefore the supervisor's evaluation rating will now comprise 100% of the overall evaluation score.

The revised PFP system also does not require a separate annual development plan for each employee. The revised evaluation system includes opportunities for employees and supervisors to comment on performance development goals and outcomes, and to rate the employee's progress on developing individual leadership competencies.

The Pay for Performance evaluation program applies to Department Heads (except elected officials), Managers, and Confidential employees, each of whom is required to participate in the PFP process annually regardless of where the employee falls in the salary band. Employees who are at the top of their band are required to continue to participate in the evaluation process to ensure that employee performance and individual achievements are monitored and documented on an annual basis.

Sheriff Lieutenants are represented classified management employees who participate in the Pay for Performance program through a negotiated agreement with the County. Any change to the current Pay for Performance program for Sheriff Lieutenants will be considered during ongoing labor negotiations with the Lieutenants' designated labor organization.

Pay for Performance Guidelines and Tools

A copy of the updated guidelines for the revised Pay for Performance system is attached to this agenda item, including a sample evaluation form. The Chief Executive Office will continue to work with Strategic Business Technology to implement an automated version of the evaluation process to further increase the overall efficiency of the revised evaluation system.

POLICY ISSUES:

Implementation of the redesigned Pay for Performance system improves the efficiency and effectiveness of the management evaluation system and supports the Board priority of Efficient Delivery of Public Services.

STAFFING IMPACT:

There is no direct staffing impact associated with this item. It is estimated that employees will devote at least 1,700 fewer hours to completing evaluations for the Pay for Performance evaluation system, due to the elimination of the development plan and team member components.

CONTACT PERSON:

Jody Hayes, Deputy Executive Officer. (209) 525-6333



STANISLAUS COUNTY

CEO-Human Resources

Pay for Performance
Guidelines
Effective July 1, 2010



**STANISLAUS COUNTY
PAY FOR PERFORMANCE
DEPARTMENT HEADS, MANAGERS, AND CONFIDENTIAL ASSISTANTS
EFFECTIVE JULY 1, 2010**

PROCESS IMPROVEMENT OVERVIEW

The Pay for Performance (PFP) evaluation program applies to Department Heads, Managers, and Confidential Assistant employee classifications. Every employee who is a Department Head (except elected Department Heads), Manager, or Confidential Assistant is expected to participate in this evaluation process annually regardless of where the employee falls in the salary band. Employees who are at the top of their band are required to continue to participate in the evaluation process to ensure that employee performance and individual achievements are monitored and documented on an annual basis. Appointed Department Head evaluations will continue to be administered by the department's assigned Assistant Executive Officer.

The revised process includes only two components: a self-evaluation and a supervisor evaluation. The self-evaluation ratings do not count toward the overall score. The ratings are gathered to allow the employee to reflect on his/her performance. The revised Pay for Performance plan does not require a development plan, however, it is anticipated that Department Heads, Managers, and Confidential Assistants will be working on self-development by establishing goals to develop and enhance learning. The revised Pay for Performance process no longer includes team member evaluations. This does not, however, preclude a supervisor from gathering and utilizing informal feedback from other co-workers to gain additional perspective. County Departments may implement a department-specific feedback component to the evaluation process; however the feedback system will not change the scoring methodology and must be approved by the Chief Executive Office prior to implementation.

PAY FOR PERFORMANCE TOOLS

- Department Head Self-Evaluation Form
- Department Head Supervisor's Evaluation Form
- Manager Self-Evaluation Form
- Manager Supervisor's Evaluation Form
- Confidential Assistant Self-Evaluation Form
- Confidential Assistant Supervisor's Evaluation Form

SELF-EVALUATION PROCESS

The self-evaluation rating score will **not** be included in the overall rating; however, it provides the employee with a basis to compare his/her evaluation of their performance with that of the supervisor. It also encourages the employee to give serious thought to individual performance in the past year.

Each employee will complete a self-evaluation. The employee will rate his/her performance for each criterion in the evaluation. This first section includes some of the following areas: quality of work performed, employee productivity, customer focus, leadership, accountability, initiative, process improvement, conflict management, work ethic, communication, fiscal responsibility, adherence to policies, employee development, supporting effective teams/work environment and overall achievement of business results.

The second section is only for employees who directly supervise the work of other employees. Please leave this section blank if you do not supervise others. The "Supervising Others" section includes the following areas: develops and communicates performance expectations, monitors job performance, and effectively communicates performance results.

The third section of the self-evaluation is a comments section. The form is purposefully designed to expand to allow for short or more detailed responses depending on what the employee deems appropriate. The self-evaluation provides an opportunity to provide comments in the following areas:

- **General comments**—Provide general comments about your work performance. You are not limited to commenting on areas rated. You should include additional information you would like to highlight about your performance or clarifying comments about your ratings in this section. Describe how your contributions provide value to the overall business results in your department.
- **Strengths demonstrated in past year**—Provide general comments about your important strengths. Consider any items rated as Outstanding or Top Performer.
- **Opportunities for Improvement**—List improvement opportunities to be considered for a goal during the next rating period.
- **Prior Rating Period Self-Development**—Provide general comments about the professional and developmental goals you accomplished over the past year.
- **Next Rating Period Self-Development**—Provide general comments about the professional and developmental goals you hope to accomplish in the next year.

TIMEFRAME FOR SELF-EVALUATION

The Department Head, Manager, and Confidential Assistant self-evaluation must be completed within **two** weeks of receipt from the Designated Receiver. The rest of the process is contingent upon the self-evaluation being completed within the two weeks. To ensure that the entire process is completed by the end of the employee's rating period, the employee being rated must submit the completed self-evaluation **no later than four weeks prior** to the end of the current rating period. The self-evaluation rating form and comments will be shared with the Supervisor before he/she completes the Supervisor Evaluation.

It will be important for the Designated Receiver to record the date he/she receives the employee's self-evaluation. This date will be used to determine whether the employee is eligible for a retroactive pay increase if the process is delayed.

SUPERVISOR EVALUATION PROCESS

After reviewing the employee's self-evaluation, the supervisor will rate the employee's performance for each criterion in the evaluation. This first section includes some of the following areas: quality of work performed, employee productivity, customer focus, leadership, accountability, initiative, process improvement, conflict management, work ethic, communication, fiscal responsibility, adherence to policies, employee development, supporting effective teams/work environment and overall achievement of business results.

The second section is only for employees who directly supervise the work of other employees. The "Supervising Others" section includes the following areas: develops and communicates performance expectations, monitors job performance, and effectively communicates performance results. If the employee you are evaluating does not "Supervise Others," please leave this section blank.

If the supervisor rates the employee as a Developmental Performer, the supervisor is required to have verbally counseled the employee on the areas you consider below standard prior to the evaluation. If the supervisor rates the employee as a Non-Performer, the supervisor is required to have counseled and documented the discussion(s) prior to the evaluation.

The third section of the supervisor evaluation form allows the supervisor to provide comments in the following areas:

- **General comments**—Provide general comments about work performance. Your comments should include additional feedback or clarify your ratings in this section. You are not limited to commenting only on the criteria included in the work performance section. If you have comments you would like to add about other areas of work performance, it would be important to include them in this comment section. Describe how your contributions provide value to the overall business results in your department.
- **Strengths demonstrated in past year**—Identifying strengths is very important to the person being evaluated. This allows the person to make a concerted effort to continue doing what they do well. Consider any items rated as Outstanding or Top Performer in the employee's self-evaluation.
- **Opportunities for Improvement**—Continuous improvement requires ongoing feedback on opportunities for improvement at all levels of the organization. Input from the employee's supervisor is valuable in this process and helps guide the employee's development efforts in the coming year. Often, opportunities for improvement identified in the evaluation will help the employee to develop his/her self-development goals. It is important to remember that each employee wants to improve performance and this feedback serves as a guide.
- **Performance Goals and Expectations**—Provide general comments on the goals and expectations for the employee during the next rating period. You may provide a general overview or detailed summary based on the individual needs of the position.

TIMEFRAME FOR SUPERVISOR EVALUATION

The completed evaluation should be returned to the Designated Receiver no later than **two weeks** after the form was received.

EVALUATION MEETING

Performance appraisal meetings are an essential aspect of supervision. When handled effectively, they can be of assistance in helping the employee and supervisor to close the gap between what the employee's actual performance is and what the expectations are. It is important to take into consideration the employee's input on how he/she has developed professionally in the past review year and what goals he/she has planned for the coming year. This can provide a good resource in establishing goals and expectations of the employee for the coming year.

EVALUATION RATING CATEGORIES

There are five rating categories on the performance evaluation. The Supervisor and employee will mark the rating he/she believes is appropriate based on experience over the past year with the employee being evaluated. The rating categories are defined as follows:

PERFORMANCE FACTOR	DEFINITION
5. Outstanding (Role Model)	The employee clearly demonstrates outstanding performance. This person serves as a role model and sets a standard of performance others should work to achieve.
4. Top Performer	The employee's performance is good and is above standard.
3. Standard	The employee's performance meets the expectations of the job.
2. Developmental Performer (Counseled)	The employee's performance is below standard. There is evidence the employee is working to improve performance and meet job expectations.
1. Non-Performer (On Record)	The employee's performance is below standard and is not improving. (Note: For a supervisor to use this category, counseling must be on file.)

EVALUATION SCORING

The employee's evaluation score will be based 100% on the Supervisor's score. The employee's self-evaluation will not be factored into the evaluation score. The evaluation score provides feedback to the employee on his or her level of performance and will determine the employee's salary increase if the employee is not at the top of his or her band. All employees are expected to complete an evaluation annually regardless of whether they are at the top of the band or not. The following point range will be used to calculate salary increases:

POINT RANGE

POINT RANGE	% SALARY INCREASE
4.00 – 5.00=	5%
3.50 – 3.99=	4%
3.00 – 3.49=	3%
2.50 – 2.99=	2%
2.00 – 2.49=	1%

TIMELINE

The revised PFP Process should occur annually and should start **six weeks in advance** of the employee's anniversary date. Please refer to the example below:

TIMELINE	WHO PERFORMS	TASK	EXAMPLE
6 Weeks in advance	Designated Receiver	Sends out notice to the employee to begin the self-evaluation. Employee has two weeks to complete self-evaluation and submit to the Designated Receiver.	July 12, 2010
4 Weeks in advance	Designated Receiver	<p>Sends the Supervisor the completed employee self-evaluation, along with the supervisor evaluation form to complete.</p> <p>Supervisor has two weeks to complete and return to the Designated Receiver.</p> <p>Designated Receiver distributes completed evaluations (Supervisor Evaluation Form and Employee's Self-Evaluation Form) to the Supervisor and the employee.</p>	July 26, 2010
3 Weeks in advance	Supervisor	Supervisor schedules an appointment to meet with the employee to discuss evaluation and provides signed evaluations (Supervisor Evaluation Form and Employee's Self-Evaluation Form) to the Designated Receiver.	August 2, 2010
No later than 10 days prior to the due date	Designated Receiver	Designated Receiver will complete the checklist and PAF for processing and submit to the CEO-HR Unit.	August 13, 2010
Employee's Evaluation Due Date		EFFECTIVE	August 23, 2010

EVALUATION DUE DATES

Performance review due dates are established each year on the employee's anniversary date of appointment in their current classification. Review dates are modified upon promotion or demotion from the employee's current classification.

Evaluation due dates may be modified based on the request of a Department Head and concurrence with the Chief Executive Officer due to special circumstances (extended unpaid leave of absence, etc.).

SALARY INCREASE EFFECTIVE DATES

Employee salary increases within their respective salary band are effective the same day as the due date for the employee's annual performance review.

Employee salary increases will be delayed with no retroactive compensation for each day the employee delays the completion of their self-evaluation after the employee's annual review due date.

- **Example of Timely Effective Date**

Annual Performance Evaluation due date is August 23, 2010, and employee does not submit their self-evaluation until August 23, 2010; wage increase will be effective August 23, 2010 (no delay in wage increase).

- **Example of Delaying Effective Date of Wage Increase**

Annual Performance Evaluation due date is August 23, 2010, and employee does not submit their self-evaluation until September 1, 2010; wage increase will be effective September 1, 2010, the date the employee submitted their self-evaluation. Although the wage increase will be affected, the Next Review Date remains at August 23, 2010.

Employee salary increases will be retroactive to the evaluation due date in the event the employee meets the timelines but the supervisor does not. An evaluation delayed by the supervisor will not impact the employee's next evaluation date.

Wage increases for evaluations submitted to the Chief Executive Office three (3) to six (6) months after the due date will require a memo from the Department Head describing the reason for the delay and a request to process the late evaluation. If the employee's self-evaluation is submitted more than six (6) months after the due date, the employee forfeits an increase for that entire rating period. The employee will have to wait until the following year to begin a new evaluation cycle. The employee's Department Head or designee is required to complete an evaluation to document the employee's performance for all periods of employment, including evaluation cycles in which the employee forfeits their evaluation due to a late self-evaluation.



PAY FOR PERFORMANCE CHECKLIST

NAME OF EMPLOYEE:

POSITION:

NAME OF SUPERVISOR:

RATING PERIOD:

PAY FOR PERFORMANCE CHECKLIST			
		YES	DATE
1	Designated Receiver sent out notice to employee to begin self-evaluation.	<input type="checkbox"/>	
2	Designated Receiver received completed self-evaluation from employee within two weeks.	<input type="checkbox"/>	
3	Designated Receiver sent completed employee self-evaluation to Supervisor.	<input type="checkbox"/>	
4	Designated Receiver received completed Supervisor evaluation within two weeks.	<input type="checkbox"/>	
5	Supervisor met with the employee to discuss evaluation.	<input type="checkbox"/>	
6	Designated Receiver received the signed evaluation from the Supervisor.	<input type="checkbox"/>	
7	Designated Receiver completes *documents and submits to CEO-HR for processing. *Documents include the PAF, PFP Checklist, Supervisor and Employee Evaluations.	<input type="checkbox"/>	

PAY FOR PERFORMANCE—EXCEPTIONS				
		YES	NO	EXPLANATION (Please include dates)
1	Process was delayed by employee	<input type="checkbox"/>	<input type="checkbox"/>	
2	Process was delayed by department	<input type="checkbox"/>	<input type="checkbox"/>	
3	Retroactive pay for performance	<input type="checkbox"/>	<input type="checkbox"/>	

SUMMARY	
DATE PAY FOR PERFORMANCE EFFECTIVE	
PAY FOR PERFORMANCE % RATE INCREASE	

Stanislaus County Pay for Performance

Manager Evaluation--Supervisor's Comments--Section One

NAME: **SAMUEL SMITH** POSITION: **MANAGER II**
 DEPARTMENT: **CHIEF EXECUTIVE OFFICE** RATING PERIOD: **AUGUST 23, 2010 TO AUGUST 23, 2011**

Performance Factor	5-Outstanding	4-Top Performer	3-Performer	2-Developmental Performer	1-Non-Performer	Ranking	
1. QUALITY OF WORK PERFORMED -- Thoroughness, completeness, accuracy and overall effectiveness of individual work product.	5					5	
2. EMPLOYEE PRODUCTIVITY -- Level of satisfactory work product completed during the evaluation period; demonstrates ability to manage and complete the volume of work required of the position.			3			3	
3. CUSTOMER FOCUS -- Promotes and sustains a strong commitment to customer service and implements improvements to meet customer expectations.	5					5	
4. LEADERSHIP -- Demonstrates leadership for employees in the department and peers by establishing a strong vision for performance outcomes and leading by example in your daily work performance.			3			3	
5. ACCOUNTABILITY -- Willingness to be accountable, make difficult decisions, acknowledge and learn from opportunities for improvement.	5					5	
6. INITIATIVE -- Demonstrates proactive contributions to the work team, willingness to volunteer for additional assignments when available to support overall team productivity.	5					5	
7. PROCESS IMPROVEMENT -- Streamlining and improving processes, use of technology, and efficient use of time and resources.			3			3	
8. WORK ETHIC -- Dependability, attendance, personal management and responsibility of assigned priorities.		4				4	
9. COMMUNICATION -- Keeping all levels of stakeholders well informed, gives and receives feedback objectively, maintains an open door approach, and openly listens to others without judgment.	5					5	
10. FISCAL RESPONSIBILITY -- Adherence to budget appropriations, implementing cost saving measures, maximizing allocated resources and improving return on investment.		4				4	
11. ADHERENCE TO POLICIES -- Ensuring personal and employee compliance with all department and County policies (safety, harassment, code of ethics, workplace security, technology security, internet and email).	5					5	
12. EMPLOYEE DEVELOPMENT -- Provide training and coaching opportunities to assist others in development; develops and supports opportunities for succession planning.			3			3	
13. EFFECTIVE TEAMS/WORK ENVIRONMENT -- Encourages teamwork, recognizes individual and team accomplishments, and creates a positive environment to support team performance and resolve conflicts.		4				4	
14. OVERALL ACHIEVEMENT OF BUSINESS RESULTS -- Overall contributions and performance outcomes successfully achieved during the rating period.		4				4	

AVERAGE RATING

58

4.1

Stanislaus County Pay for Performance Supervising Others--Section Two

Questions 15-17 pertain to employees who directly supervise the work of other employees. **LEAVE BLANK IF THE EMPLOYEE DOES NOT SUPERVISE OTHERS.**

Performance Factor	5-Outstanding	4-Top Performer	3-Performer	2-Developmental Performer	1-Non-Performer	Ranking		
15. DEVELOPS AND COMMUNICATES PERFORMANCE EXPECTATIONS -- Establishes clear and measurable performance goals, effectively communicates performance expectations to assigned staff.	5					5		
16. MONITORS JOB PERFORMANCE -- Routinely monitors the work performance and outcomes of assigned staff; demonstrates thorough knowledge of staff responsibilities and ongoing performance.		4				4		
17. EFFECTIVELY COMMUNICATES PERFORMANCE RESULTS -- Communicates job performance issues effectively and timely; recognizes individual and team accomplishments; conducts timely evaluations.		4				4		
						SUPERVISING OTHERS	13	4.3
						GRAND TOTAL RATING	71	4.2

Manager Evaluation--Supervisor's Comments--Section Three

GENERAL COMMENTS -- Provide general comments about overall work performance during the rating period. Describe how the employee's performance results and contributions provide value to the overall business results in the department.	
STRENGTHS DEMONSTRATED IN THE PAST YEAR -- Provide general comments about the employee's important strengths. Consider any items rated as Outstanding or Top Performer.	
OPPORTUNITIES FOR IMPROVEMENT -- Provide general comments about the employee's opportunities for improvement.	
PERFORMANCE GOALS AND EXPECTATIONS -- Provide a summary of the employee's progress towards meeting any performance goals during the rating period, and a review of any goals and expectations for the next year.	

Employee Signature

Date

Supervisor Signature

Date