

MEMORANDUM

REVISION 22 SERIES D

TO: Holders of Career Service Rule Books
FROM: Career Service Board
DATE: November 4, 2016
SUBJECT: Revision of Career Service Rule 13 **PAY FOR PERFORMANCE.**

The Career Service Rules review project continues to make progress. The project will modernize our rules for a more progressive city, update them for the changes we've made in the city in recent years, remove duplication and redundancies, and consolidate rules wherever possible. The following information provides an update on the most recent rules changes. The following changes and revisions to Rule 13 **PAY FOR PERFORMANCE** were approved by the Career Service Board on November 3, 2016:

The following is a summary of the rule changes, their intention and impact. Also included are new rule pages to replace outdated information along with insertion instructions for Career Service Rule Books.

Please note that the new Rule 13-33 (merit increases are pro-rated to the employee's start date) is effective January 1, 2017. This means that the 1/12th pro-ration still applies to 2016 PEPRs.

Please refer to the following table for information on the former rule description, the revised rule description and the intended impact of the revisions for Rule 13.

Rule 13 Pay for Performance			
CURRENT RULE	REVISED RULE	NEW RULE NUMBER	REVISION INTENTION & IMPACT
Departments and agencies are responsible for determining the percentage increase associated with each employee rating within each quartile. The percent increase for all eligible employees shall average 3.1% for merit increases and merit payments delivered in 2016.	Retains department/agency responsibility. The percent increase for all eligible employees shall average 3.3% for merit increases and merit payments delivered in 2017.	13-32 B.1	In accordance with what the market is doing, merit increases are being adjusted from 3.1% to 3.3% for 2017.

Rule 13 Pay for Performance			
CURRENT RULE	REVISED RULE	NEW RULE NUMBER	REVISION INTENTION & IMPACT
New Rule	When there is a change to an employee's pay rate on the same effective date as the merit increase, the merit increase will always be applied before the other pay change(s).	13-32 B.2.	This is the current practice. Putting this in rule provides a formal way of communicating and ensuring consistency in practice.
Outdated Table	New Table	13-32 C. <u>Merit Table</u> : 1.	New table to be inserted into the rule.
Employees hired after January in the previous year shall have their merit increase and/or merit payment reduced by 1/12 th for the number of months after January their hire or re-hire date occurs. For instance, employees hired in February shall have their merit increase and/or merit payment for that year reduced by 1/12 th .	Employees hired after January 1 and on or before September 30 will have their merit increase pro-rated to the employee's start date.	13-33	Workday will be able to calculate pro-rations on the day of hire. NOTE: This is effective January 1, 2017. This means that the 1/12 th requirement still applies to PEPRs.
New Rule	An employee's merit increase shall not be included as part of another pay change, and must be applied as a separate merit increase.	13-34 B.	To clarify what happens when an increase such as promotion occurs, and to ensure consistency in practice.

Rule 13 Pay for Performance			
CURRENT RULE	REVISED RULE	NEW RULE NUMBER	REVISION INTENTION & IMPACT
Requires discipline for supervisors who fail to meet deadlines for processing performance reviews.	Requires agencies/departments to follow the merit timeline schedule.	13-35	<p>This language was carried over from when merit increases were effective on an employee's anniversary date.</p> <p>Merit increases for an entire agency or department must be submitted according to the schedule in order to be processed timely with payroll.</p> <p>Removal of this language does not prevent a department from disciplining a supervisor who fails to carry out his/her assigned responsibilities.</p>
New Rule	Retroactive pay changes shall not extend back into the prior fiscal year. In extraordinary circumstances an appointing authority may request retroactivity back into the prior year, which requires approval by the OHR Executive Director or designee.	9-30 B	<p>Retroactivity may affect salary quartile placement and requires an employee's merit increase or merit payment to be recalculated. This also affects funding/budgets for prior years after the year has already been closed out. Adding to Rule 9 since this affects all pay changes, not just merit.</p>

	<u>Page Number</u>	<u>Issuance Dates</u>
Remove: Entire Rule 13, including Appendix	13-1 and 13-2 13-3 13-4 and 13-5 13-6 13.A.-1 9-3	January 13, 2016 February 12, 2016 January 13, 2016 February 12, 2016 January 13, 2016 November 18, 2015
Replace with: Entire Rule 13, including Appendix	13-1 through 13-6 13.A.-1 9-3	November 7, 2016

PLEASE INSERT IN YOUR RULE BOOK AS SOON AS POSSIBLE. THANK YOU.

RULE 13
PAY FOR PERFORMANCE
(Revised January 1, 2017; Rule Revision Memo 22D)

Purpose statement:

The purpose of this rule is to explain the Performance Enhancement Program (“PEP”) and how the individual performance of eligible Career Service employees is evaluated, reported and rewarded with merit increases and merit payments.

Section 13-10 Definitions:

- A. Eligible Employee: All Career Service employees are eligible for merit increases and merit payments as provided in this Rule, except:
1. On-call employees;
 2. Employees holding positions in the Training pay schedule, which only has one pay rate;
 3. Employees who hold positions in classifications contained in the Undersheriff pay schedules; and
 4. Employees hired in the Career Service after September 30th of the previous year. (Revised July 31, 2015; Rule Revision Memo 13D)
- B. Merit Increase: Periodic increase to an employee’s base rate of pay as determined by an employee’s performance rating and location in the applicable pay range.
- C. Merit Payment: Lump sum payment is a percentage of an employee’s current annual base salary. A merit payment will not increase an employee’s base rate of pay.
- D. Performance Improvement Plan (“PIP”): A document which may be used at any time during an employee’s evaluation period to supplement the employee’s PEP Plan that may include, but is not limited to, levels of performance that must be achieved to obtain a successful rating, current performance deficiencies, support that may be provided by the department or agency, actions the employee must take to address the performance deficiencies, and a timeline for completion of the actions.

Section 13-20 Performance Enhancement Program

13-21 Purpose

The purposes of the PEP is to outline job expectations, establish performance outcomes and measures, encourage and support professional development, provide ongoing performance feedback, and evaluate performance in a timely manner.

13-22 Written PEP Plan

Upon appointment to a position, or the assignment of substantially different duties, an eligible employee's supervisor shall provide the employee with a written PEP plan setting forth the performance outcomes and measures against which an employee's performance is evaluated every year.

13-23 Performance Reviews

- A. All eligible employees shall have their performance for the previous calendar year formally evaluated and rated in a written performance review PEP Report ("PEPR"). This evaluation shall occur once every year according to the schedule attached as Appendix A.
 - 1. Eligible employees who have been absent from their position for less than a calendar year shall have their performance evaluated based on the time they were present at work.
 - 2. Eligible employees who have been on a leave of absence from their position for all of the preceding calendar year shall have their pay adjusted to reflect what they would have received with a "Successful" merit increase set at the mid-point of the applicable range for the quartile containing the employee's pay rate.

13-24 Interim PEPRs

(Revised July 31, 2015; Rule Revision Memo 13D)

- A. Whenever an eligible employee changes supervisors, an interim PEPR should be completed by the employee's former supervisor. If the change in supervisors is the result of the employee's former supervisor terminating employment with the City, the next level manager should complete the interim PEPR. The interim PEPR shall cover the period from the beginning of the year until the effective date of the change in supervisors.
- B. The employee's current supervisor should make reasonable efforts to obtain an interim PEPR or a documented review of the employee's performance prior to the change in supervisors. However, if an employee's former supervisor or next level manager fails to complete an interim PEPR and submit it to the current supervisor or the employee's current supervisor is unable to obtain a documented performance review prior to the deadline by which the current supervisor must complete the employee's PEPR, the employee will receive a rating of "Successful" for the performance period under the former supervisor.
- C. The employee's current supervisor shall prepare a PEPR for the entire calendar year. This performance rating should take into account the performance rating on the interim PEPR and/or the documented performance review and the employee's current performance in proportion to the time spent in each assignment. However, nothing herein shall prevent an employee from receiving an overall annual rating higher or lower than the rating given on the interim PEPR and/or the documented performance review.

Page issuance date: November 7, 2016

Effective date: January 1, 2017

Section 13-30 Performance Review Process

13-31 Performance Ratings

- A. An eligible employee's overall performance shall be evaluated in an employee's review as one of the following:
1. Failing: Work does not meet expectations in most, if not all, areas.
 2. Below expectations: Meets many, but not all job requirements. Outcomes are generally less than expected, with improvement required in one or more specific areas.
 3. Successful: Consistently achieved performance standards.
 4. Exceeds expectations: Consistently performs well above expected job requirements. Outcomes frequently surpass expectations.
 5. Outstanding: Consistently delivers outcomes not often achieved by others; always exceeds standards.
- B. "Failing" Rating Procedure:
1. If an eligible employee's annual performance evaluation rating is expected to be "Failing," the department or agency shall advise the employee of the expected rating a reasonable time in advance, but not less than seven (7) calendar days prior to the date of the meeting scheduled to review the employee's PEPR, and shall allow representation at the meeting to review the PEPR in accordance with the provisions of Rule 16 **CODE OF CONDUCT AND DISCIPLINE**. (Revised February 12, 2016; Rule Revision Memo 18D)
 2. The employee shall be provided with a PIP no later than ten (10) calendar days after the date the PEPR is reviewed with the employee.

13-32 Merit Increases and Merit Payments

(Revised January 1, 2016; Rule Revision Memo 17D)

- A. The funding for merit increases and merit payments is provided in the annual appropriation ordinance. The pay increase associated with a particular performance rating shall be reviewed annually and adjusted as necessary to reflect prevailing practices in the community. The award of merit increases and merit payments is contingent upon this annual appropriation being approved by City Council and the Mayor. In case of a conflict between ordinance and these rules, the ordinance will prevail.

- B. 1. Departments and agencies are responsible for determining the percentage increase associated with each employee rating within each quartile. The percent increase for all eligible employees shall average 3.3% for merit increases and merit payments delivered in 2017.
2. When there is a change to an employee's pay rate on the same effective date as the merit increase, the merit increase will be applied before any other pay rate change(s).

C. Merit Table:

1. Eligibility for merit increases and merit payments is based on an eligible employee's overall annual performance rating as measured by a PEPR and the quartile in which the employee's salary is found in accordance with the following table:

<u>Performance Rating Category</u>	<u>Merit Increases for Salaries in the 1st Quartile</u>	<u>Merit Increases for Salaries in the 2nd Quartile</u>	<u>Merit Increases for Salaries in the 3rd Quartile</u>	<u>Merit Increases for Salaries in the 4th Quartile</u>	<u>Salaries at or Above Pay Range Maximum</u>
5. Outstanding	3.7-4.5%	4.3-5.1%	3.7-4.5%	3.1-3.9%	2.5% - 3.3% Lump Sum Merit Payment
4: Exceeds Expectations	3.1-3.9%	3.7-4.5%	3.1-3.9%	2.5-3.3%	1.9% - 2.7% Lump Sum Merit Payment
3: Successful	2.5-3.3%	3.1-3.9%	2.5-3.3%	1.9-2.7%	0.0%
2: Below Expectations	0.0%	0.0%	0.0%	0.0%	0.0%
1: Failing	0.0%	0.0%	0.0%	0.0%	0.0%

2. No eligible employee shall receive a merit increase that exceeds the range maximum of the pay grade assigned to the employee's job classification. If the application of this sub-paragraph results in an employee receiving a merit increase that is less than the percentage increase awarded to the employee, the employee shall receive the difference between the merit increase awarded and the merit increase received in the form of an additional merit payment.

- D. In the case of a declared fiscal emergency by the Mayor, and upon the request of the Mayor, there will be no merit increases or merit payments awarded for increments of at least one year. During the declared fiscal emergency appointing authorities, managers and supervisors shall complete PEPRs for eligible employees, but no merit increases or merit payments will be awarded during this time.

13-33 Pro-ration for New Hires

Employees hired after January 1st and on or before September 30th will have their merit increase pro-rated to the employee's start date.

13-34 Effective Date of Merit Increase

- A. Merit increases and merit payments will be calculated from an employee's annual base salary as of the Saturday before the first Sunday of the calendar year and be effective on the first Sunday of the calendar year for eligible employees who were employed in the Career Service on December 31st of the previous year.
- B. An employee's merit increase shall not be included as part of another pay change (such as a promotional increase), and must be applied as a separate merit increase.

13-35 Performance Review Schedule

Departments and agencies shall submit proposed merit increases and merit payments to the Office of Human Resources ("OHR") as provided in the schedule attached as Appendix A.

13-36 Review of PEPR with Employee

Each employee's written performance review shall be reviewed with the employee as provided in the schedule attached as Appendix A.

13-37 Official Records

The annual performance review and any supporting documentation shall be made a permanent part of the employee's official personnel record.

13-38 Discipline

The written performance review and/or PIP(s) may be used as a basis for disciplinary action under Rule 16 **CODE OF CONDUCT AND DISCIPLINE**, up to and including dismissal, if an employee's performance fails to comport with the standards set forth in any of these documents. (Revised February 12, 2016; Rule Revision Memo 18D)

13-39 Grievances and Appeals Relating to Performance Reviews

- A. An eligible employee may grieve any performance rating pursuant to Rule 18 **DISPUTE RESOLUTION**.
- B. An eligible employee may appeal a grievance of a "Failing" rating in accordance with Rule 19 **APPEALS**. Appeals of grievances of other ratings are not permitted.
- C. An eligible employee may not grieve or appeal any other aspect of the PEP.

APPENDIX 13.A

2016 PERFORMANCE REVIEW SCHEDULE

DUE DATE	TASK
December 16, 2016	Deadline for performance evaluations for the 2016 calendar year to be completed by supervisors and managers.
January 13, 2016	Deadline for appointing authorities to submit merit increase and merit payment recommendations to the OHR. All eligible employees must be accounted for in these recommendations. The percent increase for all eligible employees in a department or agency should average 3.3% for merit increases and merit payments delivered in 2017.
February 24, 2017	Merit increases and merit payments appear on employee paychecks.
March 10, 2017	Merit increases and merit payments are paid retroactively for the period from January 1 st until March 10th.

This Appendix is provided for informational purposes and is not considered a part of the Rules.

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Section 9-20 Pay When First Employed

(Revised December 21, 2012; Rule Revision Memo 66C)

- A. An appointing authority may set pay for a new employee higher than the range minimum (but not to exceed the range maximum of the applicable pay range) if necessary to obtain the services of an unusually well-qualified person.
- B. The appointing authority may decide to appoint an employee at a pay rate higher than the range minimum if the appointing authority determines that one or more of the pay factors defined in this Rule 9 justify such a starting salary. In any event, qualifications of the new employee should exceed the minimum qualifications stated in the classification specification, and internal equity shall be considered.

Section 9-30 Changes in Classification and Pay

(Revised October 17, 2010; Rule Revision Memo 47C)

- A. A change in an employee's classification may occur through promotion, transfer, demotion, re-allocation, or promotional re-instatement. (Revised November 18, 2015; Rule Revision Memo 15D)
- B. Retroactive pay changes shall not extend into the prior fiscal year, unless approved by the OHR Executive Director or designee. (Revised November 7, 2016; Rule Revision Memo 22D)

9-31 Promotion and re-promotion

- A. Upon promotion an employee's pay shall be increased by at least eight percent (8.0%). In no event shall the pay upon promotion be lower than the range minimum or exceed the range maximum of the pay range of the new classification. (Revised July 31, 2015; Rule Revision Memo 12D)
- B. The appointing authority may increase an employee's pay by more than ten percent (10%) upon promotion if the appointing authority determines that one or more of the pay factors defined in this Rule 9 justify such an increase. (Revised July 31, 2015; Rule Revision Memo 12D)
- C. Within the short range pay schedule the employee's pay shall be increased by five percent (5%), but not to exceed the range maximum of the pay range of the new classification.
- D. Demotion and subsequent re-promotion:
 - 1. If an employee demotes without a loss in pay, that employee is not eligible for an increase in pay upon re-promotion if such re-promotion occurs within twelve months following the date of the demotion.
 - 2. In all other circumstances, an employee being re-promoted will have their pay set under the provisions of paragraph 9-31 A.