

Agency Performance Management Policy

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Policy

It is the policy of North Carolina State Government to provide a performance management system which evaluates employees' accomplishments and behaviors related to goals and values associated with the mission, goals, and business objectives of the organization. An integrated performance management system enables employees to develop and enhance individual performance while contributing to the achievement of the organizational mission, goals, and business objectives. Each agency shall implement the Performance Management Policy as approved by the State Human Resources Commission.

Objectives

In establishing this Performance Management Policy, the State seeks to achieve the following objectives:

- Facilitate effective communication between employees and managers/supervisors;
- Ensure employees have a clear understanding of the performance expected of them and how their individual work contributes to the achievement of the organizational mission;

Agency Performance Management Policy (Continued)

- Ensure employees provide, as well as receive, input into the development of individual goals and ongoing information about how effectively they are performing relative to established goals;
 - Provide employees with ongoing opportunities to receive coaching from their managers/supervisors in areas of development and in areas for improvement;
 - Identify and implement opportunities for employee development and discussion of career objectives; and
 - Provide policy consistency.
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Covered Employees

This policy applies to all permanent, probationary, and time-limited employees, as well as employees in trainee classifications. This policy does not apply to temporary employees. This policy applies to all exempt policymaking positions, exempt managerial positions, confidential secretary and confidential assistant positions, and all chief deputy positions.

Employees of constituent institutions of The University of North Carolina should refer to the University SHRA Performance Appraisal Policy located in Section 10 of the State Human Resources Manual.

Performance Cycle

The standard State government performance cycle is from July 1 through June 30. The annual performance evaluation shall be completed, approved, discussed with the employee, and entered into the system of record within sixty (60) calendar days of the cycle end date. The State Human Resources Director has the authority to change the dates of the standard performance cycle; however, all covered employees shall be notified a minimum of sixty (60) calendar days prior to the start of the new performance cycle.

Documentation of Performance

The Office of State Human Resources shall provide standard Performance Planning, Interim Review, and Annual Performance Evaluation templates to be utilized by all agencies and individuals covered by this policy. Templates for the Individual Development Plan and Documented Counseling Session will also be provided, but their use is not required.

Frequency of Performance Reviews

Performance Reviews are required in the following instances:

Agency Performance Management Policy (Continued)

- **Permanent State Employees:** The manager/supervisor shall establish a performance plan for the employee during the first sixty (60) calendar days of the performance cycle. The manager/supervisor shall conduct an interim review at the midpoint of the performance cycle and shall conduct a final performance evaluation annually, within 60 calendar days of the cycle end date. The permanent employee shall have been functioning under an issued performance plan for at least six (6) months cumulatively over the performance cycle to be assigned a final overall performance rating.
- **Probationary Employees:** The manager/supervisor shall establish a performance plan for the employee during the first sixty (60) calendar days of employment; however, if the probationary employee's start date is during the last sixty (60) calendar days of the current performance cycle, then the manager/supervisor shall establish a performance plan for the employee during the first sixty (60) calendar days of the next performance cycle. The manager/supervisor shall review the probationary employee's performance by conducting documented performance feedback discussions during the first twelve (12) months of employment. A probationary employee is expected to perform the work at the level expected for this position and consistently meet what is expected in terms of quality, quantity, timeliness, cost, and customer satisfaction on all individual goals and individual values. If the employee's performance indicates he or she is not suited for the position and cannot be expected to meet satisfactory performance standards, the employee shall be separated.

The manager/supervisor shall conduct an interim review at the midpoint of the performance cycle and shall conduct a final performance evaluation annually, within sixty (60) calendar days of the cycle end date. If the probationary employee's start date is within sixty (60) calendar days of either the interim review or the annual performance evaluation, then an interim review or annual performance evaluation is not required.

The probationary employee shall have been functioning under an issued performance plan for at least six (6) months cumulatively over the performance cycle to be assigned a final overall performance rating. To meet the business needs of the work unit, periodic reviews may be conducted as frequently as necessary.
- **Time-Limited Employees:** The manager/supervisor shall establish a performance plan for the employee during the first sixty (60) calendar days of employment; however, if the time-limited employee's start date is during the last sixty (60) calendar days of the current performance cycle, then the manager/supervisor shall establish a performance plan for the employee during the first sixty (60) calendar days of the next performance cycle. The manager/supervisor shall review the time-limited employee's performance by conducting documented performance feedback discussions. A time-limited employee is expected to perform the work at the level expected for this position

Agency Performance Management Policy (Continued)

and consistently meet what is expected in terms of quality, quantity, timeliness, cost, and customer satisfaction on all individual goals and individual values. If the employee's performance indicates he or she is not suited for the position and cannot be expected to meet satisfactory performance standards, the employee shall be separated.

The manager/supervisor shall conduct an interim review at the midpoint of the performance cycle and shall conduct a final performance evaluation annually, within sixty (60) calendar days of the cycle end date. If the probationary employee's start date is within sixty (60) calendar days of either the interim review or the annual performance evaluation, then an interim review or annual performance evaluation is not required.

The time-limited employee must have been functioning under an issued performance plan for at least six (6) months cumulatively over the performance cycle to be assigned a final overall performance rating. To meet the business needs of the work unit, periodic reviews may be conducted as frequently as necessary.

- **Employees in Trainee Classifications:** Employees in trainee classifications will have either a probationary or permanent appointment type, depending on number of months of continuous service prior to and during the established trainee salary progression. See the New Appointments Policy located in Section 4 of the State Human Resources Manual for additional information related to trainee salary progressions. Managers and supervisors shall follow the performance management process based on employee appointment (i.e., probationary or time-limited), as outlined in this policy, for employees in trainee classifications.
- **Transfers:** When an employee transfers (lateral, demotion, reassignment, or promotion) within State government, the existing manager/supervisor shall assess performance and document progress and/or recommended ratings prior to the transfer. If the transfer (lateral, demotion, reassignment, or promotion) occurs during the interim review or annual performance evaluation, then the existing manager/supervisor shall complete the transferring employee's interim review or annual performance evaluation. If the transfer (lateral, demotion, reassignment, or promotion) does not occur during the interim review or annual performance evaluation, then the existing manager/supervisor shall provide written performance information (i.e., documentation in the system of record or email) specific to the employee's achievement of established goals and values to the receiving manager/supervisor. If the transferring employee has been functioning under an issued performance plan for at least six (6) months at the time of the transfer, then the existing manager/supervisor shall recommend performance ratings for goals and values in the system of record, prior to the transfer.

Agency Performance Management Policy (Continued)

- **Change in Manager/Supervisor:** When there is a change in manager/supervisor, the existing manager/supervisor shall provide written performance information (i.e., documentation in the system of record, email, etc.) specific to the employee's achievement of established goals and values to the receiving manager/supervisor. If the change in manager/supervisor occurs during the interim review or annual performance evaluation, then the existing manager/supervisor shall complete the interim review or annual performance evaluation. If the employee has been functioning under an issued performance plan for at least six (6) months at the time of the change in manager/supervisor, then the existing manager/supervisor shall recommend performance ratings for goals and values in the system of record prior to the change.
- **Separation:** When an employee separates from State government, the manager/supervisor shall assess performance and recommend a final overall performance rating, unless the employee's separation is due to a documented disciplinary action, retirement, disability, illness, or death. The separating employee must have been functioning under an issued performance plan for at least six (6) months cumulatively over the performance cycle to be assigned a final overall performance rating. For an employee who is separated for any reason other than documented disciplinary action, retirement, disability, illness, or death, any final overall performance rating that reflects an unsatisfactory level of performance shall be approved by the Human Resources Director or his/her designee.

The Performance Management Process

1. Throughout the performance cycle, the manager/supervisor shall document and validate, based on direct observation and/or feedback from others, employee performance results and values-based behaviors on a regular and consistent basis. In addition, the manager/supervisor shall provide feedback to the employee, both positive and corrective, when appropriate. Both the manager/supervisor and employee should document activities and accomplishments related to goals and values-based behaviors during the performance cycle. All formal coaching and counseling sessions and formal performance discussions shall be documented electronically or in writing.
2. Managers/Supervisors shall conduct a minimum of three (3) formal performance discussions annually, for each employee and timed accordingly:
 - the performance planning discussion, at the beginning of the performance cycle;
 - an interim review at the performance cycle midpoint; and
 - the annual performance evaluation, at the end of the performance cycle.

Stage One: Performance Planning

Agency Performance Management Policy (Continued)

1. Each employee shall have an annual performance plan to include at least three (3) but not more than five (5) strategically aligned critical individual goals (not an exhaustive list of all responsibilities required for continued employment and does not duplicate information in the position description) and criteria to be used to measure work performed. Goals shall be written at the satisfactory level for the position. The agency shall facilitate calibration discussions to systematically assess goal validity and ensure organizational consistency.
2. Within ninety (90) calendar days of the onset of a performance management cycle, the Office of State Human Resources shall communicate the process for assigning any statewide values to employees subject to this policy. Each agency may choose to add up to five (5) additional organizational values, selected from a predefined list published and communicated by OSHR within ninety (90) calendar days of the onset of the performance management cycle.
3. The weighting structure of goals and values shall be determined by the Office of State Human Resources and will normally be communicated to agencies within ninety (90) calendar days of the beginning of the performance management cycle.
4. Managers/Supervisors shall hold a performance planning discussion with each employee and put a performance plan in place with each employee within sixty (60) calendar days of:
 - the beginning of the performance management cycle;
 - the employee's entry into a position;
 - a new (probationary or time-limited) employee's date of employment, unless the start date of employment is within sixty (60) calendar days of the end of the current performance cycle; or
 - any significant change to the performance expectations of the current performance plan.
5. Once signed by the appropriate levels of management, the employee shall review, sign, and date the performance plan. The employee's signature on the performance plan acknowledges his/her receipt of the plan. If the employee refuses to sign the performance plan, the manager/supervisor shall document the employee's refusal on the performance plan.
6. Each employee shall have ready access to his/her performance plan either via paper or electronically.

Stage Two: Interim Review (Mid-Cycle Performance Feedback)

The Interim Review provides managers/supervisors and employees with an opportunity to discuss, at the midpoint of the cycle, any changes in organizational priorities or employee development goals, review progress toward meeting strategically aligned individual goals and,

Agency Performance Management Policy (Continued)

if necessary, revise performance plans, initiate individual development plans, or address performance problems and identify steps the employee should take to improve or adjust priorities through the remainder of the performance cycle. Additional formal and informal discussions shall also be conducted as needed throughout the performance cycle.

Addressing Unsatisfactory Job Performance

If at any time during the performance cycle an employee is not performing at the satisfactory level for the position, the manager/supervisor will consider the totality of the circumstances in determining at what step to begin the performance discussion. For the majority of performance discussions, the manager/supervisor shall provide feedback to the employee regarding the need for him/her to improve his/her performance. If performance does not improve following the feedback provided by the manager/supervisor, for the majority of performance discussions, the manager/supervisor shall:

1. Consult his/her Human Resource representative regarding the steps necessary for conducting a Documented Counseling Session (DCS).
2. Conduct a Documented Counseling Session (DCS) to:
 - discuss ways to improve the employee's performance and/or values-based behavior,
 - seek input from the employee about whether the performance issue can be corrected through a process change or to determine if the employee needs to receive additional training on current procedures/processes,
 - outline the steps to be taken to improve performance, including the specific timeframe for improvement,
 - identify the consequences, including progressive disciplinary action, of failure to improve, and
 - establish a follow-up date(s).

For some values-based behaviors and performance concerns, immediate improvement may be necessary (e.g., safety concerns, etc.).

If performance improves to the satisfactory level during the established timeframe and performance is maintained at the satisfactory level, then the manager/supervisor should document the employee's performance improvement electronically or in writing.

3. If employee performance and/or values-based behavior does not improve to the satisfactory level during the designated timeframe discussed during the DCS and/or employee performance and/or values-based behavior improves to the satisfactory level but is not maintained at that level, then the manager/supervisor shall consult his/her Human Resources representative and the Disciplinary Action Policy found in Section 7 of the State Human Resources Manual.

Agency Performance Management Policy (Continued)

A DCS shall be conducted prior to beginning disciplinary actions for performance issues. Any disciplinary action issued for unsatisfactory job performance without a prior DCS must first be approved by the agency Human Resources Director or his/her designee.

Performance deficiencies occurring during the performance cycle, which result in a Documented Counseling Session or disciplinary action, shall be referenced in the performance record. Consult the Disciplinary Action Policy found in Section 7 of the State Human Resources Manual for information about actions that inactivate disciplinary actions for unsatisfactory job performance.

Stage Three: Annual Performance Evaluation

1. At the end of the performance cycle, the manager/supervisor shall evaluate employee overall/cumulative performance relative to the three (3) to five (5) individual goals as well as the established organizational values for each position held during the performance cycle. Managers/Supervisors shall use quantitative and qualitative information collected throughout the cycle and documented by various sources, including information documented by the employee, to determine the extent to which the employee's actual performance has met the expectations defined in the performance plan. The manager/supervisor shall evaluate performance based on the collected performance information and assign ratings to each goal and value to determine an overall annual performance evaluation rating. Agency Human Resources personnel shall facilitate calibration discussions to systematically assess rating validity and ensure organizational consistency.
2. Each individual goal and value shall be rated using the standardized rating scale. The standardized rating scale shall be determined by the Office of State Human Resources and will normally be communicated to agencies within ninety (90) calendar days of the beginning of the performance management cycle.
3. The employee's final annual performance evaluation rating shall be based on results achieved cumulatively over the performance cycle relative to his/her individual goals and organizational values. The final annual performance evaluation rating shall reflect timeliness, quantity, and quality of job performance relative to established goals and identified values. A final annual performance evaluation rating that is higher or lower than what is expected of someone in the position shall be supported by appropriate documentation. An employee who performs below the satisfactory level of performance on any goal or value shall not be awarded a final annual performance evaluation rating above the satisfactory level of performance, regardless of the level of results achieved or adherence to values.

Agency Performance Management Policy (Continued)

4. Managers/Supervisors shall assign a final annual performance evaluation rating and conduct an annual performance evaluation meeting with each employee. Managers/Supervisors shall not submit final annual performance evaluation ratings for employees unless an annual performance plan, supported by ongoing performance documentation, has been completed in accordance with this policy.
5. Once signed by the appropriate levels of management, the employee shall review, sign, and date the annual performance evaluation. The employee's signature on the annual performance evaluation acknowledges his/her receipt of the evaluation. If the employee refuses to sign the annual performance evaluation, the manager/supervisor shall document the employee's refusal on the performance evaluation.
6. Each employee shall have ready access to his/her annual performance evaluation either via paper or electronically.

Performance Management Resources and Training

Each agency shall:

- Designate a person as its performance management coordinator, with responsibility for coordinating the development, implementation, and ongoing administration of performance management within the organization.
- Provide performance management training, made available by OSHR and/or the agency, to all newly hired or promoted managers/supervisors, to be successfully completed within the first three (3) months of the manager's/supervisor's new role;
- Provide annual refresher training, made available by OSHR and/or the agency, to all employees.

Confidentiality, Right to Inspect, and Records Retention

Performance evaluations are confidential documents under G.S. 126-22; however, calibration sessions may require the disclosure of performance evaluations on a need-to-know basis among supervisors and managers. To promote communication and coordination, agency management may make some version of performance plans and evaluations visible internally. Any confidential information discussed during calibration sessions shall not be shared outside of the calibration session. A breach of confidentiality shall be considered Unacceptable Personal Conduct and may result in disciplinary action up to and including dismissal.

Additionally, under G.S. 126-24, hiring supervisors and managers shall be able to inspect and examine performance management documents of final job candidates who are current or former State employees during the hiring process.

Agency Performance Management Policy (Continued)

Annual performance evaluations and supporting documentation shall be securely retained for at least three (3) years, and then maintained according to the applicable records retention schedule.

Policy Compliance

The Office of State Human Resources shall monitor and evaluate performance management records and data to ensure agency compliance.

If an employee believes his/her manager/supervisor is failing to adhere to the performance management processes, the employee should notify the next-level manager/supervisor or the agency's Human Resources office. The failure of a manager/supervisor to carry out the performance management process in accordance with this policy shall be addressed as a performance deficiency and shall result in one (1) or more of the following:

- Documented Counseling Session from the next-level manager/supervisor to determine the cause(s) of the deficiency and implementation of a plan to improve performance;
- Participation in skills enhancement training;
- Monitoring and documentation of manager/supervisor progress towards improving in the performance of assigned performance management duties; and/or
- Issuing appropriate disciplinary actions.

Performance Rating Dispute

Career State employees or former career State employees may grieve an overall performance rating that falls below the expected level of performance using the North Carolina Employee Grievance Policy found in Section 7 of the State Human Resources Manual.

Agency Performance Management Policy (Continued)

Definitions

Term	Definition
Agency	A State department, agency, division, office, board, or commission. For the purpose of this policy, agency does not include constituent institutions of The University of North Carolina, for which there is a separate University SHRA Performance Appraisal policy located in Section 10 of the State Human Resources Manual.
Annual Performance Evaluation	The comprehensive review of the employee's performance, relative to the goals and values throughout the entire performance cycle. The annual performance evaluation contains a final overall rating.
Career State Employee	An employee who is in a permanent position who has been continuously employed by the State in a position subject to the State Human Resources Act, for the immediate twelve (12) preceding months.
Calibration Session	A confidential discussion between same-level managers/supervisors, facilitated by the next-level manager/supervisor or a designated Human Resource representative, to evaluate work distribution, goal alignment, goal validity, results, and final ratings.
Coaching	An ongoing process between a manager/supervisor and employee to provide feedback, reinforce desired work actions and values-based behavior, address performance concerns, and/or discuss employee development. Coaching may be either formal (documented electronically or in writing) or informal (not documented).
Documented Counseling Session	A formal documented conversation between a manager/supervisor and an employee to provide specific feedback and initiate a plan to improve the employee's performance and/or values-based behavior to the satisfactory level of performance.
Goals	Organizational, division, work unit, and individual level outcomes which support the strategic mission of the organization. All goals shall be relevant to agency goals/mission. An employee accomplishes a goal by achieving related results aligned with that goal.

Agency Performance Management Policy (Continued)

Individual Development Plan	A plan used to identify areas of development so an employee (1) shall have the skills, knowledge, and abilities he/she needs to meet the organization's goals and objectives, and (2) is given an opportunity to develop competencies that shall allow him or her to be successful in the future.
Interim Review	A formal documented discussion and documentation of such at the midpoint of the performance cycle between a manager/supervisor and an employee to review the employee's progress and make any necessary adjustments or initiate additional performance-related documentation.
Permanent Employee	An employee who is in a permanent position and has attained career status by being continuously employed by the State in a position subject to the State Human Resources Act for the immediate twelve (12) preceding months.
Performance Cycle	The continuous 12-month period during which the performance management process takes place.
Performance Expectation(s)	A goal, value, or both, defining outcomes and behaviors that are documented on a performance plan to identify results to be accomplished and how the work should be accomplished.
Performance Management	The written and verbal communication processes for ensuring employees are focusing work efforts in ways that contribute to organizational mission and goals. Performance Management consists of at least three stages: <ol style="list-style-type: none"> 1. Performance Planning: setting goals and expectations for employee performance, 2. Interim Review (Mid-Cycle Performance Feedback): maintaining a dialogue between manager/supervisor and employee to keep performance on track, and 3. Annual Performance Evaluation: measuring actual performance relative to goals and values.
Performance Plan	A description of the goals and values to be accomplished by the employee within the performance cycle, with emphasis on results to be achieved and how those results shall be measured.
Position Description	A statement or set of duties and responsibilities that represent the major functions of a job which shall be performed to meet the agency's needs.

Agency Performance Management Policy (Continued)

Probationary Employee	An employee who is in a permanent position but has not attained career status by being continuously employed by the State in a position subject to the State Human Resources Act for the immediate twelve (12) preceding months.
Satisfactory Performance	Work-related performance that meets job requirements as set out in the relevant job description, work plan, or as directed by the management of the work unit or agency.
Time-Limited Employee	An employee who is in a time-limited position and is not eligible for career status.
Trainee Classification	Classification with special recruitment qualifications that is approved for use by the Office of State Human Resources when a regular job classification has knowledge or skills not readily available from the labor market or which cannot be learned in a short period of time.
Trainee Salary Progression	A special salary plan with provision for scheduled (but not automatic) increases, usually at six-month intervals, prior to the employee reaching the minimum of the salary range for the classification involved.
Values	Qualitative behavioral attributes that document how work actions should be accomplished. Values reflect core organizational beliefs that guide and motivate actions supporting the accomplishment of the agency mission and goals.

**AGENCY PERFORMANCE MANAGEMENT POLICY
SUMMARY OF REVISIONS**

7-1-50	Procedure for payment of Increments established. Each department limited to 3% of payroll. Policy adopted that not more than 2/3 of the employees who are at or above the middle of their salary range and who are otherwise eligible would be given merit increases. Employees must have at least a standard rating in order to receive an increment.
7-1-80	Merit Increase revised to Performance Salary Increase. Full funding available for those below the third step. Employee receives a one-step increase based on work performance. Funds limited for Step 4 through 7, forcing an evaluation of employer's performance relative to the performance of other employees. Eligibility allowed for a one-step increase (may be granted in ½ steps.) Employees eligible yearly until they reach the maximum of their salary range.
1-1-90	New Performance Management Policy
7-1-90	Added legislative provision regarding establishment of committees to oversee agency's system.
7-1-91	Performance salary increase – changed effective date for performance increases from quarterly to monthly with the exception of July. NC Rating scale added.
9-1-07	Revised Performance Management Policy. Highlights of the revised policy are: <ol style="list-style-type: none"> 1. This policy replaces the existing policy. However, agencies are not required to revise their policies. They may continue using their current performance management processes that were approved under the old policy. 2. Agencies have considerable latitude to determine how supervisors "do" performance management. It does not specify the detailed elements of work plans and appraisals. Agencies are encouraged to design processes to fit the work being managed. 3. Supervisors are not required to conduct interim reviews at mid-year. Agencies may develop their own methods for stimulating ongoing performance dialogue. 4. Agencies may use an overall rating scale other than the five-point "state" rating scale, so long as their employees' overall performance ratings can be converted to a five-point scale to comply with GS 126.

**AGENCY PERFORMANCE MANAGEMENT POLICY
SUMMARY OF REVISIONS**

<p>9-1-07 Continued</p>	<ol style="list-style-type: none"> 5. Supervisors are to review their employees' appraisals with their managers before discussing the appraisals with their employees. 6. Agencies are to specify how documentation of an employee's poor performance ties in to their discipline policy. 7. Agencies are to set their own time requirements for probationary employees' work plans to be in place and for other timelines related to performance management. 8. Agencies are to specify what, in addition to a completed appraisal, is confidential. They are encouraged to <i>not</i> make work plans and performance tracking information confidential. 9. Agencies may access employees' past performance appraisals to more properly inform promotion or hiring decisions. 10. Agencies may access employees' past performance appraisals to more properly inform promotion or hiring decisions.
<p>12-1-13</p>	<p>Section on "Performance Rating and Pay Disputes" changed to refer employees to the Employee Grievance Policy found in Section 7 of the HR Manual.</p>
<p>7-1-2015</p>	<p>New Performance Management policy for State agencies only. New policy was implemented in compliance with Session Law 2013-382. This policy provides a standardized approach in performance management including the establishment of a three point rating scale; a standardized performance review cycle; and a process to address performance planning, feedback and poor performance.</p>

**Launch Cycles for New SHRA Performance Management Policy
(effective April 1, 2016)**

LAUNCHING 2016	
Appalachian State University	<p>For the performance cycle ending in 2017, these institutions will follow the UNC SHRA Performance Appraisal Policy that was effective April 1, 2016 (<i>attached</i>).</p>
Fayetteville State University	
North Carolina School of Science & Math	
UNC-Asheville	
UNC-Chapel Hill	
UNC-General Administration	
UNC-Pembroke	
UNC-School of the Arts	
UNC-Wilmington	
Western Carolina University	
Winston-Salem State University	
LAUNCHING 2017	
East Carolina University	<p>For the performance cycle ending in 2017, these institutions will follow the University Performance Management Policy that was effective July 1, 2015 (<i>attached</i>).</p>
Elizabeth City State University	
North Carolina A&T State University	
North Carolina Central University	
North Carolina State University	
UNC-Charlotte	
UNC-Greensboro	

For the performance management cycle beginning in 2017 and ending in 2018, all UNC institutions will follow the UNC SHRA Performance Appraisal Policy that was effective April 1, 2016.

SHRA Performance Appraisal Policy

Effective: April 1, 2016

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I. POLICY

It is the policy of The University of North Carolina (the “University”) to provide an annual performance appraisal system that (1) identifies performance goals necessary to achieve the University’s mission; and (2) evaluates covered employees’ accomplishments toward these goals. Each constituent institution shall implement this University SHRA Performance Appraisal Policy.

II. OBJECTIVES

In establishing this University SHRA Performance Appraisal Policy, The University of North Carolina seeks to achieve the following objectives:

- A. Facilitate effective communication between employees and managers/supervisors;
- B. Ensure employees have a clear understanding of the performance and behaviors expected of them;
- C. Ensure employees have a clear understanding of how their individual work contributes to achieving the mission of their work unit and institution;
- D. Ensure employees provide, as well as receive, input into the development of performance goals and ongoing information about how effectively they are performing relative to established goals; and
- E. Identify and implement opportunities for employee development and discussion of career objectives.

III. DEFINITIONS

The following definitions of terms are used in this policy:

Term	Definition
Annual Performance Appraisal Document	An annually updated document that outlines an employee’s performance goals at the “meeting expectations” level, which includes results to be achieved and how those results will be measured. Off-cycle reviews and annual performance appraisals are documented on this form. In addition, it may include a career development plan based on the needs of the employee, work unit, or constituent institution.
Calibration	A communication process in which peer managers/supervisors within a defined organizational unit establish goals and metrics to ensure consistent application of performance expectations and ratings across similar positions.

SHRA Performance Appraisal Policy

Effective: April 1, 2016

Career State Employee	An SHRA employee who has been continuously employed by the State for at least the immediate 12* preceding months in a permanent position with a permanent appointment subject to the State Human Resources Act.
Coaching	A discussion between a manager/supervisor and employee to provide informal clarification of expectations to resolve potential performance or behavioral issues.
Individual Goals	Key performance expectations assigned annually to each employee by their manager/supervisor that are aligned with the mission and strategic goals of the work unit and/or constituent institution.
Institutional Goals	Standing performance and behavioral expectations that apply to all SHRA employees in the University system.
Probationary Employee	An SHRA employee in a permanent position subject to the State Human Resources Act who has not attained career status by being continuously employed by the State in a permanent position for the immediate 12 preceding months.
SHRA Employee	An individual in a position subject to the State Human Resources Act.
Time-Limited Employee	An SHRA employee who is in a time-limited position and therefore not eligible for career status.

** Employees in law enforcement positions who are hired without their Basic Law Enforcement Training are subject to 24 month probationary period.*

IV. COVERED EMPLOYEES

This policy applies to all SHRA probationary, time-limited and permanent, and career state employees. This policy does not apply to temporary employees.

V. GENERAL PROVISIONS

- A. **Performance Appraisal Cycle:** The standard University annual performance appraisal cycle is April 1 to March 31. The annual performance appraisal shall be completed, approved, discussed with the employee, and entered into the constituent institution’s system of record within 60 calendar days following the end of the cycle (by May 30). The University System Vice President for Human Resources, with approval from the State Human Resources Director, may change the dates of the standard performance appraisal cycle; however, all employees shall be notified of any such change a minimum of 60 calendar days prior to the start of the new performance appraisal cycle.
- B. **Documentation Requirements:** UNC General Administration shall provide a template for the annual performance appraisal document. The template document, or its electronic equivalent, will be utilized by all constituent institutions and employees covered by this policy. UNC General Administration shall publish and communicate this template a minimum of 60 calendar days prior to the start of the performance appraisal cycle.
- C. **Communication Requirements:** Managers/supervisors shall conduct a minimum of three types of performance discussions annually with employees: (1) *Performance Planning*, to discuss the goals for the cycle; (2) *Performance Feedback*, to provide guidance and clarity of expectations throughout the cycle; and (3) *Performance Appraisal*, to complete an annual performance appraisal document and assign the employee a final overall rating for the cycle.

VI. PERFORMANCE PLANNING

The purpose of performance planning is to provide an annual opportunity for the employee and manager/supervisor to discuss the assigned responsibilities and ensure the employee understands their new or recurring goals, expectations, and measures. Individual components of the process include:

SHRA Performance Appraisal Policy

Effective: April 1, 2016

- A. **Performance Planning Discussion:** The manager/supervisor shall hold a performance planning discussion individually with each employee and put a performance plan in place within 60 calendar days after:
 - 1. The beginning of the annual performance appraisal cycle;
 - 2. A change in position or a change in a manager/supervisor; or
 - 3. A new (probationary or time-limited) employee's date of employment.
- B. **Goal Calibration:** Prior to holding performance planning discussions with their employees, peer managers/supervisors within the defined organizational unit shall meet to ensure consistent application of goals and measurements across similar positions.
- C. **Individual Goals:** Each performance cycle, the manager/supervisor shall define three to five individual goals for each employee. These goals may be specific to an individual, a work unit, or a classification group and should support the organizational unit's mission, strategic goals, and priorities. Each goal shall be written at the "meeting expectations" level of performance and shall be specific, measurable, achievable, relevant, and timely.
- D. **Institutional Goals:** UNC General Administration provides a set of performance expectations, approved by the President, or their designee, that address critical aspects of every employee's overall work product. UNC General Administration will provide managers/supervisors with definitions of these goals at the "meeting expectations" level of performance.
- E. **Weighting Goals:** The individual goals comprise 50% of the final overall rating, and the institutional goals comprise 50% of the final overall rating. Managers/supervisors can determine the weight of each goal, but no single goal shall be weighted less than 5% of the final overall rating.
- F. **Career Development Plan:** When there is a business need for an employee's professional development, the manager/supervisor will include a career development plan in the annual performance appraisal document.
- G. **Review and Signature:** Once reviewed and signed by the manager/supervisor and next-level manager/supervisor, the employee shall review, sign and date the annual performance appraisal document. The employee's signature confirms only that the employee has received the document. However, if an employee refuses to sign, then the manager/supervisor shall note the employee's refusal on the document. Electronic signatures are acceptable.

NOTE: *Until a new annual performance appraisal document is in place, employees shall function under the goals established in their most recent annual performance appraisal document, to the extent they are applicable.*

VII. PERFORMANCE FEEDBACK

- A. **Off-cycle Reviews:** Managers/supervisors shall meet with each employee periodically to review goals, assess progress, and, as applicable, clarify or redefine expectations for the remainder of the cycle. Additionally, there are specific events that will require an off-cycle review session to be performed:
 - 1. **Interim Reviews:** An interim performance review shall be completed at the midpoint of the performance appraisal cycle: (a) for all employees who received any rating of "Not Meeting Expectations" on their last annual performance appraisal; (b) for all employees who have active disciplinary actions; (c) for other employees, when the manager/supervisor finds it appropriate or necessary to perform an interim review; or (d) if the Chancellor (or President, for UNC General Administration) decides to require interim reviews campus-wide.
 - 2. **Probationary and Time-Limited Reviews:** For new employees (probationary and time-limited), the manager/supervisor shall conduct quarterly performance reviews during the first 12 months of employment.

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3. **Transfer Reviews:** When an employee transfers (lateral, demotion, reassignment, reclassification, or promotion) within State government, or when there is a change in manager/supervisor, the releasing manager/supervisor shall provide a transfer performance review to the receiving manager/supervisor at the time of the transfer. If the transfer occurs within 60 calendar days of a completed annual performance appraisal or off-cycle review, then the annual or an off-cycle evaluation may be used instead.
 4. **Employee Requested Reviews:** Employees may request one additional off-cycle review per performance cycle. When an employee requests this off-cycle review, the manager/supervisor must provide one if more than 60 calendar days have passed since the employee's last annual or off-cycle review. Managers/supervisors are otherwise expected to respond to reasonable employee requests for coaching and other direct feedback.
 5. **Other Off-cycle Performance Reviews:** To meet the business needs of the work unit, managers/supervisors may conduct additional off-cycle performance reviews as frequently as necessary.
- B. **Continuous Feedback and Coaching:** Communication shall occur throughout the cycle on employee progress toward meeting goals. If the manager/supervisor provides appropriate progressive coaching and the employee's performance/behavior does not improve, the manager/supervisor shall consult their Human Resources representative prior to addressing performance or conduct deficiencies in accordance with the SHRA Disciplinary Policy.

VIII. PERFORMANCE APPRAISAL

The purpose of the annual performance appraisal at the end of the cycle is to provide an opportunity for the manager/supervisor to meet with each employee to review performance results and assign a final overall rating for the cycle. Managers/supervisors shall not submit final overall ratings for employees until an annual performance appraisal, supported by ongoing performance documentation, has been completed in compliance with this policy.

- A. **Minimum Evaluation Requirements:** In order to receive an annual performance appraisal and final overall rating, an employee: (1) must be active as of March 31 in a position subject to this policy; and (2) must have worked under one or more annual performance appraisal documents for at least six months of the performance appraisal cycle. Appraisals must be completed within the 60 calendar days following the end of the performance cycle.
- B. **Transfers or Changes in Manager/Supervisor:** The receiving manager/supervisor shall complete the employee's annual performance appraisal at the end of the cycle and incorporate the transfer review information received from the releasing supervisor, as warranted. However, if an employee transfer or change in manager/supervisor occurs within the last 60 calendar days of the performance cycle, then the releasing/ending manager/supervisor shall complete the annual performance appraisal for the employee and forward to the receiving manager/supervisor.
- C. **Probationary or Time-limited Employees:** If the performance appraisal document has not been established by October 1 for a probationary or time-limited employee during the employee's first performance appraisal cycle, then the employee shall have an extended performance cycle and shall receive a first annual performance appraisal at the end of the next cycle.
- D. **Separations:** If an employee separates from State employment prior to the end of the performance appraisal cycle (March 31), then an annual performance appraisal shall not occur, but the supervisor may choose to complete an off-cycle performance review at the time of the separation.

IX. PERFORMANCE RATINGS

- A. **Ratings Calibration:** Prior to final ratings being shared with employees, peer managers/supervisors within the defined organizational unit shall meet to ensure consistent application of final ratings across similar positions.

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- B. **Rating Scale:** The performance appraisal process shall employ a standard rating scale for all goals. The rating scale sets three levels of performance: Not Meeting Expectations, Meeting Expectations, and Exceeding Expectations.
- C. **Rating Scale for Individual Goals:** Each goal shall be rated using the standardized 3-point scale below. Ratings shall be consistent with the expectation levels established in the performance plan.

NOT MEETING EXPECTATIONS	MEETING EXPECTATIONS	EXCEEDING EXPECTATIONS
Employee often performs below the level defined in the performance plan in terms of quantity, quality, timeliness, cost, and customer satisfaction due to the employee's lack of effort or skills.	Employee generally performs at the level defined in the performance plan in terms of quantity, quality, timeliness, cost, and customer satisfaction due to the employee's own effort and skills.	Employee consistently exceeds the level defined in the performance plan in terms of quantity, quality, timeliness, cost, and customer satisfaction due to the employee's own effort and skills.
Employee has a performance deficiencies that have not improved after receiving corrective feedback by the manager/supervisor, and/or increased oversight is required to ensure work is being accomplished.	Employee is responsive to guidance and feedback from the supervisor such that only moderate oversight is required to ensure sufficient work is being accomplished.	Employee's work performance is consistently characterized by exceptionally high quality work accomplished with minimal oversight.

- D. **Rating Scale for Institutional Goals:** Each goal shall be rated using the standardized scale provided by UNC General Administration for institutional goals.

E. **Impact of Performance Deficiencies on Final Overall Rating:**

1. An employee who receives any rating of "Not Meeting Expectations" shall not receive a final overall rating of "Exceeding Expectations," regardless of the results achieved on other goals.
2. If an employee has an active disciplinary action that was issued during this performance appraisal cycle, then the employee shall receive a "Not Meeting Expectations" rating for the goal (s) cited in the action and shall not receive a final overall rating of "Exceeding Expectations," regardless of the results achieved on other goals. The disciplinary action shall be referenced in the annual performance appraisal document.

Note: If the employee receives both a rating of "Meeting Expectations" for the goal(s) cited in an active disciplinary action and receives a rating of "Meeting Expectations" on the final overall rating, then the disciplinary action shall become inactive.

- F. **Review and Signature:** Once reviewed and signed by the manager/supervisor and next-level manager/supervisor, the employee shall review, sign and date the annual performance appraisal document. The employee's signature confirms only that the employee has received the document. However, if an employee refuses to sign, then the manager/supervisor shall note the employee's refusal on the document. Electronic signatures are acceptable.

- G. **Recording Ratings:** For all employees active as of March 31, the annual performance appraisal shall be completed, approved, discussed with the employee, and entered into the constituent institution's system of record by May 30. Final overall ratings entered into the system of record are limited to the following categories:

- 3 – Exceeding Expectations
- 2 – Meeting Expectations
- 1 – Not Meeting Expectations
- T – Insufficient Time to Evaluate (active less than six months during cycle)
- L – Unavailable to Evaluate (due to extended paid or unpaid leave)

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- H. **Addressing Supervisory Non-compliance:** If a manager/supervisor fails to complete the appraisal process and/or to submit a final overall rating as required by this policy, then the next-level manager/supervisor shall ensure that appropriate ratings are assigned in a timely manner. The manager/supervisor's failure to execute their performance management requirements through this policy shall be addressed in their annual appraisal and, as necessary, through application of the SHRA Disciplinary Policy or other applicable corrective process for SHRA or EHRA managers/supervisors.

X. POLICY RESPONSIBILITIES

A. UNC General Administration Responsibilities

1. The Office of State Human Resources (OSHR) delegates to the University of North Carolina General Administration responsibility and accountability for the following:
 - a. **Implement Policy:** UNC General Administration will develop and execute a comprehensive implementation strategy in conjunction with OSHR that ensures compliance with the policy.
 - b. **Set Institutional Goals:** UNC General Administration shall publish and communicate a set of institutional goals at least 60 calendar days prior to the onset of the performance appraisal cycle. These goals will be consistent with and representative of the OSHR statewide organizational values.
 - c. **Provide Resources:** UNC General Administration shall develop and implement: (1) training materials and document templates for use throughout the UNC system and (2) an effective calibration process that each constituent institution shall use to facilitate calibration discussions to assess goal validity and ensure organizational consistency in ratings.
 - d. **Monitor Compliance:** UNC General Administration shall develop an internal process to ensure: (1) that campus institutions are compliant with the established performance appraisal policy and (2) that institutional or managerial non-compliance with the performance appraisal process is addressed appropriately and consistently.
 - e. **Conduct Analysis:** UNC General Administration shall establish and conduct on-going analyses of performance data to evaluate policy effectiveness and communicate results to improve the program effectiveness.
 - f. **Submit Ratings & Related Data:** UNC General Administration must provide final overall ratings from each constituent institution to the Office of State Human Resources by June 30 of each year and provide in a timely manner relevant and useful performance-related reports and data to OSHR as requested.
2. **UNC Constituent Institution Responsibilities:**
 - a. **Performance Appraisal System Coordinator:** Each constituent institution shall designate a Performance Appraisal System Coordinator with responsibility for coordinating the development, implementation and ongoing administration of the performance appraisal process for employees at the constituent institution.
 - b. **Performance Appraisal Training:** Each constituent institution shall provide performance appraisal training, made available by UNC General Administration, to all newly assigned, hired, or promoted managers/supervisors, to be successfully completed within the first three months of the manager/supervisor's entry into the role. Each constituent institution also shall provide annual refresher training, made available by UNC General Administration, to all employees.
 - c. **Managerial Non-compliance:** Each constituent institution shall appropriately address managerial non-compliance with the annual performance appraisal policy.

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B. Office of State Human Resources Responsibilities

1. **Monitor:** OSHR will monitor and evaluate performance appraisal records and related data to ensure University compliance.
2. **Audit:** OSHR may audit university performance appraisal policies, practices, and processes to ensure that SHRA employees working throughout the constituent institutions of the University of North Carolina University System have a functional and compliant performance appraisal system.

XI. CONFIDENTIALITY AND RECORDS RETENTION

- A. **Employee Access:** Each employee shall have ready access to their annual performance appraisal, either on paper or electronically.
- B. **Confidentiality:** Performance management documents are confidential documents under G.S. 126-22. However:
 1. Calibration discussions may require the disclosure of employee-specific performance information on a need-to-know basis among supervisors and managers. Any information shared during calibration discussions shall be treated as confidential and shall not be shared outside of the calibration session. A breach of confidentiality shall be considered unacceptable personal conduct and may result in disciplinary action, up to and including dismissal.
 2. To promote communication and coordination, management at constituent institutions may make some version of performance plans visible internally.
 3. Under G.S. 126-24, hiring supervisors and managers may inspect and examine during the hiring process the performance management documents of final job candidates who are current or former State employees.
- C. **Retention Schedule:** Annual performance appraisals and supporting documentation shall be securely retained for at least three years, and then maintained according to the applicable records retention schedule.

XII. APPEAL RIGHTS

Career State employees or former Career State employees may grieve an overall performance rating of "Not Meeting Expectations" using the internal employee grievance process. For more information, please refer to the University SHRA Employee Grievance Policy.

XIII. EFFECTIVE DATE

This policy is effective April 1, 2016. This policy has been approved by the State Human Resources Commission, and any exception to this policy shall receive written approval from the State Human Resources Director.

University Performance Management System

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As of July 1, 2015 this policy only applies to employees in the University of North Carolina System. This policy will remain in effect for University employees until the new university performance management policy goes into effect on April 1, 2016. Effective July 1, 2015 State agency employees should follow the new Agency Performance Management policy located in Section 10 of the State Human Resources Manual.

Policy

It is the policy of the State of North Carolina that each university shall have an operative performance management system. The purpose of the performance management system is to ensure that:

1. The work performed by employees accomplishes the work of the university;
2. Employees have a clear understanding of the quality and quantity of work expected from them;
3. Employees receive ongoing information about how effectively they are performing relative to expectations;
4. Awards and salary increases based on employee performance are distributed accordingly;
5. Opportunities for employee development are identified; and
6. Employee performance that does not meet expectations is addressed.

An operative performance management system shall consist of:

1. A process for communicating employee performance expectations, maintaining ongoing performance dialogue, and conducting annual performance appraisals;
2. A procedure for addressing employee performance that falls below expectations;

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3. A procedure for encouraging and facilitating employee development;
 4. Training in managing performance and administering the system; and
 5. A procedure for resolving performance pay disputes.
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Definitions

- **Performance management** – A management process for ensuring employees are focusing their work efforts in ways that contribute to achieving the university's mission. It consists of three phases: (a) setting expectations for employee performance, (b) maintaining a dialogue between supervisor and employee to keep performance on track, and (c) measuring actual performance relative to performance expectations.
 - **Work plan** – A document that describes the work to be completed by an employee within the performance cycle, the performance expected, and how the performance will be measured.
 - **Corrective action plan** – A short-term action plan that is initiated when an employee's performance fails to meet expectations. Its purpose is to achieve an improvement in performance.
 - **Individual development plan** – An action plan for enhancing an employee's level of performance in order to excel in the current job or prepare for new responsibilities.
 - **Performance appraisal** – A confidential document that includes the employee's performance expectations, a summary of the employee's actual performance relative to those expectations, an overall rating of the employee's performance, and the supervisor's and employee's signatures.
 - **Performance documentation** – A letter, memo, completed form, or note on which the supervisor indicates the extent to which the employee is currently meeting expectations and provides evidence to support that conclusion.
 - **Fair appraisal** – Appraising employees in a manner that accurately reflects how they performed relative to the expectations defined in their work plan and in a manner that is not influenced by factors irrelevant to performance.
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The Process of Managing Performance

Supervisors and managers are responsible for managing the performance of their employees. Each university's policy shall specify how the three phases of performance management will be carried out. Agencies shall adopt performance management practices that are consistent with the requirements of this policy and that best fit the nature of the work performed and the mission of the organization.

1. Communicating employee performance expectations
 - a. At the beginning of the university's twelve-month work cycle, supervisors shall meet with their employees, establish expectations regarding their employees' performance, specify how employees' actual performance will be measured and their success determined, and impart to them an understanding of how meeting these expectations will contribute to the achievement of the university's mission.
 - b. Performance expectations shall be written at the "meets expectations" level (the midpoint of the state rating scale) and shall be documented on a form defined by the university – the "work plan." (An university may designate different work-plan formats depending on the nature of the work.)
 - c. Work plans shall be signed and dated by both the supervisor and the employee.
2. Maintaining ongoing performance dialogue
 - a. Employees shall be responsible for meeting their performance expectations.
 - b. Progress toward meeting expectations shall be measured, reported, discussed, and documented throughout the work cycle.
 - c. Supervisors are expected to use appropriate supervisory techniques to support employee efforts to meet or exceed their performance expectations.
 - d. When expectations change during the course of the work cycle, supervisors shall communicate these changes and modify work plans as necessary. Modifications shall be signed and dated by both the supervisor and the employee.
3. Conducting annual performance appraisals
 - a. At the end of the work cycle, supervisors shall evaluate employees' performance during the past year compared to their performance expectations. They shall use verifiable information collected and documented throughout the cycle to

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- determine the extent to which actual performance has met the expectations defined in the work plan.
- b. The evaluation shall be documented on a standard form defined by the university – the “appraisal.” (A university may define more than one standard appraisal form based on the nature of the work being appraised.)
 - c. The annual performance appraisal shall use a 5-level rating scale for reporting overall performance. A rating at the midpoint of the scale shall indicate that an employee’s performance has met expectations. (Alternative rating scales are permissible, provided they are convertible to a 5-level scale.)
 - d. Prior to discussing a completed performance appraisal (that is, an appraisal containing ratings and descriptions of actual performance) with an employee, a supervisor shall review the appraisal with the next-level manager to ensure that ratings are appropriate and consistent.
 - e. Supervisors shall discuss the appraisals with their employees. Both supervisor and employee shall sign and date the completed performance appraisal indicating that the discussion has taken place.

Addressing Poor Performance

When an employee’s performance falls below expectations at any time during the performance cycle, the supervisor shall document the performance deficiency and take actions, including (if appropriate) disciplinary action, to assure that performance expectations will be met within a reasonable period of time.

1. The supervisor shall document the performance that falls short of expectations by preparing a corrective action plan or other documentation. The documentation will specify (a) the performance problem, (b) the steps to be taken to improve performance, including the timeframe for improvement, (c) the consequences of failure to improve, and (d) a follow-up date.
2. A corrective action plan shall be considered successfully completed only when the employee’s actual performance has improved to the point where expectations are being met.

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3. The university's performance management policy shall specify the relationship between disciplinary policy and performance management.
 4. Performance deficiencies that occur during the performance cycle shall be referenced in the annual performance appraisal.
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Supporting Employee Development

Many employees may express interest in growing in their current positions or in furthering their careers in state government. Supervisors shall work with them to identify strengths and weaknesses and, if appropriate, to help them prepare an individual development plan. Individual development plans may specify how employees can more fully apply their strengths in their current positions, build up areas of weakness, enhance their performance in their current positions, or develop the skills and experience they will need for possible future assignments.

Transitions

When employees move into or out of their positions, relevant performance information shall be communicated in a timely way.

1. Probationary employees shall have work plans within a certain number of days (set by the university) of their date of employment. To remove an employee from probationary status, the supervisor shall provide performance documentation, in a manner specified by the university, that the probationary employee's performance is at minimum meeting expectations.
2. Employees in training progressions shall have work plans, or an equivalent document that describes performance expectations, within a certain number of days (set by the university) of the date of employment. The supervisor shall provide performance documentation that performance at minimum meets expectations before each salary increase is granted within the progression.
3. Employees whose responsibilities are changed substantially, either within their current position or by transfer (promotion, lateral transfer, or demotion), shall have

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- work plans established within a certain number of days (set by the university) following the new assignment.
4. When an employee transfers from one university to another university or agency within state government, the releasing university shall send to the receiving agency/university performance documentation summarizing the employee's performance from the last appraisal up to the date of transfer. This performance documentation shall be provided before the employee's first day with the receiving agency/university. The receiving supervisor may use this performance documentation when completing the employee's end-of-cycle appraisal.
 5. When a supervisor leaves a work unit, the next-level supervisor shall ensure that performance documentation concerning the employees supervised by the departing supervisor is made available to the employees' new supervisor.
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Access and Use of Performance Information

1. Confidentiality of appraisals – Completed performance appraisals shall be retained on file by the university for three years and disposed of according to GS 121.5(b&c).
2. Properly informed personnel decisions – Agencies shall take measures to ensure performance information is appropriately and consistently used and that personnel decisions are based on appropriate performance information. Decisions involving promotions, performance-based disciplinary actions, performance-based salary increases, and reductions in force shall be supported by a current (completed within the past twelve months) appraisal on file.
3. When current or former State employees are being considered for hire or promotion, their past appraisals may be obtained for review by those involved in making the hiring or promotion decision. This right to access is based on State policy (Employment and Records, Section 3) and on the employee's signature on the state application that authorizes the release of information relevant to job requirements.
4. In their performance management policies, agencies shall clarify which of the documents used for performance management purposes are confidential and which are not, as well as define what "confidential" means. Completed performance appraisals (with ratings, supporting information, and signatures and dates) shall be

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treated as confidential (under the provisions of the Employment and Records policy). Agencies, however, are encouraged to make openly available employees' work plans and any information recorded during the work cycle for the purposes of clarifying performance expectations, tracking progress, or reporting on the status of the results achieved. The free availability and use of this information is integral to the ongoing management of a university's work.

Training in Managing Performance and Administering the System

How effectively employees perform depends to a great extent on how well supervisors manage their performance. Thus, it is essential that agencies train managers and supervisors how to manage their employees' performance and that responsibility for coordinating the elements of the university's performance management system be clearly assigned.

1. Each university shall designate a person as performance management coordinator with responsibility for coordinating the development and revision of the university's performance management policy and the implementation and ongoing administration of performance management within the university.
 2. Each university shall provide performance management training to all employees who have supervisory responsibility. Training for new supervisors shall be completed within a timeframe set by the university.
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Performance Rating and Pay Disputes

An employee may grieve a performance rating or performance pay decision only on the grounds listed in the Employee Grievance Policy found in Section 7 of the Manual.

Monitoring and Evaluating the Performance Management Process

1. The performance management coordinator (or other designated person) shall monitor the administration of the performance management system to ensure compliance with university policy.
2. The State Human Resources Director shall report to the State Human Resources Commission each year on the administration of performance management systems.

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3. Each university shall evaluate its performance management system at least every three years to determine how effectively the system is meeting the purposes stated in the first section of this policy and take actions to improve the system if necessary. Evaluation findings and improvement actions shall be reported to the State Human Resources Director.
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**PERFORMANCE MANAGEMENT
SUMMARY OF REVISIONS**

7-1-50	Procedure for payment of Increments established. Each department limited to 3% of payroll. Policy adopted that not more than 2/3 of the employees who are at or above the middle of their salary range and who are otherwise eligible would be given merit increases. Employees must have at least a standard rating in order to receive an increment.
7-1-80	Merit Increase revised to Performance Salary Increase. Full funding available for those below the third step. Employee receives a one-step increase based on work performance. Funds limited for Step 4 through 7, forcing an evaluation of employer's performance relative to the performance of other employees. Eligibility allowed for a one-step increase (may be granted in ½ steps.) Employees eligible yearly until they reach the maximum of their salary range.
1-1-90	New Performance Management Policy
7-1-90	Added legislative provision regarding establishment of committees to oversee agency's system.
7-1-91	Performance salary increase – changed effective date for performance increases from quarterly to monthly with the exception of July. NC Rating scale added.
9-1-07	Revised Performance Management Policy. Highlights of the revised policy are: <ol style="list-style-type: none"> 1. This policy replaces the existing policy. However, agencies are not required to revise their policies. They may continue using their current performance management processes that were approved under the old policy. 2. Agencies have considerable latitude to determine how supervisors "do" performance management. It does not specify the detailed elements of work plans and appraisals. Agencies are encouraged to design processes to fit the work being managed. 3. Supervisors are not required to conduct interim reviews at mid-year. Agencies may develop their own methods for stimulating ongoing performance dialogue. 4. Agencies may use an overall rating scale other than the five-point "state" rating scale, so long as their employees' overall performance ratings can be converted to a five-point scale to comply with GS 126.

**PERFORMANCE MANAGEMENT
SUMMARY OF REVISIONS**

<p>9-1-07 Continued</p>	<ol style="list-style-type: none"> 5. Supervisors are to review their employees' appraisals with their managers before discussing the appraisals with their employees. 6. Agencies are to specify how documentation of an employee's poor performance ties in to their discipline policy. 7. Agencies are to set their own time requirements for probationary employees' work plans to be in place and for other timelines related to performance management. 8. Agencies are to specify what, in addition to a completed appraisal, is confidential. They are encouraged to <i>not</i> make work plans and performance tracking information confidential. 9. Agencies may access employees' past performance appraisals to more properly inform promotion or hiring decisions. 10. Agencies may access employees' past performance appraisals to more properly inform promotion or hiring decisions.
<p>12-1-13</p>	<p>Section on "Performance Rating and Pay Disputes" changed to refer employees to the Employee Grievance Policy found in Section 7 of the HR Manual.</p>
<p>7-1-2015</p>	<p>Title change from Performance Management System to University Performance Management System. Reference to agencies was changed to universities. This was previously a statewide policy for both agencies and universities but with the July 1 implementation of the new performance management program for State agencies, this policy now only applies to university employees. This policy will remain in effect until April 1, 2016 when the new performance management program for the universities is implemented.</p>