



STATE OF ARKANSAS

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ADVAP 2-17

February 18, 2013

Performance Evaluation Procedure (PE)

1. GENERAL: Act 449 of 2007 amends Arkansas Code 21-5-1003 to require each state agency, board, commission, or institution of higher education to revise or develop an evaluation process suited to its mission, begin the annual evaluation process of each state employees job performance 90 days before the employee's eligibility date and complete the employee's evaluation 30 days before the employee's eligibility date unless the agency director extends for good cause the employer's date for completing the employee's evaluation.
 - a. Act 1017 of 2011: Merit Awards to be received on Merit increase date Effective July 1, 2011, employees in positions assigned to the career service pay plan ("C" Grades) shall be eligible for a merit increase to be paid as a lump sum on the employee's merit increase date, and payment shall not be construed as exceeding maximum salary.

Non classified employees ("U" Grades) in positions with maximum annual salary rates set out in dollars established by law shall be eligible for a merit increase to be paid as a lump sum on the last pay period of the fiscal year in which the increase is to occur, and payment shall not be construed as exceeding maximum salary.
2. DEFINITIONS:
 - a. **Above Average**

On a regular basis, performance is characterized by high quality and quantity of work that exceeds most position requirements, key objectives, and management expectations. Employee demonstrates outstanding skills

and abilities, and assignments are accomplished in a highly effective manner with limited guidance and direction.

b. **Comments**

This section is found on all of the Merit Pay Forms. It is used to make additional comments regarding the performance or rating of the employee.

c. **Core Performance Expectation – Classified Professional and Executive (N grades) and Unclassified (U Class Codes)**

This is the criteria for evaluating performance and results. It may be a quantity or quality of output to be produced, a rule of conduct to be observed, a model of operation to be adhered, or a degree of progress toward a goal.

d. **Demotion**

Change in job status in which an employee decreases his/her current pay grade. A demotion (voluntary or involuntary) of one or more grades in the Career Service Pay Plan (“C” Grades) will result in a 10% decrease. A demotion (voluntary or involuntary) of one or more grades in the Executive and Professional Pay Plan (“N” Grades) will result in a 12% decrease.

e. **Duty Area**

Duty areas are identified as the major responsibilities of the position comprised of tasks with a common theme.

f. **Exceeds Standards**

Performance consistently exceeds position requirements and management expectations. Resourcefulness and depth of knowledge are of the highest quality. Assignments are accomplished in an exceptional manner with minimal direction and are characterized by outstanding achievements seldom accomplished within the agency/institution.

g. **Eligibility Date**

Date the employee is eligible for the Merit Increase. The date will either be October 1 or the anniversary date of the latest hire date. Employees must have 12 continuous months of state service to be eligible.

h. **Lateral Transfers**

A job change in which an employee does not receive an increase or decrease in pay, which may or may not involve a change in job duties. Employees must receive new standards for new duties and the change in standards must be submitted to HR for approval. Merit Pay eligibility dates do not change. In ADVA some lateral transfers are for administrative convenience and does not result in job change.

- i. **Merit Pay Increase System**
A merit-based pay system which incorporates pay and performance evaluation standards according to §21-5-1001 et. Seq., and establishes criteria for salary adjustments or lump sum payments for employees who meet requisite performance categories.
- j. **Performance Evaluation System**
A system for comparing performance with pre-established standards of satisfactory performance. ADVA is utilizing the standards-based performance evaluation process that has been in use since 1997 (with some minor changes).
- k. **Promotion**
Employee being moved to a position that is one grade or higher than the employee's current grade level. An example is a "competitive" promotion. Promotions usually represent a 10% increase for "C" Grades or 12% increase for "N" Grades per OPM guidelines.
- l. **Rater**
A person designated to supervise employees and is responsible for developing, monitoring, and evaluating performance standards and results for employees who report to them directly (subordinates).

Please Note: A rater must complete all subordinate reviews prior to being eligible for a merit pay increase based on their own performance.
- m. **Relative Importance**
Relates to the gravity/weight of the duty area for the job as a whole. We rate in terms of:
 - 1) Most critical to accomplishment of department and work unit priorities,
 - 2) Essential to the accomplishment of the job and work unit priorities, and
 - 3) This duty is important to the performance of the job as a whole but does not generally take up a great amount of time.
- n. **Result**
The outcome of the performance compared to the standards or core expectations of the job.
- o. **Reviewing Official**
Normally the Reviewing Official is the rater's supervisor or manager. The Reviewing Official approves the performance evaluations of the rater's

subordinates. The Reviewing Official is also involved in the Appeal process.

p. **Salary Savings**

Funds accumulated as savings to fund the Merit Pay System. This usually occurs when regular salary positions remain vacant due to normal attrition (terminations and retirements) and job duties are either redistributed or vacant positions are refilled at lower salary rates than those of previous incumbents.

q. **Satisfactory**

Performance meets all or most and may occasionally exceed work objectives and management expectations. Employee demonstrates good knowledge of job duties, and assignments are accomplished effectively with normal supervisory guidance.

r. **Standards – Classified Employees in the Career Service Pay Plan (“C” Grades)**

The performance standards describe in detail what is considered the satisfactory level of performance. This allows the rater to identify when an employee exceeds the standard or performs below the acceptable level of performance. The standard should be measurable, observable, realistic in terms of the job, within the employee’s control, and expressed in terms of expected results.

s. **Task**

The smallest essential part of a job. A unit of work activity that is a logical and necessary action in the performance of a job.

t. **Uniform Conduct Standards**

ADVA elects to utilize its current disciplinary procedures and guidelines as part of the Merit Pay System. Individual offices may include conduct standards specific to their offices, with prior approval from ADVA Human Resources. These may be modified as necessary, but are subject to review and approval by ADVA Human Resources prior to use for Merit Pay System purposes.

u. **Unsatisfactory**

Performance does not consistently meet management expectations. Requires more than normal guidance and direction. Improvement and/or development are necessary if the rater elects to continue the incumbent’s employment.

3. **RATINGS AND CATEGORIES:** The performance evaluation system will also utilize the following four (4) rating categories and corresponding percentages to determine overall scores of employee performance and award increases:

- a. **Exceeds Standards (4.5%)**
Performance consistently exceeds position requirements and management expectations. Resourcefulness and depth of knowledge are the highest quality. Assignments are accomplished in an exceptional manner with minimal direction and are characterized by outstanding achievements seldom accomplished within the agency/institution.
- b. **Above Average (3.0%)**
On a regular basis, performance is characterized by high quality and quantity of work that exceeds most position requirements, key objectives, and management expectations. Employee demonstrates outstanding skills and abilities, and assignments are accomplished in a highly effective manner with limited guidance and direction.
- c. **Satisfactory (1.5%)**
Performance meets all or most and may occasionally exceed work objectives and management expectations. Employee demonstrates good knowledge of job duties, and assignments are accomplished effectively with normal supervisory guidance.
- d. **Unsatisfactory (0%)**
Performance does not consistently meet management expectations. Requires more than normal guidance and direction. Improvement and/or development are necessary if the rater elects to continue employment.

PLEASE NOTE: Act 688 of 2009 provides for the above increases, however, the law also states:

“If the Chief Fiscal Officer of the State determines that general revenue funds are insufficient to implement the merit increases authorized in this subchapter or by any other law that affects salary increases for state employees, the Chief Fiscal Officer of the State, upon approval of the Governor, may reduce the percentage of all authorized merit increases for all state employees covered... without regard to whether the employees are compensated from general or special revenues, federal funds, or trust funds.”

Therefore, the Chief Fiscal Officer of the State issued a memorandum dated May 14, 2009, to agencies covered under Act 688 of 2009, which set the merit pay percentages at half the amount authorized in the Act, or 2.25%, 1.5%, 0.75%, and 0%.

Additionally, Act 688 provides the following: “However, if sufficient general revenues should then become available at any time during the fiscal year to

provide the merit increases for all state employees without regard to the source of revenues, merit increases for state employees provided for...may then be fully implemented by the Chief Fiscal Officer of the State.”

4. ELIGIBILITY: ACT 289 OF 2007/ACT 688 OF 2009

a. Full-time and Part-time Employees

To be eligible for a merit pay increase, an employee must have continuous employment in either a classified or unclassified position with the state in a regular, full-time or part-time position for 12 months. An employee is defined as one who has had continuous state employment since their Date of Hire to their first anniversary date to be eligible to receive an increase on their Merit Date. A part-time employee in a regular position is eligible for a performance evaluation after twelve (12) months and will receive a merit pay awarded on a pro-rata basis.

b. Rehired Employees

Employees that are rehired into state employment (after October 1, 2006) shall have their latest hire date become their merit increase eligibility date. This date will become their merit increase eligibility date for the remainder of their career with the State of Arkansas.

c. Extended Leave (Military Leave/Extended Military Leave/Catastrophic Leave/LWOP)

Employees on any type of extended leave who miss their eligibility date will receive a merit increase upon their return. If at the time of the rating, the supervisor determines the employee has not worked enough hours to sufficiently rate the employee's performance, the supervisor can use the rating from the previous year's evaluation. Six (6) months of attendance during the rating period is **not** required. The employee's eligibility date does not change.

e. Classified Employees in the Career Service Pay Plan (“C” Grades)

Classified employees in the Career Service Pay Plan who have had continuous state employment for twelve months are eligible for a merit pay increase to be paid as a lump sum on their merit increase date.

f. Classified Employees in the Professional and Executive Pay Plan (“N” Grades) and Unclassified Employees (“U” Classes)

Classified employees in the Professional and Executive Pay Plan and Unclassified employees, except those in institutions of higher education, who have had continuous state employment for a period of 12 months, are eligible as described above. Such performance-based merit increases shall be paid as a lump sum, will not be considered as exceeding the line item maximum for the position, and will be considered salary for the

purposes of retirement eligibility. An employee must have been in continuous state employment since October 1, 2008, to be eligible for a bonus payment on October 1, 2009. Those employees who have not accumulated 12 months of continuous state employment by October 1, 2009, shall have their latest hire date become their merit increase eligibility date. These employees shall have an annual performance evaluation review conducted at least 30 days prior to October 1, 2009, or the latest hire date, whichever is applicable, similar to that of classified employees. Act 688 of 2009 stipulates that employees in these two categories will receive the merit pay increase in a lump sum payment during the last pay period of the fiscal year in which the increase is due. The employee must be in pay status to receive a lump sum payment.

g. Conduct Disciplinary Action

Employees who receive a written or greater conduct disciplinary action during the 12 month rating period are not eligible for a merit increase. The employee's performance evaluation and date of merit increase eligibility remain October 1 or the latest hire date, whichever is applicable.

h. Performance-based Action

If an employee falls below "Satisfactory" in one or more duty areas with a Relative Importance of "B" or "C," the supervisor should immediately address those areas and counsel with the employee. This will allow the employee an opportunity to improve in unacceptable areas before the end of the rating period. If at any time during the evaluation period the supervisor determines that the employee's performance in one or more of the duty areas with a Relative Importance of "A" OR the overall performance has fallen below an acceptable standard ("satisfactory"), the supervisor should immediately place the employee on performance-based probation, address those areas, and counsel with the employee. The probation period will not exceed 90 calendar days initially. The supervisor should develop a "Performance Improvement Plan" clearly defining what is expected, consistently monitoring, and providing feedback/counseling to the employee. If the employee's overall performance improves during the probation period but not to the level of satisfactory standards by the end of the probationary period, the rater can extend, but is not required to extend, the probationary period for an additional timeframe not to exceed 30 calendar days. If the employee does not exhibit performance improvement to the satisfactory level at the end of the second probationary period, the employee will be subject to a demotion, transfer, reassignment, or termination. If an employee is placed on probation, the terms and conditions of the probation should be documented and a copy sent to ADVA Human Resources for placement in the employee's official personnel file. If the employee's performance improves and the probation period is ended, written documentation of the probation results should be sent to ADVA Human Resources for placement in the employee's official

personnel file. Employees are allowed to make a formal request for reconsideration of their performance evaluation rating. Employees should always receive a copy of the completed and signed Performance Evaluation packet.

i. Promotions/Demotions/Transfers

Employees who transfer or receive a promotion or demotion will be eligible on their merit date to receive their merit increase. If an employee has been in the new position less than six months, the current ADVA Administrator/Manager has the option of conducting the PE or may request the PE from the previous Administrator/Manager (whether they are ADVA affiliated or not).

Merit Increase percentages will be awarded to eligible employees in accordance with the merit matrix, as authorized by the Chief Fiscal Officer of the State on May 14, 2009.

Merit Increase Matrix

Performance Evaluation Rating	Merit increase As % of Annual Salary
Exceeds Standards	2.25%
Above Average	1.50%
Satisfactory	0.75%
Unsatisfactory	0.00%

j. Any Employee Classified or Unclassified that Supervises Other Employees

Management or Supervisory personnel who fail to complete an annual evaluation of employees under their administrative control shall NOT be eligible for merit payments.

k. Funding

Agencies/Institutions that have exhausted resources should contact the ADVA Office of Budget for information concerning access to the Merit Adjustment Fund.

5. Supervisors will conduct quarterly performance reviews with their staff. They will use the standard performance evaluation form for the respective positions they supervise. The supervisor will review the core performance expectations and the standards for each identified duty area. Supervisors will review each task area and standard to ensure they are accurate for the job functions of the employee. The supervisor will document the current performance on the form.

- a. The results of the review will be submitted for inclusion in the employees training folder.
- b. Any performance deficiencies will be addressed and documented, and a corrective action plan will be developed.
- c. Prior to the annual performance evaluation the supervisor will obtain the quarterly performance reviews and examine the overall performance for the rating period.

7. SUPERSESSION: This procedure supersedes ADVAP 2-17, January 12, 2005 in its entirety.

8. FORMS PRESCRIBED:

- a. ATCH 1- Job Standards Development
- b. ATCH2- Appeals Process
- c. Form – Employee Performance Evaluation Form
- d. Form – Senior Management Performance Evaluation Form
- d. Form – Executive Director/Deputy Director Performance Evaluation Form

By:

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