

Performance-Based Compensation Plan Procedure

Objective

To assist supervisors and employees in improving job effectiveness, identifying professional development needs, facilitating career growth and development for employees, and achieving the city's established goals and objectives.

A documented performance management and evaluation system is intended to facilitate this process and ensure that all employees are treated fairly and equitably. It is important, however, to remember that any process can only be as effective as the people who are involved in it and can only be maximized if the participants are committed to making the system work.

Applicability

Performance reviews must be performed in accordance with this policy for all participating employees* (see note) in the following bargaining units who have reached the highest available step in the pay grade of their current title:

Saint Paul Supervisors Organization
Professional Employees Association
Classified and Confidential Employees Association
Non-Represented Employees in classified titles

Human Resources/Talent and Equity Resources (TER) will ensure department HR liaisons have access to information needed to generate lists of employees who are at the top step or will be reaching the top step in the next twelve months. HR liaisons are responsible for communicating eligibility with employees and hiring managers.

This procedure is built upon existing resources and strategies available to managers through the Manager's Toolbox, which is available on SharePoint.

**Participation in this process is at the discretion of the employee. An employee who is eligible may choose not to participate, but that choice precludes them from receiving a performance-based salary adjustment for that review period. An employee who chooses not to participate may opt back in for a subsequent review period.*

Timing

For the purpose of compensation review and adjustment, this annual review should functionally align with an employee's anniversary date in their current title. Compensation adjustments will be effective in the first full pay period following this date.

To avoid payroll complications and to ensure employees receive earned adjustments in a timely manner, supervisors should abide by the timeline described below. Departments should submit documentation for adjustments no later than three weeks prior to the anniversary date.

It is extremely cumbersome for payroll staff to process back pay as a result of avoidable delays. Completing employee reviews within the prescribed timeline is an essential function of supervisory work. Failure of supervisors to complete reviews within the prescribed timeline will be addressed through appropriate channels.

Supervisors should establish regular check-ins with employees affected by this policy to ensure all parties are communicating consistently and clearly about progress towards goals and working together to solve problems and address potential obstacles.

(In the event a supervisor is transferred or terminated for reasons other than for cause, the supervisor should provide documentation of employee performance, as necessary, and/or leave performance notes for their successor. In cases where supervisory authority is changed, a next-level supervisor may stand in and complete the process or assist the new supervisor with any evaluation requirements.)

Sample Timeline

On anniversary date of time in title: Review period commences.

No less than monthly: Ongoing check-ins with employee to evaluate goal progress, discuss obstacles, provide feedback.

Six weeks prior to anniversary date: Employee should submit self-evaluation to supervisor, as well as draft goals for the subsequent review period.

Four weeks prior to anniversary date: Annual review should occur. After completion, review should be forwarded to Department Director and HR Liaison for signature.

No later than three weeks prior to anniversary date: Review must be submitted to TER. TER will establish the reporting structure and relay that information to HR Liaisons.

By anniversary date of time in title: New performance objectives for the subsequent review period should be finalized.

Pay period following anniversary date: Effective date of any compensation adjustment awarded.

Goal Setting

Goal setting is intended to be a mutual, collaborative process between an employee and their supervisor. It should be done in an open, candid, and supportive environment. Goals should be based on department priorities, skill building, and/or career development objectives. But ultimately, it is the supervisor who is responsible for finalizing goals.

Performance Objectives should be in the SMART format:

Specific – Goals should target a particular objective or area for improvement.

Measurable – Goals should quantify or suggest progress metrics that would allow a reasonable person to assess the degree to which the goal was achieved.

Attainable – Goals should be tailored to the employee and achievable given the resources available to do so.

Relevant – Goals should be related to department needs and initiatives. This can be a tangible output; it can also include skill and knowledge development for employees.

Timely – Goals should be time-constrained and indicate when progress will be assessed.

While it is understood employees routinely perform work aside from their goals, SMART goals are the prism through which employee performance will be evaluated for the purpose of compensation adjustment.

Support materials for designing SMART goals are available in Manager's Toolbox. TER will also schedule trainings for supervisors to review best practices in goal setting.

Each employee will be responsible for four (4) SMART goals, selected from the IDEA framework below:

- **Individual Development:** A goal related to the development of skills and knowledge relevant to an employee's work that expands their skill set and facilitates opportunities for their own future advancement.
- **Department Goals:** A goal related to a specific department objective over the next 12-month period.
- **Enterprise Resiliency:** A goal that improves transfer of knowledge and institutional strength, or that provides development opportunities to early-career team members.
- **Advancing Diversity, Equity, Inclusion, and Belonging:** A goal related to citywide or department objectives on diversity, equity, inclusion, and belonging.

Each goal should include two to three deliverable tasks related to the SMART goal that provide benchmarks and assessment opportunities for progress towards the larger goal.

One goal must be selected from "Advancing DEIB" and at least three categories must be used. (In other words, two goals by may be selected for one category, and as a result, one category may not be used at all.)

Continuous Evaluation

A supervisor should monitor employee performance and provide regular feedback as a basis for performance evaluation. Monitoring provides the opportunity to assess progress, provide correction, and offer developmental and training opportunities for employees as needed.

Supervisors should meet with employees at least monthly to discuss progress towards their goals and to provide avenues for mutual feedback.

If a supervisor observes an employee to be struggling with their goals, the supervisor should address the issue promptly to give the employee the best chance to succeed. Delaying feedback is not of benefit to the employee or to the city. Likewise, employees should arrange to meet with their supervisor to discuss any issues they may perceive so that a plan of action can be created, if necessary, to remedy such situation.

This process is not intended to manage unsatisfactory performance that may lead to the use of a performance improvement plan. If a supervisor is observing an employee struggling more generally with their essential functions or completing basic responsibilities, those issues should be managed through the same process established for all employees.

Employee Self-Evaluations

Self-evaluations are an important component of facilitating discussions regarding ongoing performance needs. Doing so allows employees an opportunity to document and highlight progress relating to their goals, to ask questions, and to provide feedback to their supervisor. Employees should provide a written self-evaluation to their supervisor six weeks before their review period ends and include draft goals for the subsequent review period. There is no required format for these self-evaluations.

Compensation Reviews.

Numeric scores should be assigned by the supervisor for each goal in accordance with the following scale. For purposes of scoring, all goals shall be weighted equally. No fractional scores may be awarded for individual goals.

Exceptional Outcome (4 points): The employee's completion of the goals exceeded those expectations set forth in the goal, both in terms of execution and in furthering department and/or city goals or initiatives. This may involve demonstrating clear mastery of skills, functions or competencies outlined in the goal, or the addition of value to the department or city beyond the scope of the original goal. This score should reflect an outcome that is unusually high or uncommonly seen in employees at their given career stage – in the top 10% of those at this stage.

Goal Completely Met (3 points): All elements of the goal have been fully and completely met in accordance with the level of mastery one would reasonably expect of an employee at their given career stage.

Goal Partially Met (2 points): Some elements of the goal are satisfied, though some elements of the goal may be incomplete. This is also the appropriate score for instances where the work product is not fully at a level of what would be reasonably expected given the employee's career stage.

Goal Attempted but Not Met (1 point): The employee made clear, sustained efforts towards goal completion, but the outcome is not at a level the supervisor considers acceptable given the employee's position and experience.

Goal Not Attempted (0 points): There is no evidence of the employee making progress towards elements of the goal in a way that a score of "Goal Attempted but Not Met" could be supported.

All goals will be weighted equally, and compensation adjustments in the performance zone shall be based on an average score of all goals as follows:

Exceptional Outcomes (3.5-4.0) – 3%

Outcomes Above Standards (3.0-3.49) – 2%

Acceptable Outcomes (2.0-2.99) – 1%

Outcomes not Met (0-1.99) – 0%

Increases to base rate are cumulative, up to a total of 9% above the top step.

For employees who end up at the maximum of the performance range, no additional base rate increase will be provided. Lump-sum compensation will be paid in accordance with the terms negotiated in the employee's collective bargaining agreement; or, for non-represented employees, in a manner determined by TER and established by policy.

Review by Talent and Equity Resources

All performance reviews will be maintained on file by TER for purposes of data collection and analysis. TER further reserves the right to audit findings to ensure criteria are applied consistently and equitable across all departments, and to identify areas where additional training and guidance for supervisors may be needed. If there is unusual distribution in use of ratings – for example, departments/supervisors providing average outcomes that are exceptionally high or exceptionally low, TER reserves the right to consult with departments to ensure standards are being applied correctly and consistently.

ADDENDUM FOR 2024 ONLY

This process will be effective July 1, 2024, with adjustments to salary occurring in the 2025 calendar year.

For employees whose anniversary dates in title are between January 1 and June 30, and whose initial review period will therefore be shortened, the policy will be administered on a one-time basis as follows:

- Employees with anniversary dates between January 1 and March 31 are responsible for TWO goals, instead of four. Any categories may be selected.
- Employees with anniversary dates between April 1 and June 30 are responsible for THREE goals, instead of four. Any categories may be selected.
- For these employees, managers need not assign a numeric score for each goal. Instead, managers should consider progress in totality and assign ONE score appropriate to the overall level of performance observed.

Last updated: June 24, 2024