Michigan Civil Service Commission Regulation 2.06

Subject:		
Conducting Employee Performance Ratings		
SPDOC No.:	Effective Date:	Replaces:
16-06<u>17-XX</u>	January 1, 201 <mark>7</mark> 8	Reg. 2.06 (SPDOC 07-14, October 7, 2007 <u>16-06</u> ,
		<u>December 15, 2016</u>)

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1. Purpose

This regulation establishes procedures approved by the director to conduct employeeperformance ratings.

2. CSC Rule References

- 2-3 **Performance** Ratings
- 2-3.1 Rating System
- (a) Regulations. The state personnel director shall issue regulations to establish a system of probationary ratings, annual ratings, performance and interim ratings, and follow up ratings for appointing authorities to evaluate and report employee performance and behavior. Probationary ratings are addressed in rule 3-6.
- (b) Ratings.
 - (1) *Types-of performance ratings.* A rating issued under this rule is a single overall evaluation of the <u>employee's</u> performance and behavior of the <u>employee for</u> the relevant rating period:
 - (A) Probationary rating. A probationary <u>Performance</u>. A performance rating rates the <u>employee's</u> overall performance and behavior of the employee as either satisfactory or unsatisfactory.
 - (B) Annual rating. An annual rating rates the overall performance and behavior of the employee as either satisfactoryhigh performing, meets expectations, or needs improvement. High-performing and meets-expectations ratings are satisfactory.
 - (CB) Interim-and follow-up ratings. An interim rating rates the performance or behavior of the employee as unsatisfactory. A follow-up rating rates the employee's overall performance of the employee and behavior as either satisfactory or unsatisfactory.
 - (2) Methods. Unless provided otherwise in the regulations provide otherwise, an appointing authority may use any appropriate performance rating method developed or approved by the

state personnel director to evaluate and rate employees. If an approved ratinga method yields overall performance evaluation categories different thanfrom those in subsection (b)(1), the categories must equate to the those overall performance categories required in subsection (b)(1). An appointing authority may also develop systems to provide ongoing feedback to employees on performance that are not ratings, but may form a basis for ratings under this rule.

- (3) Component parts. If an overall rating is satisfactory, a <u>negativenon-satisfactory</u> evaluation on <u>an individual a</u> subpart of the <u>performance evaluation rating</u>, such as an <u>individual</u> objective, <u>a</u> competency, or <u>a</u> factor, is not grievable or reviewable in the agency review procedure.
- (c) Review with employee. A supervisor must or designee shall review each probationary, annual, performance or interim, and follow up rating with the employee. Both the supervisor and the employee must shall sign and date each rating as evidence of the review. The employee's signature on the rating does not indicate that the employee agrees with the rating. Theagreement. An employee may file an explanatory statement to accompany the with a rating.
- (d) Use of ratings. A performance or interim rating may be considered in making human resource employment decisions, including, for example appointment, promotion, retention, assignment, and training.
- (e) **Report.** If required by the civil service regulations, e<u>E</u>ach appointing authority shall report or certify probationary, annual, performance and interim, and follow up ratings to civil service staff.
- 2-3.23 <u>Annual</u> <u>Performance</u> Ratings
- (a) General. The following apply to all annual ratings for employees in compensation plans with fixed steps and in performance pay programs.
- (1) Annual rating required. An appointing authority shall evaluate the performance of each non_ probationary employee employee's performance and issue an annual performance rating as required in the civil service rules and regulations require.
 - (2) Number and timing.(1) Timing. An appointing authority shall issue an annuala performance rating at least once annually. In addition, the appointing authority, but may issue additional annual ratings at any time. If the employee has received an interim rating or an unsatisfactory follow up rating, the performance ratings anytime. An appointing authority isneed not obligated to issue an annual a performance rating for any period covered by thean interim or follow up rating.
 - (32) Performance-_improvement plan. If an employee receives a needs-_improvement annual rating, the appointing authority mustshall establish a performance-_improvement plan to monitor the employee's performance. The performance improvement plan must establish a date by which the appointing authority will issue another annual-rating to evaluateevaluating the employee's performance under the performance improvementplan. If performance has not improved, the appointing authority may issue an interim rating based on performance under the plan.

- (43) Agency review procedure. Each appointing authority shall establish an agency reviewa procedure for employees to obtain a review of a needs—improvement annual rating. The procedure must provide for a review by the appointing authority or the appointing authority'sa designee. If the annual rating is not grievable or, the appointing authority's review is also not appealable to civil service staff, the review of the appointing authority is also not grievable or appealable.
- *(b) Compensation plans with fixed steps. The following apply to annual ratings for employees in compensation plans with fixed steps:*
 - (1) Satisfactory *annual*-rating. A satisfactory *annual*-rating is not discipline and is not grievable or reviewable.
 - (2) Needs-_improvement annual rating. The following apply to needs improvement annual ratings:
 - (A) Discipline<u>Complaints</u>. A needs_improvement annual rating is not discipline.
 - (B) Complaints. A needs improvement annual rating and cannot be grieved unless the employee alleges that the annual rating was issued in violation of violated rule 1-8 [Prohibited Discrimination]-or rule 2-10-[Whistleblower Protection]. However, an. An employee may request a-review of a needs improvement annual the rating within the agency review procedure-authorized in subsection (a)(4).
 - $(\underline{\mathbf{CB}})$ Effects.
 - *(1) Step.* An employee who receives a needs-_improvement annual rating is eligible for a step increase-
 - (2) Reclassification. An employee who receives a needs improvement annual rating is, but <u>is</u> not_ineligible for reclassification until a later satisfactory rating is issued. A reclassification action cannot be made retroactive to a date before a new satisfactory rating is issued.
- (c) Performance-pay program ratings and actions. The following apply to annual ratings and performance pay actions for employees in performance pay programs in (1) the senior executive service, (2) the senior executive management assistant service, (3) equitable classification plan (ECP) Group 4, and (4) ECP Groups 1, 2, and 3 if the state personnel director has approved the employee's inclusion in a performance pay program:
 - (1) Salary review. An appointing authority shall complete a salary review for each employee in a performance-pay program at the same time it completes the annualafter completing a performance rating. The appointing authority shall use the annual-rating as one factor in determining the employee's eligibility for an increase ina base-_salary increase_or a-lump-_sum award authorized in rule 5-3.4-(Operation of Compensation Schedules).
 - (2) Satisfactory *annual*-rating. A satisfactory *annual*-rating is not discipline and is not grievable or reviewable.

(3) Needs-<u>improvement</u> annual rating. The following apply to

(A) Complaints. A needs-improvement annual ratings:

- (A) Discipline. A needs improvement annual rating is not discipline.
- **(B)** Complaints. A needs improvement annual rating <u>and</u> cannot be grieved unless the <u>employee alleges that the annual rating was issued in violation of violated</u> rule 1-8 [Prohibited Discrimination]-or rule 2-10-[Whistleblower Protection]. However, an<u>An</u> employee may request a review of a needs improvement annual the rating within in the agency review procedure authorized in subsection (a)(4).
- $(\underline{\textbf{CB}})$ Effects.
- (1) Performance-pay award. An employee who receives a needs—improvement annual rating is not-ineligible for a performance-pay award or reclassification until a later satisfactory rating is issued. A performance pay award cannot Neither can be made retroactive to a date before a new satisfactory rating is issued.
- (2) Reclassification. An employee who receives a needs improvement annual rating is not eligible for a reclassification until a later satisfactory rating is issued. A reclassification action cannot be made retroactive to a date before a new satisfactory rating is issued.
- (4) Grievances regarding other performance-pay actions. Performance-pay awards are discretionary. An employee is not authorized to <u>cannot</u> grieve or appeal a performance-pay action, unless a grievance or an appeal is specifically permitted in this rule or the applicable regulations.
 - (A) Grievance permitted <u>Permitted</u>. An employee aggrieved by <u>any of</u> the following performance-pay actions may file a grievance-as authorized in rule 8-1 [Grievances] and the applicable regulations:
 - (1) The employee's paybase salary is reduced.
 - *(2) The appointing authority does not rate the <u>employee's</u> performance of the employee at least once annually.*
 - (3) The performance-pay action is alleged to violateviolates rule 1-8-[Prohibited Discrimination] or rule 2-10-[Whistleblower Protection].
 - (B) Grievance prohibited. Except as expressly authorized in subsection (c)(4)(A), the employee cannot grieve a final performance pay decision of the appointing authority. By way of example only, the following performance pay actions cannot be grieved:
 - (B) Prohibited. Non-grievable performance-pay actions include:
 - (1) The amount of a performance-pay award.
 - (2) The failure to receive $a_{\underline{n}} \frac{\text{performance pay}}{\text{paward.}}$

- (3) The distribution of a<u>n</u> performance pay award between <u>a</u> base__salary <u>adjustmentincrease</u> and a lump__sum award.
- (4) The<u>Another employee's</u> performance evaluation<u>rating</u> or <u>performance pay</u> award<u>of</u> another employee.
- (5) The decision to include a position in_7 or exclude a position from₇ a performance-pay program.
- (6) The performance-pay program itself, including, for example, the performance standards, agency evaluation methods, rating categories, and agency salary-range subdivisions.

2-3.43 Interim-and Follow-up Ratings

- (a) Interim ratings. An appointing authority may evaluate the performance and behavior of an employee, including a probationary employee, and issue an interim service rating at any time. An interim rating is an unsatisfactory ratingrating anytime.
- (b) Follow-up ratings.
- (1) Follow-up ratingRating period. If thean appointing authority issues an <u>unsatisfactory</u> interim rating but does not dismiss the employee, the appointing authority shall establish in writing the length of a follow-up rating period. If, during the follow up rating period, the an employee is placedsuspended, on an unpaid leave of absence-without pay, or on extended sick leave, the follow-up rating-period is automatically extended for an additional by a period equal to the period of the employee's-absence. Within 28 days after its end, an appointing authority may extend in writing the period's length to a total of up to 12 months. An extension cannot be grieved.
- (2c) Follow-up interim rating. The appointing authority shall evaluate the employee's performance and behavior of the employee during the follow-up rating period and issue a follow upanother interim rating as required in the civil service rules and regulations. The appointing authority shall issue the follow up rating or extend the rating period before or withinby 28 calendar days after the end of the follow up rating period ends. If the appointing authority fails to timely issue a follow up the rating or an extension within the time allowed, the employee may, within 14 calendar days after the end of the period allowed for request its issuance of the follow up rating, request in writing thatto the appointing authority fails to issue the a rating or an extension follow up rating within 14 calendar days after the appointing authority fails to issue the a rating or an extension follow up rating within 14 calendar days in writing after the end of the employee's receiving a valid written request, the employee is returned to satisfactory standing, effective the end of the follow up rating or unsatisfactory follow up rating or preclude the later use of any such rating.
- (ed) Discipline. Interim ratings and unsatisfactory follow upUnsatisfactory interim ratings are discipline and may be the basis for additional discipline, up to and including dismissal.

(de) Grievances.

- (1) Non_probationary employee. A non_probationary employee who receives an <u>unsatisfactory</u> interim rating or an unsatisfactory follow up rating may grieve the rating as provided in rule <u>8-1 [Crievances] and the applicable regulations</u>.
- (2) **Probationary**-employee. A probationary employee who receives an <u>unsatisfactory</u> interim rating or an unsatisfactory follow-up rating may grieve the rating <u>only</u> as provided in rule 3-6.<u>4</u>5-[Grievance of Probationary Rating or Discipline].

(ef) Effects.

- (1) _An employee who receives an <u>unsatisfactory</u> interim rating or an unsatisfactory follow up rating is not <u>in</u>eligible for a step increase, <u>a</u>-performance-pay award, or reclassification until a later satisfactory rating is issued.(2) The period during which the employee is rated as unsatisfactory is not counted as qualifying time for a step increase or reclassification. A step increase, performance pay award, or reclassification. Any such action cannot be made-retroactive to a date before a new satisfactory rating is issued.(f) <u>Commission action</u>. If an employee receives an interim rating and a subsequent unsatisfactory follow up rating and the appointing authority has taken no adverse action, the state personnel director may recommend to the civil service commission that the employee be separated from the classified service The period under an unsatisfactory rating is not qualifying time for a step increase or reclassification.
- 2-6 Discipline
- **3-6 Probation and Status**

3. Definitions

A. CSC Rule Definitions.

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BA. Definitions in This Regulation.

1. **Competency** means the ability, skill, knowledge, and motivation needed for success on the job.

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29. Supervisor, for the purpose of this regulation, means the person who has with formal authority for enforcing of enforce directives and ensuringensure satisfactory performance of subordinates. A supervisor may be immediately superior in the employee's chain of command or may beor removed, but directly in the employee's chain of command.

4. Standards

A. General Standards.

- 1. Performance management plans and performance ratings are required for all career employees in the classified service.
- All supervisory, managerial, administrative, and executive employees must have included in their performance management planplans a factor or competency to establishestablishing a performance expectation for conducting conduct timely and effective employee ratings.

B. Rating Forms.

1. Performance Management and Competency Rating forms used for (1) probationary ratings; (2) annual ratings for nonprobationary employees; and (3) progress reviews are listed below:

- Group 3 Managers: CS 1761

- Group 3 Supervisors: CS 1752

 An appointing authority may use an alternative rating form approved by the State Personnel Director until the agency begins using the on-line forms as provided in § B.2 below.

2. An on line <u>3.</u> Meets expectations and high-performing ratings are satisfactory.

- **B.** Forms.
 - An online performance management form accessible through MI HR Self-Service or NEOGOV is to be-used instead of the above listed rating forms for all annual and probationary ratings. Each agency must have a plan approved by the State Personnel Director that addresses the timing of the transition of the agency's employees to the automated-performance management system. Any exceptions must be approved by the State Personnel Director.ratings, unless the State Personnel Director has approved an alternative method, including continued use of the paper CS-1750 (Group 1); CS-1751 (Group 2); CS-1761 (Group-3 Managers); CS-1752 (Group-3 Supervisors); and CS-1719 (Group-4/SES).
 - 3. For purposes of this regulation, ratings of "Meets Expectations" and "High Performing" are equivalent to a satisfactory rating.

42. A separate interim rating form, Interim Employee Rating form (CS-375), must be) is used for interim-and follow-up ratings.

C. Probationary Ratings.

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DC. Annual <u>Performance</u> Ratings and <u>Progress Reviews</u> (Nonprobationary Employees).

- 1. General Requirements.
 - An annual rating of an employee's performance shallmust be conducted at least once per year. The appointing authority shall determine whether if employees will be are rated on their anniversary date, or if a common annual date.
 - b. If an employee receives an interim rating, the appointing authority need not issue a performance rating for any period covered by the interim rating.
 - c. Supervisors shall review date will be established. The supervisor shall review the employee's employees' performance and behavior in relation to the under established, measurable, and specific performance factors, objectives, and competencies.b, except Group-1 employees require only compentencies. The supervisor shall review rating criteria with the employee at the start of each rating period. The employee and supervisor must certify the review of the rating criteria.
 - <u>d</u>. Modifications to performance factors, objectives, or competencies may be made at any time<u>anytime</u> to reflect a change of assignments or expectations. When changes are made, the employee and supervisor must <u>sign and date, or electronically</u> certify₇ the revised rating form.
 - c. <u>Progresse</u>. <u>Performance</u> reviews should be conducted <u>andwith</u> regular feedback should be provided during the course of the annual throughout the rating period. Employees in performance-pay <u>plan</u>-classifications may receive an annual<u>a</u> rating and pay review <u>6six</u> months after appointment or conversion-to a performance pay classification.
 - d. Annual ratings should be completed by the <u>f</u>. <u>A</u> supervisor <u>shall complete</u> <u>performance ratings</u> within 28 calendar days after the end of the<u>a</u> rating period.
 - e. If the employee has received an interim rating or an unsatisfactory follow up rating, the appointing authority is not obligated to issue an annual rating for any ends. A supervisor shall review an employee's performance during the period covered by the interim or follow up rating and indicate whether the employee exceeded, met, or did not meet expectations.
 - g. The employee and supervisor must certify the rating. The employee's certification does not indicate that the employee agrees with the rating. If necessary, the

supervisor shall indicate an employee's refusal to sign, including an online refusal override certification, if applicable.

- h. An employee who disagrees with a performance rating may enter any exception in the online comments section or submit a written statement to the appointing authority.
- 2. Needs-Improvement Rating.
 - a. The appointing authority must sign and date, or electronically certify, a "Needs Improvement" certify any needs-improvement rating.
 - b. The appointing authority shall establish an agency review procedure or plan to address ratings of "Needs Improvement".
 - c. If a "Needs Improvement"needs-improvement rating is issued and other corrective action has not been taken, the appointing authority must establish a plan (within 28 days after the rating—in HRMN, if possible)—for improving the employee's performance or behavior. The plan should be established within 28 calendar days of the rating. Another annual rating to evaluate A performance or interim rating evaluating the employee's performance under the improvement plan must be conducted within 3 months from by 28 days after the date the improvement-plan is issued period's end.
 - dc. During the <u>plan</u> period of the improvement plan, regular progress reviews should be provided.
 - ed. If the employee is performing satisfactorilyemployee's performance is satisfactory at the plan period's end, a satisfactory performance rating is issued.
 - e. If performance is not satisfactory, (1) another needs-improvement rating is issued and regular progress reviews continue under another plan or (2) an unsatisfactory interim rating is issued.
 - f. If the appointing authority does not issue a rating by 28 days after the plan period's end, the employee may request in writing to the agency's human resources director that one be issued. If the appointing authority does not issue a rating within 14 days after a request is received, the employee receives a meetsexpectations rating, effective the plan period's end.
 - g. <u>of the A needs-</u>improvement plan period, a satisfactory annual rating shall be issued.
 - f. If the annual rating does not reflect satisfactory performance, regular progress reviews should continue. If the employee's performance continues to be less than satisfactory, an interim service rating should be issued.

- g. The period of reviews following the original "Needs Improvement" annual rating and established improvement plan should typically be no longer than 6 months before the employee either receives a satisfactory rating or is issued an interim service rating.
- h. A "Needs Improvement" rating has nodoes not impact on an employee's eligibility for a step increase increases.
- ih. An employee who is under a "Needs Improvement" needs-improvement rating is not eligible for a reclassification until a later satisfactory rating is issued. A reclassification action cannot be made retroactive to a date before a new satisfactory rating is issued, nor is the time the employee is. Time under a "Needs Improvement" needs-improvement rating is not creditable toward the time required for reclassification.
- j. An employee who disagrees with a rating may prepare and submit to the appointing authority a written statement taking exception to the rating. Using the on line form, an employee may enter an exception to the rating in the Progress Review/Comments section.
- k. Annuali. Performance ratings and progress reviews are not discipline and are not grievable. However, an<u>An</u> employee may request a review of the rating as provided in<u>under</u> the agency review procedure.

ED. Interim **and Follow-up** Ratings.

- 1. Interim ratings may be conducted, using form CS-375, at any time<u>anytime</u> to document and rate an employee's unsatisfactory performance or behavior.
- 2. An <u>unsatisfactory</u> interim rating <u>shallmust</u> address specific performance or behavior problems, identify specific expectations for improvement, and establish a timeframe for improvement during a follow-up rating period.
- 3. An unsatisfactory interim rating is typically preceded by counseling, reprimands, or other forms of corrective action regarding the employee's performance or behavior.
- 4. An unsatisfactory interim or follow up-rating is considered discipline and shallmust be conducted issued in accordance with rule 2-6.
- 5. The appointing authority <u>and employee</u> must sign and date an unsatisfactory interim or follow up rating (form <u>CS 375)</u>. If necessary, the supervisor shall indicate an <u>employee's refusal to sign</u>.
- 6. The appointing authority must enter any unsatisfactory interim or follow up-rating in the employee's HRMN record (ZP26.1). Any subsequent satisfactory rating must also be entered on the ZP26.1.

- 7. An employee who disagrees with a rating may prepare and submit <u>a written statement</u> to the appointing authority <u>a written statement taking exception to the rating</u>.
- 8. The appointing authority must notify Civil Service of an unsatisfactory interim or follow up rating within 28 calendar days of the rating.
- 9. A follow-up rating period must be established wheneverif an unsatisfactory interim rating is issued and the employee is not dismissed. Unless a different duration rating period is established, the duration of a follow-up rating period is <u>3three</u> months.
- 10. The follow up rating is due within 28 calendar days after the end of the follow up rating period. If the appointing authority does not issue a follow up rating before or within 28 calendar days after the end of the rating period, the employee may request in writing that one be issued. If the appointing authority does not issue a follow up rating within 14 calendar days after the employee's request, the <u>If an</u> employee shall be returned to satisfactory standing effective at the end of the rating period.
- 11. If the employee goes is suspended, on a leave of absence, or on extended use of sick leave, the follow-up rating period is automatically extended for by that period of time.
- **12**<u>11</u>. The employee should be provided feedback <u>regarding his/heron</u> performance and behavior during the follow-up rating period.
- 1312. If an employee performs satisfactorily during the follow-up rating period, the employee appointing authority shall receive issue a satisfactory rating to be effective at the end of the rating period.
- 14<u>13</u>. If an employee's performance is unsatisfactory during the follow-up rating period, the employee may receive (1) counseling-memos, reprimands, or and other forms of corrective action are typically taken, followed by an unsatisfactory follow up ratingduring the period and (2) another unsatisfactory interim rating and other discipline, including dismissal. An appointing authority may dismiss an employee before the end of a follow-up rating period, if appropriate.
- 15. If an employee's last two service ratings have been unsatisfactory and the appointing authority has taken no adverse action, the State Personnel Director may recommend to the Civil Service Commission that the employee be removed from the position.
- **16**<u>14</u>. By 28 days after a follow-up rating period's end, the appointing authority must either (1) extend the rating period and notify the employee or (2) issue a rating. If the appointing authority does neither, an employee may request a rating in writing to the appointing authority's human resources director. If the appointing authority does not issue a rating within 14 days after an employee's request is received, the employee is returned to satisfactory standing effective the end of the rating period.

- <u>15</u>. An employee under an unsatisfactory interim or follow up-rating is not eligible for a step increase, a performance-pay award, or reclassification until a later satisfactory rating is issued.
- **17**<u>16</u>. A step increase, performance-pay award, or reclassification action cannot be made retroactive to a date before a new satisfactory rating is issued, nor is the time an employee is. Time under an unsatisfactory interim or follow up rating is not creditable toward the time required for reclassification.
- 1817. An unsatisfactory interim or follow up rating may be grieved in accordance with the provisions of under regulation 8.01 or an applicable collective bargaining agreement.

FE. Audit and Compliance.

- 1. All ratings are subject to audit by Civil Service.
- 2. Probationary, interim, and unsatisfactory Interim ratings must be maintained in the employee's official personnel file for a period of at least four years.
- 3. <u>AnnualPerformance</u> ratings must be maintained for <u>a period of</u> four years from the date of issuance. <u>Annual ratingsRatings</u> completed <u>on line will beonline are</u> stored in <u>HRMN</u> for <u>a minimum of at least</u> four years from the end of the rating period.

5. Procedures

CONTACT

Questions on this regulation may be directed to Compensation, Civil Service Commission, P.O. Box 30002, 400 South Pine Street, Lansing, Michigan 48909; by telephone at 517-241-0837 or 517-373-7618517-284-0102; or to MCSC-Compensation@mi.gov.