

# 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:

<b>Term</b>	<b>Definition</b>
<b>Annual Performance Appraisal Document</b>	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.
<b>Calibration</b>	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.

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<b>Career State Employee</b>	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.
<b>Coaching</b>	A discussion between a manager/supervisor and employee to provide informal clarification of expectations to resolve potential performance or behavioral issues.
<b>Individual Goals</b>	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.
<b>Institutional Goals</b>	Standing performance and behavioral expectations that apply to all SHRA employees in the University system.
<b>Probationary Employee</b>	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.
<b>SHRA Employee</b>	An individual in a position subject to the State Human Resources Act.
<b>Time-Limited Employee</b>	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:

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- 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)

- 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.