

CHAPTER 252

GOVERNMENT - STATE

SENATE BILL 00-211

BY SENATORS Owen, Lacy, Tanner, Reeves, and Thiebaut;
also REPRESENTATIVES Tool, Berry, Saliman, Bacon, Coleman, Gagliardi, Leyba, Mace, Plant, Tate, Vigil, and Zimmerman.

AN ACT

CONCERNING A PAY PLAN FOR STATE EMPLOYEES BASED ON A SYSTEM OF PERFORMANCE EVALUATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 24-50-104 (1) (c), (1) (d), (1) (f), and (1) (i), Colorado Revised Statutes, are amended to read:

24-50-104. Job evaluation and compensation. (1) **Total compensation philosophy.** (c) ~~The state personnel director shall develop a performance management, evaluation, and reward system that permits periodic salary increases based on demonstrated performance and that withholds such increases for less than satisfactory performance.~~ (I) BASED ON A SYSTEM OF PERFORMANCE EVALUATION, THE STATE PERSONNEL DIRECTOR SHALL PROVIDE BY RULE FOR:

(A) PERIODIC SALARY INCREASES FOR EMPLOYEES IN THE STATE PERSONNEL SYSTEM BASED ON DEMONSTRATED ABILITY FOR SATISFACTORY PERFORMANCE AND QUALITY OF PERFORMANCE;

(B) THE WITHHOLDING OF PERIODIC SALARY INCREASES FOR EMPLOYEES IN THE STATE PERSONNEL SYSTEM BASED ON PERFORMANCE THAT IS LESS THAN SATISFACTORY; AND

(C) THE PAYMENT OF AN INCENTIVE AWARD TO EMPLOYEES IN THE STATE PERSONNEL SYSTEM IN RECOGNITION OF ABOVE STANDARD OR OUTSTANDING PERFORMANCE.

(II) BY SEPTEMBER 1, 2000, THE DEPARTMENT OF PERSONNEL SHALL PREPARE A PERFORMANCE PLAN PURSUANT TO THE PROVISIONS OF SUBPARAGRAPH (I) OF THIS PARAGRAPH (c) THAT:

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(A) IS SIMPLE AND UNDERSTANDABLE TO EMPLOYEES IN THE STATE PERSONNEL SYSTEM;

(B) IS COST NEUTRAL AS COMPARED TO THE COMPENSATION PLAN IN PLACE FOR THE FISCAL YEAR ENDING JUNE 30, 2001, AS MODIFIED EACH FISCAL YEAR THEREAFTER BY PERSONAL SERVICES APPROPRIATIONS;

(C) IS DEVELOPED WITH INPUT FROM EMPLOYEES IN THE STATE PERSONNEL SYSTEM, MANAGERS, AND OTHER AFFECTED PARTIES;

(D) EMPHASIZES PLANNING, MANAGEMENT, AND EVALUATION OF EMPLOYEE PERFORMANCE; AND

(E) INCLUDES UNIFORM AND CONSISTENT GUIDELINES FOR ALL STATE AGENCIES.

(III) THE PERFORMANCE PLAN PREPARED IN ACCORDANCE WITH THE PROVISIONS OF SUBPARAGRAPH (II) OF THIS PARAGRAPH (c) SHALL BE SUBMITTED TO THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY NO LATER THAN SEPTEMBER 1, 2000. THE PLAN SHALL BE IMPLEMENTED AND COORDINATED BY THE DEPARTMENT OF PERSONNEL PURSUANT TO GUIDELINES DEVELOPED BY THE DEPARTMENT AND SUBJECT TO AVAILABLE APPROPRIATIONS.

(IV) Notwithstanding section 24-50-118, the state personnel director may authorize state agencies to establish a plan for the particular state agency to implement the performance ~~management, evaluation, and reward system~~ PLAN PREPARED BY THE DEPARTMENT OF PERSONNEL IN ACCORDANCE WITH THE PROVISIONS OF THIS PARAGRAPH (c). The state personnel director shall encourage state agencies to implement performance evaluations of employees that are as objective as possible and that, as soon as possible and wherever feasible, include an assessment from multiple sources of each employee's performance. Such sources shall include, where applicable, the employee's self-assessment, the employee's superiors, subordinates, peers, and any other applicable sources of an employee's performance. The state personnel director shall establish by rule a process to resolve employee disputes related to performance evaluations that do not result in corrective or disciplinary action against the employee. Each such plan of a state agency shall be subject to the director's approval. ~~The state personnel director shall also establish a job rate for all classes in each occupational group, except the medical occupational group, the senior executive service, and any group where job rate is inapplicable as determined by the state personnel director. Annual performance pay increases shall be based on satisfactory or better performance. Once an employee reaches the job rate, which shall be an amount established by the annual total compensation survey, the employee shall be eligible only for nonbase-building performance awards rather than base salary adjustments.~~ Except as provided in paragraph (d) of subsection (5) of this section, salaries may be increased or left unchanged subject to available appropriations for the performance ~~management, evaluation, and reward system~~ PLAN; except that no annual increase shall be guaranteed. ~~Each agency shall establish an effective date for its performance awards based on the agency's business needs and available appropriations so long as the agency's appropriation requests related to such performance awards for the next fiscal year are no greater than the agency would have requested before establishing the effective date.~~

~~(d) The state personnel director shall implement a performance-based pay plan over a period of three years in three separate phases beginning July 1, 1998, and all employees in the state personnel system shall be covered under such plan as of July 1, 2000. Until an employee becomes eligible for the first performance award payment, anniversary-based merit increases shall continue to apply. The performance-based pay plan shall be implemented and coordinated by the department of personnel pursuant to guidelines developed by the department and subject to available appropriations.~~

(f) Initial hiring shall typically be at the minimum rate in the pay grade. On a showing of recruiting difficulty or other unusual condition, the appointing authority may authorize the appointment of a person at a higher base salary within the pay grade. ~~not to exceed the job rate for the class.~~

(i) The state personnel director shall monitor compliance with ~~paragraph (d)~~ PARAGRAPH (c) of this subsection (1) and shall report the director's findings by January 1 of each year to the joint budget committee of the general assembly. The report shall include, by agency or department, the total amount of dollars appropriated for ~~performance~~ PERIODIC SALARY INCREASES AND INCENTIVE awards for the prior fiscal year, the total amount of those appropriated dollars awarded to employees for ~~performance~~ PERIODIC SALARY INCREASES AND INCENTIVE awards, and the total amount of dollars awarded for each performance category.

SECTION 2. No appropriation. The general assembly has determined that this act can be implemented within existing appropriations, and therefore no separate appropriation of state moneys is necessary to carry out the purposes of this act.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 26, 2000