

Washington State Housing Finance Commission
Individual Achievement Compensation Program for WGS Staff
Management Innovation – Human Resources

The Washington State Civil Service Rules were revised and adopted in July 2005, allowing state agencies to apply for and receive performance management confirmation which would enable us to recognize and monetarily reward outstanding individual performance for WA General Service staff (WGS). While the confirmation process to obtain the authority to implement an incentive program can take well over two years, the Washington State Housing Finance Commission (WSHFC) recognized the importance of utilizing this program and pursued and achieved performance management confirmation to implement this program.

Background:

The Commission faces two unique challenges: 1) Because of our need to be near the financial markets and be accessible to national and statewide developers and consultants, we are located in downtown Seattle, a high-wage work force market where we must compete with private organizations that do not have the salary constraints that we operate under; 2) As a small agency we have limited promotional opportunities, at the same time we are more dependent on the professional performance of each staff member to serve our customers and to meet our unique mission. While we truly believe that pay alone is not the deciding factor in why someone works or continues to work for the Commission, the ability to recognize and reward outstanding performance will be another valuable tool for us to use to attract and improve WGS employee satisfaction with their current position.

The Commission very successful administering an incentive program for management staff for the last ten years, however we were not allowed to provide this program to non-managerial staff. With the adoption of the new Civil Service rules, the Executive Management Team and senior management staff were excited and anxious to implement a performance management incentive program; however, after much discussion, everyone agreed that it was very important to start a program that we felt could be successful, that our budget could continue to support, and that we could build on over time. The decision was made to implement an Individual Achievement Compensation Program where WGS staff could earn a lump sum bonus of up to 4% of their current base pay.

The purpose of the Commission's employee performance management incentive program is to create a positive, performance-based culture that demonstrates a shared commitment to the success of the organization.

Program Guidelines:

Individual Achievement Compensation (0 - 4% of current base pay):

In June of each year, the WGS employee meets with his/her supervisor to write proposed goals for the coming fiscal year (July 1 through June 30th). These goals must have a measurable outcome (quantity, quality, time) and are assigned a monetary percentage which can be earned if completed. These goals are then submitted to the WGS Administration Committee for review and approval. The WGS Administration Committee reviews each goal to ensure that the goals are appropriate for that staff member and to ensure equity within the division and between the divisions. Once the goals are reviewed and approved by the WGS Administrative Committee they are given to the Executive Director for final review and approval. After they are approved by the Executive Director, they are added to the

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Performance Development Plan form, signed by the employee and the supervisor, and are filed with the Human Resources Office.

Individual Achievement Compensation awards shall be based upon the accomplishment of measurable goals that contribute to the completion of established business objectives; and upon the exceptional performance of the qualitative aspects of how the business objectives are met.

All goals must be measurable, contain timelines, and be beyond regular assigned duties. The thresholds, qualifying an employee for an Individual Achievement Compensation Award shall be set forth in advance in the PDP, and the qualitative aspects are measured by the competencies in the PDP. Generally, a single goal will not be valued at more than 2%. No award shall be granted if an individual's performance is unacceptable in any competencies. The actual dollar amount of the payment within the award range shall be determined solely by the Executive Director and after consultation with the WGS Administration Committee

Goal Example:

By April 15, 2008, write and produce the division's database user's manual including developing a power user's manual with special sandbox queries with instructions, and an instruction guide for project entry and project closeout procedures (1% total).

All pre-defined work goals are linked to our strategic goals and divisional business objectives and must address the following factors:

- *Quantity (numbers, costs, production)*
- *Quality (errors, customer/employee satisfaction)*
- *Time (deadlines, cycle times)*
- *Increase productivity – Use of creativity, improved methods:*
 - *Set performance standards*
 - *Identify vital outputs and relevant inputs*
 - *Track the ratio over time*
- *Evaluate results, identify trends*
- *Clearly stated as a result (accomplishments)*
- *Challenging, yet realistic*
- *You are accountable for the results*
- *Contribute to:*
 - *Revenues*
 - *Reserves*
 - *Service levels and customer satisfaction*

At the end of the evaluation period, the Managers/Directors of each division will submit documentation to the WGS Administration Committee for each WGS employee stating if they successfully completed their goals and what percentage of the individual compensation award they should receive. The WGS Administrative Committee reviews the documentation and recommends approval or denial of the awards to the Executive Director. The Executive Director has final approval or denial of the awards.

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In order to implement this program the WSHFC was required to receive confirmation (approval) from the WA State Department of Personnel. To obtain confirmation, a Performance Management Confirmation Team was formed. Team members were carefully chosen to include a group of participants that were strongly committed to the successful demonstration of the Commission's commitment to and readiness for Performance Management Confirmation. The Committee was responsible for developing, communicating and implementing various aspects of the performance management program, including determining our readiness to proceed with confirmation, developing policies and forms, communicating performance goals and expectations, and clearly communicating new procedures and changes to staff through a variety of means. The team was able to communicate directly with staff on numerous occasions to facilitate widespread understanding of the performance management program, including the performance management policy, the revised performance development plan process, quarterly reviews, and the development of individual pre-defined work goals. WGS staff embraced this challenge, realizing that this was an opportunity for them to demonstrate outstanding performance and to be recognized for their efforts. At this time, the Commission moved all staff to the new Performance Development Plan forms and at the same time we moved all WGS staff from an individual performance cycle to a review cycle tied to fiscal year. Training on the new system was provided to all staff. The Executive Director has clearly and consistently communicated to all of his managers that it is his expectation that 100% of performance reviews will be completed annually, and that they will be timely and relevant.

In June 2007, the WSHFC Performance Management Confirmation Team made a formal presentation to the WA State Dept. of Personnel. WSHFC was evaluated against the following criteria – Executive Commitment, Readiness Assessment, Roles and Responsibilities, Management Accountability, Policies and Procedures, Communication Plan, Training and Orientation, Performance & Development Plan Implementation, Funding Approach, Monitoring and Measuring Success, the our Lump Sum Recognition Program. The WSHFC received Performance Management Confirmation from the Director of the WA State Dept. of Personnel on July 10, 2007.

The WSHFC immediately implemented our Individual Achievement Compensation Program and will be providing our first awards in August 2008. In addition we will be monitoring and tracking the following outcomes:

1. Recognizing extraordinary employee effort(s) in an appropriate, consistent, and expeditious manner.
2. Improved employee job satisfaction.
3. Reduced turnover, particularly of high performing staff.
4. Improved employee satisfaction with the level of support and recognition that they receive.
5. Employees believe that the individual recognition compensation program is valuable and is administered fairly and objectively.

Culturally we strive to be a highly qualified, client oriented, professional financing organization that provides excellent customer service. We are a performance driven agency that is committed to promoting a performance based culture that is strengthened through the performance management process. The Commission resolutely believes that a strong performance management program engages and promotes the development of employees, which increases organizational productivity and improves services to clients.