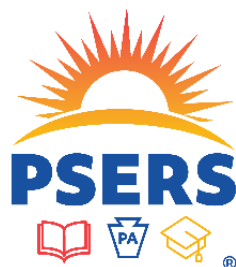


BOARD DIRECT REPORT EVALUATION PROCEDURE

**PSERS Executive Director, Chief Counsel, and
Chief Investment Officer**



EXPLANATION:

Effective **performance management** involves setting performance expectations, monitoring progress, measuring results, appraising performance, mentoring as appropriate, and rewarding or correcting employee performance. Performance management is ongoing.

This is in contrast to an **employee performance review (EPR)**. An EPR is a periodic work performance review of how much, how well, and the manner by which an employee performed duties and responsibilities during a specified evaluation period.

PSERS' Executive Director (ED), Chief Counsel (CC), and Chief Investment Officer (CIO) are three of the highest-level and most prominent positions within the agency. Therefore, it is critical that these positions be subject to thorough and thoughtful performance management and evaluation.

This process provides guidance for the completion of the performance evaluation for these highly visible and critical positions.

METHODOLOGY:

The PSER Board has the authority to hire the ED, CC, and CIO and as such, the PSER Board has the responsibility to review the performance and provide feedback to the individuals in these positions. The PSER Board has delegated the responsibility for conducting these annual performance evaluations, with input from all Trustees to the Governance and Administration Committee through its Committee Charter.

PSERS has elected to use a form similar to the standard Employee Performance Review evaluation form adopted by the Commonwealth broadly to evaluate performance for the ED, CC, and CIO.

There are five specific factors on the evaluation form that focus on management competencies. The factors are:

- **Leadership** – measures commitment to excellence, development and implementation of strategic vision, ability to achieve results, and learning from successes and shortcomings.
- **Planning** – measures excellence in strategic planning, change management, project planning and maximization of resources.
- **Management** – measures the effectiveness of managing programs, operations, and human, financial, and technological resources.
- **Interpersonal relations** – measures the ability to establish and maintain interpersonal relationships, effectiveness of communications, and degree of positive engagement with others.
- **Results and Policies** – measures excellence in achievement and evaluation of organizational goals and policies within established timeframes.

Each of the five factors is rated using a five-point scale:

- Far Exceeds Expectations
- Exceeds Expectations
- Meets Expectations

- Needs Improvement
- Unsatisfactory

The **Overall Rating** on the EPR form is a composite assessment of the employee's work performance and the factors contributing to the accomplishment of goals and success in meeting expectations. Recognizing that certain factors may be more important than others, each factor rating need not be of equal weight. Overall comments should justify significant differences and the overall assessment of the employee's performance.

The **Summary of Employee's Strengths** should identify strong attributes, abilities, and proficiencies of the ED, CC, and CIO.

The **Summary of Opportunities for Employee Development** should identify areas where each employee should expand or increase their knowledge/skill or adjust behavior to address areas of concern or further develop for professional growth and/or success.

PROCESS:

The annual **rating cycle** for these positions is the fiscal year, which runs July 1st through June 30th. The process outlined below focuses on the annual rating period. There may be times when it is appropriate to issue an interim performance evaluation. Interim evaluations are at the discretion of the Governance & Administration Committee, the PSER Board Chairperson, and the PSER board. The first annual rating shall occur after the first year of employment and shall thereafter be reset to the fiscal year.

The PSERS Human Resources Director is available to assist, as needed, with the execution of this process. The PSERS Human Resources Director and the Deputy Executive Director for Administration, as directed by the Governance & Administration Committee, will make modifications and updates to this process.

These positions report to the Board, and it is important to have Board member input into the annual evaluation of these positions. The Governance & Administration Committee may find it equally important to gain perspective from individuals who work with these positions on a regular basis. The Chair of the Governance and Administration Committee shall solicit performance feedback from the Board, Board designees, and may also solicit feedback from any or all of PSERS' senior staff members. PSERS' senior staff members include, but are not limited to:

- Chief Counsel
- Chief Financial Officer
- Chief Investment Officer
- Chief Audit Officer
- Communications Director
- Deputy Executive Director
- Deputy Executive Director and Director of Defined Contributions
- Director of Governance and Strategic Initiatives
- Director of Government Affairs and Stakeholder Engagement
- Executive Director

- Deputy Chief Counsels
- Deputy Chief Investment Officers

Other direct reports to the Chief Investment Officer

NOTES:

- Some senior staff are supervised by the ED, CC, or CIO. As such, even though the senior managers work closely with the ED, CC, or CIO it is not a common PSERS practice to solicit performance input from subordinate staff. During each evaluation period, the Governance and Administration Committee should consider the circumstances/appropriateness of soliciting feedback from the senior managers for the performance review of the ED, CC, and CIO and the process the committee will undertake to consider such feedback in assigning final performance ratings. The Governance and Administration Committee has complete discretion to incorporate or exclude such feedback from the final ED, CC, or CIO performance evaluations. The Committee may also interview other employees as deemed appropriate/necessary.
- The Committee may also consider soliciting feedback, written or otherwise, from internal customers and clients as deemed appropriate/necessary in preparing the EPR for CC.

Schedule of Action Items

This schedule reflects an evaluation process based on fiscal year and may be adjusted to allow additional time to plan for the most appropriate goals, performance standards, and constructive feedback. Adjustments to this schedule should be reviewed the ED, CC, and CIO advance, and as noted above, for the first year of employment, the initial evaluation will be based on the one-year anniversary before resetting to fiscal year.

May	June (rating cycle ends)	July (rating cycle begins)	January (mid-year report)	February (progress review)
<p>PSERS-HR Director compiles information to be sent to Governance and Administration Committee by June 1st.</p> <ul style="list-style-type: none"> • Executive Director Employee Performance Review Template <ul style="list-style-type: none"> ○ Blank form ○ Completed form from prior evaluation period • Goals/Expectations <ul style="list-style-type: none"> ○ Blank form ○ Goals/expectations from prior evaluation period • Chief Counsel Employee Performance Review Template <ul style="list-style-type: none"> ○ Blank form ○ Completed form from prior evaluation period • Goals/Expectations <ul style="list-style-type: none"> ○ Blank form ○ Goals/expectations from prior evaluation period 	<p>Governance and Administration Chair obtains performance feedback from appropriate parties.</p> <ul style="list-style-type: none"> • Board Members and Designees • Senior Managers (Committee’s discretion) <p>Governance and Administration Chair solicits input on performance goals/expectations for the next rating cycle from Board Members and Designees. Goals/expectations should:</p> <ul style="list-style-type: none"> • Align with agency policy, strategic plan objectives, and priorities • Align with the rating categories on the appropriate Performance Review Template <p>Each employee will complete a self-evaluation template for inclusion in Employee Performance Review.</p>	<p>Governance and Administration Committee Chair prepares the current year Employee Performance Review and performance goals/expectations for the next rating cycle, incorporating relevant feedback from Board Members, Designees, and Senior Managers (if applicable).</p> <p>Governance and Administration Committee reviews the draft Employee Performance Reviews prepared by the Governance and Administration Committee Chair and the goals/expectations for the next rating cycle. Governance and Administration Committee suggests modifications, if appropriate.</p> <p>Board Chairperson, along with Governance and Administration Chair, meet with each employee by July 31st to issue the current year performance evaluation and goals/expectations for the next rating cycle. The Board Chairperson ED, CC, or CIO sign the final Employee Performance Review. If the employee refuses to sign the form, the Chairperson makes note of such on the form.</p> <ul style="list-style-type: none"> • Signed copies to PSERS-HR for retention in official personnel file • Copy to ED, CC, or CIO • Copy to Board Chairperson • Copy to Governance and Administration Chair <p>Note(s): If Board Chairperson and Governance and Administration Committee cannot resolve disagreements about the evaluation, the matter is escalated to the entire PSER Board for review and resolution.</p> <p>If a new ED, CC, or CIO is hired during the rating cycle, the performance goals/expectations will be provided to the new employee within the first quarter of employment.</p>	<p>PSERS-HR Director emails reminder notice by January 1st to ED, CC, or CIO, Governance and Administration Chair, and Board Chairperson informing them that by January 31st the ED, CC, or CIO are to provide a status report to the Board Chairperson and Governance and Administration Committee on the status of goals/expectations as communicated during the previous rating cycle.</p> <p>ED, CC, or CIO provides the required mid-year report by January 31st, or at the next available Board meeting, thereafter</p>	<p>Board Chairperson and Governance and Administration Committee Chair meets with each staff member by February 28th to provide direct feedback on performance and attainment of key performance standards and to discuss any performance issues identified as a result of the mid-year report.</p>

<ul style="list-style-type: none">• Chief Investment Officer Employee Performance Review Template<ul style="list-style-type: none">○ Blank form○ Completed form from prior evaluation period • Goals/Expectations<ul style="list-style-type: none">○ Blank form○ Goals/expectations from prior evaluation period		<p>PSERS Performance Evaluation Input forms are retained confidentially by the PSERS HR Director and will be made available for review of the PSER Board members upon request.</p>		
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Document Properties:

Document Owner: Deputy Executive Director for Administration

Document Author: Deputy Executive Director for Administration and Human Resources Director

Summary of Changes:

Date	Version	Author	Summary
3/31/2023	1.0	DED for Admin	NEW Policy, Executive Director Evaluation
10/20/2023	2.0	DED for Admin	Revised, addition of Chief Counsel and Chief Investment Officer