



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

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June 11, 2015

TO: The Honorable Bob Ferguson, State Attorney General
Alfie Alvarado-Ramos, Director, Department of Veterans Affairs
Brian Bonlender, Director, Department of Commerce
Bill Hanson, Director, Washington Lottery
Scott Jarvis, Director, Department of Financial Institutions
Kim Herman, Executive Director, Housing Finance Commission
Theresa Whitmarsh, Executive Director, Washington State Investment Board

FROM: David Schumacher
Director

SUBJECT: PERFORMANCE MANAGEMENT CONFIRMATION (PMC) PROGRAM

The current suspension on performance-based monetary and leave awards and incentives is scheduled to end on June 30, 2015. In the past year, we have engaged participating agencies in a review of the purpose and role of the PMC program in light of current research on performance-based incentives and rewards, and to consider lessons learned since the program's inception. This effort identified opportunities to improve the program's accountability and impact on agency performance.

After considering the results of the review, we have decided to remove performance-based pay from the PMC program. I understand this change will impact PMC-confirmed agencies, as well as those considering becoming PMC-confirmed. Current research suggests that removing performance-based pay will not negatively impact the desired outcomes of a performance management program. While SHR makes the necessary adjustments to the Washington Administrative Code to reflect the elimination of performance-based pay, the suspension of the PMC program will remain in effect.

Over the next several months, our State Human Resources (SHR) staff will work you and the human resources community to update the program, using this opportunity to align with industry best practices on employee performance management, *Results Washington Goal 5.1.2 Employer of Choice* strategies, and state Lean efforts. Specific areas of focus will include the application process, continuation of performance-based leave and performance-based layoff, and implementation of new best practice incentives. All of these changes will help to ensure that the PMC program continues to be an effective performance management tool that recognizes outstanding employee performance.

We appreciate your agency's commitment to performance management and look forward to working with you to realign the PMC program. If you have any questions, please contact Nichole Seick, SHR Workforce Research and Policy Analyst, at (360) 407-4121 or Nichole.Seick@ofm.wa.gov.

