



North Carolina
Office of State Personnel

**Performance Management
Report No. 20 (2008)**

December 2008

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Executive Summary

This report reviews the administration of the state's performance management system as it applies to employees subject to the State Personnel Act during the 2007 to 2008 performance cycle. The report's intent is to describe the distribution of employees' performance ratings and the relationship between these ratings and important employee demographics and other factors. It also analyzes racial differences in performance ratings, what happens over time to poor performers, and the relationship between performance and changes in base pay when both legislative increases and in-range adjustments are included.

Basic Findings

1. Statewide, 81% of state employees exceeded their performance expectations in 2007-2008 (i.e., received ratings of "outstanding" or "very good"). Less than 1% failed to meet expectations ("below good" or "unsatisfactory").
2. Although the performance ratings are inflated, the amount of inflation has diminished slightly over the past two to three years (i.e., there are more "good" ratings and fewer "outstandings").
3. White females, as a group, are the highest rated employees; black males, the lowest.
4. The race-sex differences in performance ratings are sizable but are not considered either significant or persistent, according to a standard statistical test for disparate impact. The magnitude of the black-white difference in state employee performance ratings is identical to the difference found in published research on US performance data.
5. Because the race-sex differences are large, further analyses were conducted to attempt to better understand their nature and possible causes.
 - a. One possible cause of the race-sex differences in performance ratings is that different types of jobs are inherently rated more strictly or more leniently and employees of different sex and race disproportionately gravitate to these jobs. According to the data, how employees are rated *does* depend in part on what job they have. And males, females, black, whites, and other races *do* tend to gravitate to some jobs and not to others. However, employees working the same job are still rated differently, on average, depending on their race and sex.
 - b. Another possible explanation of the racial difference in ratings is that supervisors of one race may be biased in their ratings of employees of different races. The data, however, indicate that supervisors of *all* races tend to rate black employees more strictly than white employees.
6. Older, more highly paid, and longer tenured employees receive higher performance ratings than other employees.
7. Disabled employees are not rated significantly differently than other employees.

8. Performance ratings are stricter or more lenient depending on the type of work performed (occupation) and where it is performed (agency / university).
9. The slight decline in statewide rating inflation seen over the past two-to-three years is due to deliberate efforts at a few agencies and universities to make ratings more accurate and realistic. They have accomplished this through top management support, lots of training, clearly defining expectations and tying them to organizational mission, requiring documentation for “outstandings” and “very goods,” and a number of other factors.
10. Of the small number of employees rated either “below good” or “unsatisfactory” in 2007, two-thirds improved their performance in 2008 while fully one-third continued to perform at a level below expectations. Almost none of the poor performers left state employment.
11. Statewide, there is virtually no relationship between performance and pay – the correlation is 0.02. This is to be expected since state government employees received an across-the-board 2.75% increase in 2008 – all employees received the same percentage increase regardless of their performance level.
12. The average *actual* change in state employees’ base pay during 2008 was 4.4%. (This figure is determined by calculating the change in base salary from the first of the year to the end of the year for all employees who kept the same job title during that period.) Actual pay changes, therefore, include both the Legislative increase and any adjustments, such as in-ranges.
13. Agencies and universities differ dramatically in how their administration of in-ranges affects the relationship between performance and pay. In some organizations there is a modest positive relationship between performance and pay; in most, there is no relationship; and in some, there is an inverse relationship – less effective employees receive larger increases than more effective employees.

Action Recommendations

1. Learn from the handful of agencies and universities that have contributed to the deflationary trend observed in the statewide ratings distribution over the last couple years. These organizations should continue the practices that have yielded presumably more accurate and realistic ratings. Other agencies and universities should borrow the approaches that are most applicable to their organizations.
2. In high-performing organizations, poor performance is swiftly addressed and corrected. The data reported here, based on a small number of employees who have not met expectations, indicate that many “get better,” some remain in position and continue to perform poorly, and very few are moved out of the organization. Given the general tendency toward inflated ratings, it is likely that there are many more poor performers lurking among those who are currently rated “good” or better. If agencies and universities are going to emerge from their bureaucratic heritages, they must learn to deal effectively with their poor performers. Equally important, state law and policy – and the infrastructure that adjudicates disputes regarding performance-related personnel actions – must support the appropriate treatment of poor performers.

3. When making pay adjustments, agencies and universities should be alert to the net effect of in-range increases on the performance-pay relationship. It is acknowledged that adjustments that bring an employee “up to market” or compensate for additional responsibilities are desirable if not required actions and that employees at the top of their pay ranges cannot receive increases. However, when there is an inverse relationship between performance and pay, which was the case in several agencies and universities in 2008, it demotivates achievement-oriented employees and reinforces the notion that state government management practices inspire mediocrity.
4. Across-the-board Legislative increases have rendered performance management irrelevant in the minds of most state employees. If this approach to allocating increases is to be continued into the future, then it would be prudent to revisit the purpose, assumptions, and mechanics of performance management and either revamp or eliminate the performance management program.

Performance Management Report No. 20 (2008)

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1. Introduction

North Carolina GS 126-7(9) requires an annual report on the administration of the performance management system.¹ The current report covers the performance management cycle that began on July 1, 2007 and ended on June 30, 2008 (Cycle 20).

The purpose of performance management in North Carolina state government is to ensure that salary increases are allocated equitably “based upon the individual performance of each State employee.”² State policy further requires that the performance management system in each agency or university provide employees with clear performance expectations, an understanding of how their work supports their organization’s mission, ongoing feedback about their performance, the opportunity to develop, and an assurance that any instances of poor performance will be addressed.

In 2008, the Legislature provided an across-the-board salary increase of 2.75% (or \$1,100, whichever is greater) for employees subject to the State Personnel Act.³ Although this across-the-board award seems to contradict the law’s intent to tie salary increases to pay, it does satisfy the broader meaning of “equity” – to treat everyone the same.

The intent of this report, therefore, is not to examine how effectively State employees’ salary increases were tied to performance in 2008, but to note the distribution of performance ratings and the relationship between ratings and important employee demographics and other factors. Also included are analyses of racial differences in performance ratings, the consequences of poor performance, and the relationship between performance and changes in base pay when in-range adjustments are included.

¹ GS 126-7(c)(9): “The State Personnel Director shall report annually on the Comprehensive Compensation System to the Commission. The report shall evaluate the performance of each department, agency, and institution in the administration of its appraisal system and the distribution of salary increases and awards within each department, agency, and institution and across State government. The report shall include recommendations for improving the performance appraisal system and alleviating inequities. Copies of the report, as adopted by the State Personnel Commission, shall be sent to the Governor, Lieutenant Governor, President Pro Tempore of the Senate, Speaker of the House of Representatives, the standing personnel committees of the House of Representatives and the Senate, and the State Auditor. The State Personnel Director shall recommend to the General Assembly for its approval sanctions to be levied against departments, agencies, and institutions that have deficient performance appraisal systems or that do not link salary increases and awards to employee job performance. These sanctions may include withholding salary increases and awards from the managers and supervisors of individual employing units of departments, agencies, and institutions in which discrepancies exist.”

² GS 126-7 (a)

³ House Bill 2436.

At the end of Cycle 20, human resources managers in each of the executive branch agencies, the University of North Carolina system, and all boards and commissions subject to the State Personnel Act (with the exception of those employing fewer than 25 people) entered Cycle 20 performance appraisal ratings into either BEACON or the Personnel Management Information System (PMIS). Using the submitted data, the Office of State Personnel tallied and analyzed the annual ratings.

2. Distribution of Performance Ratings

Statewide

The state's performance management system uses a five-point rating scale ("outstanding," "very good," "good," "below good," "unsatisfactory"). Because very few ratings fall into the lowest two categories ("below good" and "unsatisfactory"), these two categories are combined for purposes of this report.

Of the 89,580 permanent, full-time employees subject to the State Personnel Act who were included in this analysis, 82,229 received performance ratings. Slightly more than half were rated "very good" and almost thirty percent received "outstanding" ratings. Thus, considering that the functional meaning of "good" is "meets expectations," fully 81% of State employees *exceeded* expectations in the 2007-2008 cycle.

In **Table A** both the number and percentage of employees receiving each rating are presented.

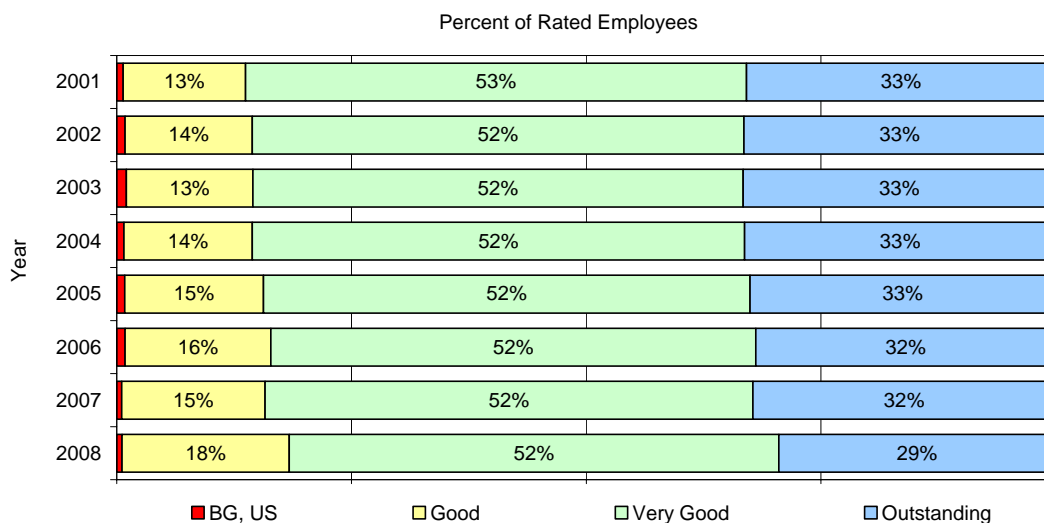
Table A
State Government Workforce Performance Rating
Summary – 2008

| Employees Rated | | |
|-----------------------------------|---------------|-----------------------|
| <i>Rating</i> | <i>Number</i> | <i>% of rated ees</i> |
| Below Good, Unsatisfactory | 469 | 0.6% |
| Good | 14,632 | 17.8% |
| Very Good | 42,879 | 52.1% |
| Outstanding | 24,249 | 29.5% |
| Total employees rated | 82,229 | |
| Employees Not Rated | | |
| <i>Reason Employees Not Rated</i> | <i>Number</i> | <i>% of total ees</i> |
| Insufficient time to evaluate | 4,063 | 4.5% |
| Leave without pay (LWOP) | 446 | 0.5% |
| Evaluation not done | 477 | 0.5% |
| Rating not entered | 2,365 | 2.6% |
| Total employees not rated | 7,351 | 8.2% |
| Grand total | 89,580 | |

The table also shows, for those employees who did not receive ratings, the distribution of reasons they were not rated. The most common reason was “insufficient time” – they were not in position long enough to enable their supervisors to provide a reliable rating. (In most agencies, six months is considered sufficient time.) The percentage of employees not rated (about eight percent) is less than what has been seen in recent cycles when the figure has been as high as ten percent or more.

From year to year, the distribution of performance ratings has been consistently skewed, with the majority of ratings clustered at the positive end of the scale. This consistency is apparent in **Figure 1**, which compares the ratings distributions from the last eight years. However, it is noteworthy that in 2008 there was a modest but discernible shifting of the distribution, with a slightly higher percentage of employees receiving “good” ratings and a lower percentage rated “outstanding.”

Figure 1
Distribution of Performance Ratings, 2001-2008
State Government Workforce



Are Performance Ratings Inflated?

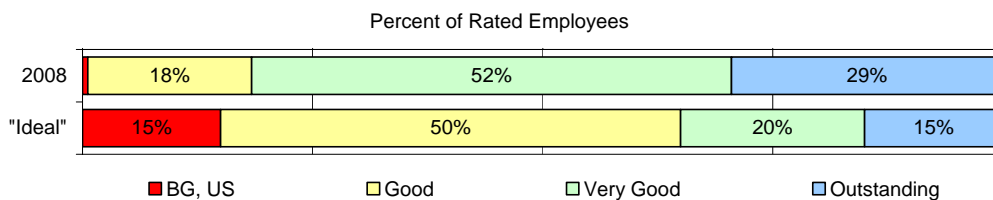
There is much discussion among human resources professionals concerning what a “proper” distribution of ratings should look like. In reality, in most organizations, ratings tend to be skewed, or “inflated,” with many more employees rated at the higher end of the scale than at the lower. Consider the following viewpoints about performance ratings:

- Job performance, like many other things, varies from person to person. In a large group of employees, there are likely to be some top performers, many performers in the middle, and a few who are not performing effectively. Thus, in the language of the academics, job performance should be distributed normally – like the statistical “normal curve” – more or less.

- A familiar counter argument asserts that the purpose of human resource management (HRM) systems is to ensure that only highly qualified people are hired. Furthermore, effective performance management, training, and compensation practices operate to optimize the performance of those hired. Thus if performance ratings were distributed in a truly normal fashion, with sizable numbers of “OK” and poor performers, it would suggest that the organization’s HRM practices have failed.
- The public’s perspective is different still. If an organization is doing well (e.g., making a handsome profit, offering great products, delivering wonderful service, or, in the case of public sector organizations, fulfilling its mandate and meeting constituents’ needs in a cost effective way) then it would make sense to learn that management believes 81% of employees have exceeded their performance expectations. But if the organization’s performance has not been stellar, the public would be incredulous to learn of such a skewed distribution of ratings.
- It is also granted that most performance appraisal ratings are prone to error and bias, tendencies that are exacerbated when employees perform jobs that are inherently difficult to measure. Furthermore, when performance management systems are based primarily on activities and behaviors rather than results, ratings are more subjective. In other words, a little inflation is to be expected when the system for measuring performance lacks rigor.

All of this is prelude to presenting **Figure 2** comparing the actual distribution of ratings in 2008 with an “ideal” curve. The ideal distribution assumes that a plurality of employees (50%) will meet expectations (i.e., receive a “good” rating) and that 35% will exceed expectations while 15% will fall short.

Figure 2
Actual vs. "Ideal" Distribution of Performance Ratings, 2008
State Government Workforce



This chart is presented only as a reminder that ratings often do tend to be inflated and that agencies should continue to strive to make accurate, honest, unbiased ratings of employees. Ideally, there should be a correlation between the collective performance ratings of employees and the overall performance of the organization since the collective performance of employees to a large extent determines the organization’s performance. Under this assumption, it would stand to reason that only those agencies that do an outstanding job of achieving their missions would have the majority of their employees receiving high ratings.

3. Race and Sex Differences

Statewide Perspective

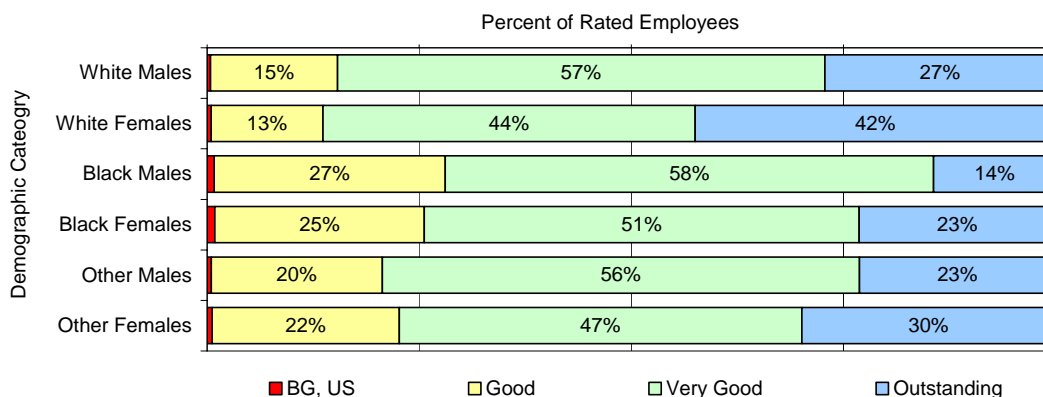
The race and sex composition of the state workforce has remained fairly constant across the past five cycles. **Table B** presents the 2008 numbers and percentages for the standard EEO categories. Males and females are about equally represented. Whites make up about two-thirds while blacks comprise slightly less than one-third of the workforce; there are (proportionally) small numbers of American Indians, Asians, and Hispanics.

Table B
Race and Sex Composition of Workforce – 2008

| <i>Frequencies</i> | | | |
|--------------------|-------------|---------------|-----------------|
| | <i>Male</i> | <i>Female</i> | <i>Totals</i> |
| White | 32,963 | 26,928 | 59,891 |
| Black | 10,647 | 16,382 | 27,029 |
| Hispanic | 534 | 552 | 1,086 |
| Asian | 656 | 773 | 1,429 |
| American Indian | 759 | 550 | 1,309 |
| Totals | 45,559 | 45,185 | 90,744 |
| <i>Percentages</i> | | | |
| | <i>Male</i> | <i>Female</i> | <i>Group %s</i> |
| White | 36.3% | 29.7% | 66.0% |
| Black | 11.7% | 18.1% | 29.8% |
| Hispanic | 0.6% | 0.6% | 1.2% |
| Asian | 0.7% | 0.9% | 1.6% |
| American Indian | 0.8% | 0.6% | 1.4% |
| Group %s | 50.2% | 49.8% | |

The 2008 distribution of ratings by race and sex is presented in **Figure 3**. There are considerable differences among the race and sex categories. White females have the highest percentage of “outstanding” and the lowest percentage of “good” ratings. In contrast, black males have the lowest percentage of “outstanding” and highest percentage of “good” ratings.

Figure 3
Distribution of Ratings by Race and Sex, 2008
State Government Workforce



Because of the small numbers of American Indians, Asians, and Hispanics relative to the numbers of whites and blacks in the state workforce, the distributions for these smaller groups should be viewed with caution. Nonetheless, although the percentages of “other” races are small, the numbers are not trivial. In each of these groups, there are more than 1,000 employees who received ratings.

Are the Race and Sex Differences Significant?

Does the performance management system have a disparate impact on any one race-sex group? On average, black males received lower ratings than other groups. But is this difference significant (that is, is it big enough to be both statistically significant and of practical concern) and is it persistent (that is, does it show up consistently from year to year)?

To determine if the difference is *significant*, we apply the four-fifths “rule of thumb” suggested by the Equal Employment Opportunity Commission.⁴ According to this rule, if the rate for the group in question is less than four-fifths (80%) of the rate for the most successful group, a potential disparity exists. This rule was originally applied to selection ratios (applicants hired in relation to applicants considered); in the present analysis, it is

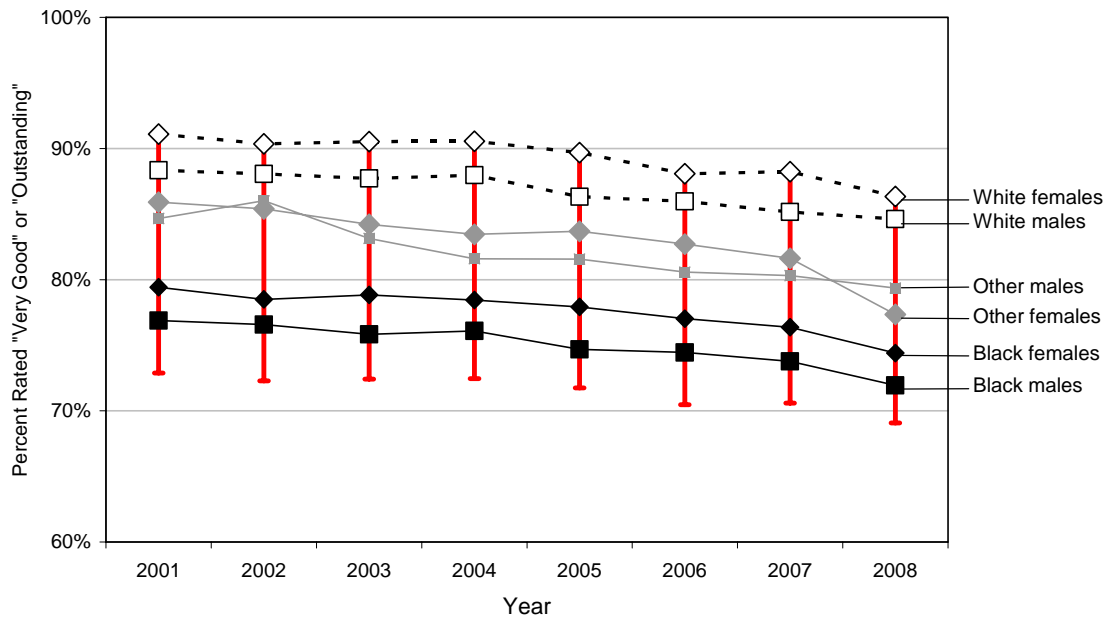
⁴ Equal Employment Opportunity Commission, Civil Service Commission, Department of Labor, and Department of Justice (1978). *Uniform Guidelines on Employee Selection Procedures*: “A selection rate for any race, sex, or ethnic group which is less than four-fifths (4/5) (or eighty percent) of the rate for the group with the highest rate will generally be regarded by the Federal enforcement agencies as evidence of adverse impact, while a greater than four-fifths rate will generally not be regarded by Federal enforcement agencies as evidence of adverse impact. Smaller differences in selection rate may nevertheless constitute adverse impact, where they are significant in both statistical and practical terms or where a user’s actions have discouraged applicants disproportionately on grounds of race, sex, or ethnic group. Greater differences in selection rate may not constitute adverse impact where the differences are based on small numbers and are not statistically significant, or where special recruiting or other programs cause the pool of minority or female candidates to be atypical of the normal pool of applicants from that group.”

applied to the percentage of employees rated “very good” or “outstanding” in relation to all employees rated.

In 2008, 86.3% of white female employees who received ratings were rated “very good” or “outstanding;” they were the highest rated (“most successful”) group.⁵ Four-fifths of 86.3% is 69.0%. Thus, if any group’s percentage falls below 69.0%, it would be evidence of potential disparate impact.

Figure 4 displays this analysis graphically. The red bracket extending down from the white-female data-point represents the range within which, according to the four-fifths rule, a difference would *not* be considered evidence of a potential disparity. A group’s data-point would have to fall *below* this bracket to suggest disparate impact. Looking at the 2008 data, all groups’ data-points fall *within* the bracket, suggesting the performance management system does not have disparate impact on any of the race-sex groups.

Figure 4
Disparate Impact Analysis: Percent Rated “Very Good” or “Outstanding” by Race and Sex, 2001-2008



To determine if a difference is *systematic*, previous performance management reports have adopted the following convention: If a potential disparity persists across three consecutive cycles, it should be regarded as a disparity warranting investigation. Since there is no potential disparity in the 2008 data, this step of the analysis is not required. Furthermore, it will be noted that, in **Figure 4**, none of the groups’ data points has fallen outside of the four-fifths brackets in any of the preceding seven years.

⁵ Because the number of Hispanics, Asians, and American Indians is relatively small compared to the white and black categories, these groups have been combined to form an “other” group.

What Lies Behind the Race and Sex Differences in Performance?

Although the sex-race differences do not satisfy the statistical criterion for disparate impact, they are nonetheless substantial. Such differences, however, are not unique to the North Carolina state government workforce. Comparable black-white differences are consistently found in the research literature on job performance.⁶ The magnitude of the black-white difference in job performance in these studies is .39 standard deviations. In 2008, the average rating for white state employees was 4.19 and for black state employees, 3.94. This difference of one-fourth of a point on the state's five-point rating scale represents a difference of .37 standard deviations, nearly identical to the broader findings of the published research.

This report has undertaken additional analyses to try to better understand the nature and causes of these differences. There are at least three possible explanations for these differences in black-white, male-female performance ratings:

1. Differences in type of work and organizational culture – One possibility is that the sexes and races are not randomly distributed across all positions or across agencies, and that these factors – the kind of work people do and the environment in which they do it – substantially affect how well they perform or how rigorously or leniently their performance is evaluated.
2. Rater bias – A second possibility is that raters generally favor one group over another irrespective of actual performance. This explanation would be valid if, for example, white supervisors (whether consciously or without awareness) rated black employees lower than other employees while black and “other” supervisors rated all race group about equally, on average.
3. Real performance differences – A second possibility is that there may be legitimate differences in performance between the groups. Such differences may, in turn, be due to any number of factors.

The “Work and Environment” Explanation

It is possible, using available data, to test the validity of the first explanation. Two examples illustrate how this “work and environment” explanation may be operating:

- A disproportionately large number of black males are employed as prison guards in the Department of Correction. Prison guard is a difficult, demanding job, one that is not forgiving of errors. The Department of Correction evaluates its employees more stringently than many other agencies. Thus, the non-random gravitation of black males into exacting positions in a department where evaluations are rigorously done would contribute to a statewide ratings distribution in which the average rating for blacks is lower than for whites.

⁶ Two recent articles that summarize research findings on racial differences in job performance: Philip L. Roth, Allen I. Huffcutt, and Philip Bobko, “Ethnic Group Differences in Measures of Job performance: A New Meta-Analysis” (*Journal of Applied Psychology*, 2003, 88(4), pp. 694-706) and Patrick F. McKay and Michael A. McDaniel, “A Reexamination of Black-White Mean Differences in Work Performance: More Data, More Moderators” (*Journal of Applied Psychology*, 2006, 91(3), pp. 538-554).

- In contrast, performance in clerical positions is presumably more difficult to objectively measure. A disproportionately large number of white females work in clerical positions. Most likely due to the greater ambiguity in appraising their performance, employees in clerical positions tend to receive more positive ratings than people in most other occupations. The net effect of this would be to produce a statewide distribution in which the average rating for white females is higher than for other race-sex groups.

Table C shows the number of employees in Correctional Officer and administrative support⁷ job groups as well as in three other “high-occupancy” job groups: Health Care Technicians, Transportation Workers, and Building and Environmental Service Technicians.

Table C
Race-Sex Mix in High-Occupancy Positions (Numbers and Percentages of Employees Receiving Performance Ratings)

| <i>Position</i> | <i>White Males</i> | <i>White Females</i> | <i>Black Males</i> | <i>Black Females</i> | <i>Other Males</i> | <i>Other Females</i> | <i>Total</i> |
|------------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------|
| (a) Numbers | | | | | | | |
| Correctional Officer | 3,128 | 783 | 1,597 | 1,487 | 178 | 86 | 7,259 |
| Adm Support | 377 | 3,612 | 189 | 1,852 | 14 | 183 | 6,227 |
| Health Care Technician | 499 | 530 | 649 | 1,743 | 10 | 17 | 3,448 |
| Transportation Worker | 2,326 | 79 | 700 | 24 | 140 | 12 | 3,281 |
| Bld & Envir Serv Tech | 43 | 216 | 602 | 584 | 91 | 130 | 1,666 |
| (b) Percentages | | | | | | | |
| Correctional Officer | 43% | 11% | 22% | 20% | 2% | 1% | 100% |
| Adm Support | 6% | 58% | 3% | 30% | 0% | 3% | 100% |
| Health Care Technician | 14% | 15% | 19% | 51% | 0% | 0% | 100% |
| Transportation Worker | 71% | 2% | 21% | 1% | 4% | 0% | 100% |
| Bld & Envir Serv Tech | 3% | 13% | 36% | 35% | 5% | 8% | 100% |

Note the disproportionate representation of race-sex groups in these jobs:

- 42% of Correctional Officers are black (vs. 30% statewide).
- 91% of administrative support employees are female (vs. 50% statewide).
- 66% of Health Care Technicians are female (vs. 50% statewide), 70% are black (vs. 30% statewide), and 51% are black females (vs. 18% statewide).
- 92% of Transportation Workers are male (vs. 50% statewide).

⁷ For purposes of this analysis, “administrative support” includes the banded position, Administrative Support Associate, and the graded positions, Office Assistant III and IV and Processing Assistant III and IV.

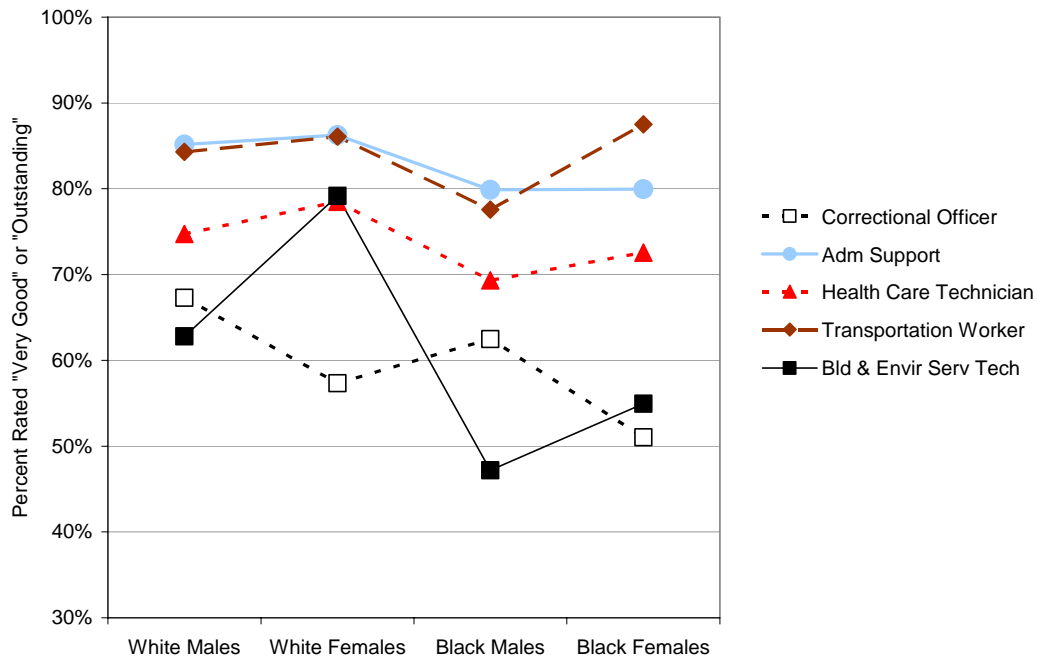
- 71% of Building and Environmental Service Technicians are black (vs. 30% statewide).

One thing that is clear is that, over the years, these high-occupancy jobs have, for whatever reason, attracted disproportionate numbers of either men or women or blacks.

If the “work and environment” explanation is correct, two trends would emerge from the data: (a) Jobs with high percentages of black males would have lower average ratings and those with high percentages of white females would have higher average ratings *and* (b) within any one job the ratings of different race-sex groups would be roughly equal. In other words, jobs with different sex-race mixes will differ in their average ratings while within a particular job group the average rating differences of each sex-race group will be minimal.

The data relevant to this test are presented in **Figure 5**. It shows the percentage of white male, white female, black male, and black female employees in each of the five selected high-occupancy jobs whose performance exceeded expectations (i.e., they received either “outstanding” or “very good” ratings). Data for the “other” race categories are not included due to the much smaller numbers of employees in these categories.

Figure 5
Race-Sex Differences in Ratings in High-Occupancy Positions



If the “work and environment” explanation were 100% valid, the five lines representing the five job groups would be horizontal and parallel to each other. What appears in the figure is in fact quite different. As anticipated, average ratings for some jobs tend to high and others, low. Administrative support employees and Transportation Workers receive relatively high ratings, for example, while Correctional Officers receive lower ratings, on average.

Note, however, the systematic differences in sex-race group ratings *within* each of the jobs. A larger percentage of white administrative support employees receive high ratings than do black employees. Among Correctional Officers, more males than females *and* more whites than blacks are highly rated. Among Health Technicians, more females than males *and* more whites than blacks are highly rated. And there are dramatic race-sex differences in the performance ratings of Building and Environmental Service Technicians: While almost 80% of white females are highly rated, only about 50% of blacks are similarly rated.

The data presented here suggest that there are clearly race and sex differences in performance ratings that cannot be accounted for solely on the basis of the type of work. Even in the same job, blacks and whites, males and females are evaluated differently.

The “Rater Bias” Explanation

Another possible cause of the race difference in evaluations is that supervisors may be biased in their ratings based on employee race. A way to partially test this possibility is to look at how white, black, and “other” supervisors rate the performance of white, black, and “other” employees. If rating bias exists, ratings will differ depending on who is rating whom. If rating bias does not exist, average ratings will be roughly the same for all combinations of supervisor race and employee race.

Figure 6 reports the number of pairings based on supervisor and employee race. By far the most common pairing is white supervisor and white employee (37,893 pairings). However, there are significant numbers of white-on-black pairings (10,829), black-on-black pairings (7,889), and black-on-white pairings (6,419).

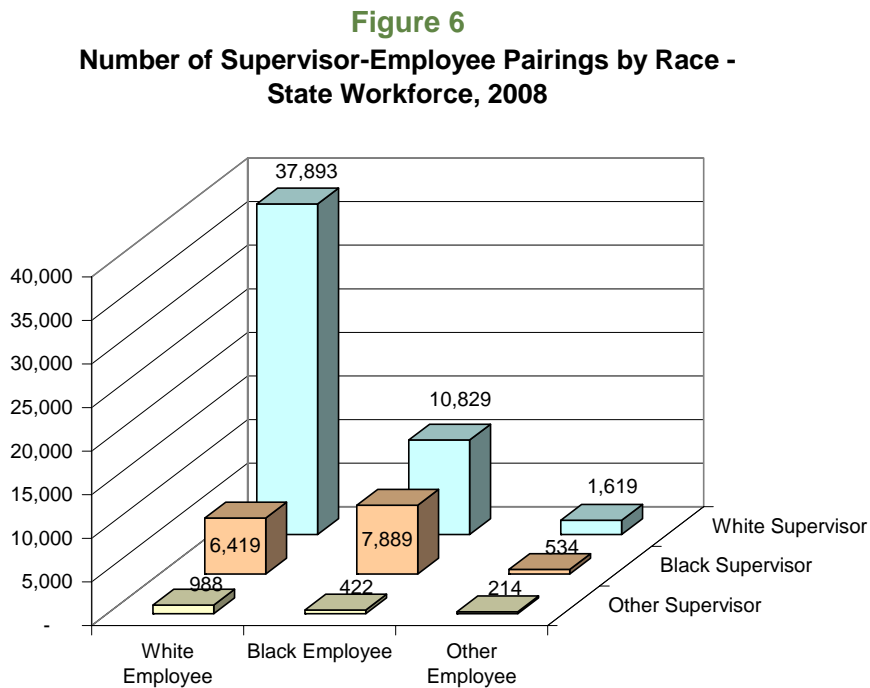
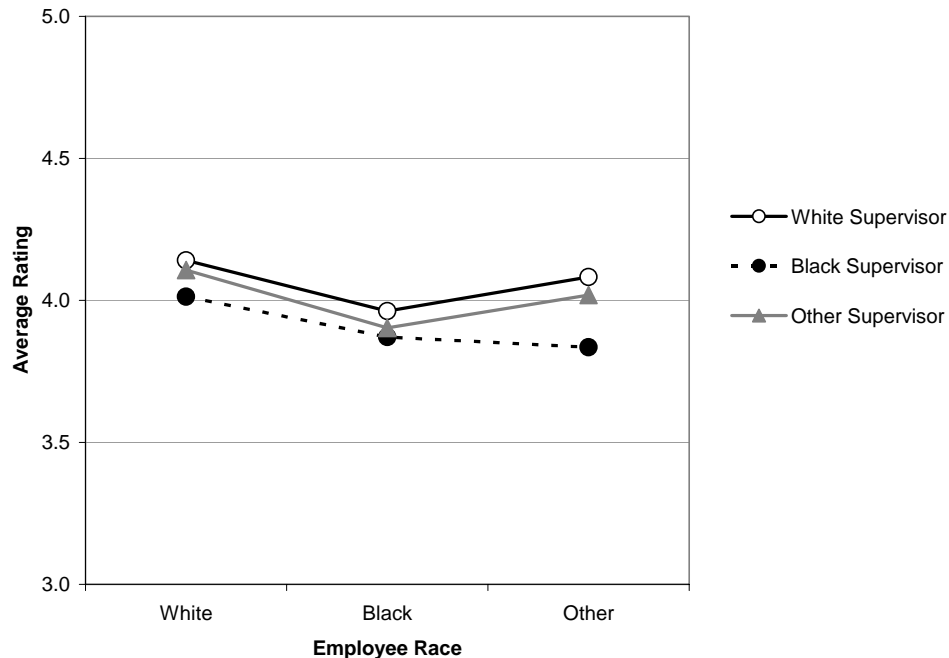


Figure 7 presents the rating data. White, black, and “other” supervisors rate white employees about the same, on average. White supervisors give slightly higher ratings

while black supervisors' ratings are lower, although there is only a 0.13-point spread separating their average ratings. The pattern is nearly identical for black employees' performance ratings – although the average ratings for blacks are lower than for whites.

Figure 7
How Supervisors of Different Races Rate Employees of Different Races - State Workforce, 2008



The significant finding to be noted in **Figure 7** is that the lower average rating received by black employees is not due to lower ratings assigned them by any one supervisor-race group; all supervisor-race groups rate black employees lower than white employees. These findings certainly do not suggest that white supervisors are biased in their ratings of black employees – any more than are black supervisors and “other” supervisors.

There is an interesting anomaly in the findings for “other” employees. “Other” employees receive substantially lower ratings from black supervisors than from either white or “other” supervisors. The numbers involved, however, are small so it is unwise to try to draw any conclusions from this finding.

Conclusions

How employees are rated *does* depend in part on what job they have. Males, females, black, whites, and other races *do* tend to gravitate to some jobs and not to others. However, employees working the same job are still rated somewhat differently, on average, depending on their race and sex.

Is that lingering difference due to supervisor bias? Not likely, since *all* supervisors tend to rate black employees lower than white employees. All of this leads to the uncomfortable possibility that at least part of the reason for race differences in performance ratings is that there *are* differences in performance.

Finally, these analyses and conclusions should not lull agencies and universities into believing they do not need to worry about discrimination in the context of performance management. The fact remains: bias can enter into the performance management (or any other) process at any time. HR departments need to be alert to evidence of bias as it arises in individual cases.

4. Other Demographic Differences

Age and Performance

Table D shows how age groups are represented within the state workforce. The largest groups are those in the 30- to 59-year-old range. The Table also shows how the standard age brackets roughly correspond to the popular generational designations.⁸ Baby Boomers (currently 44 to 62 years old) make up approximately 60% of the workforce. The Silent Generation or Late Career Employees (63 years and older) account for around 9%. Generation Xers (33 to 43 years of age) comprise about 22% of employees. And the youngest group, Generation Y or Echo Boomers (age 32 and younger), account for about 10%.

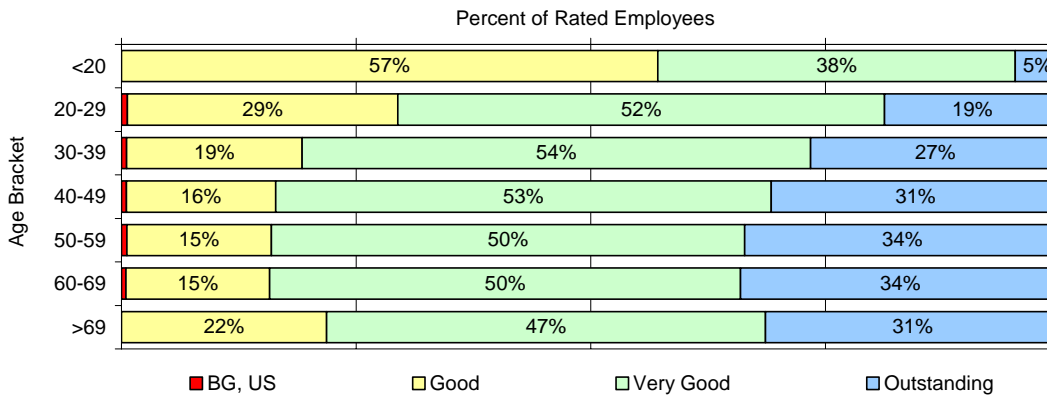
Table D
State Workforce Age, 2008

| Age | Number of Employees | Percentage | Generation |
|-------|---------------------|------------|------------|
| <20 | 46 | 0.0% | Gen Y |
| 20-29 | 11,757 | 10.2% | |
| 30-39 | 25,527 | 22.1% | Gen X |
| 40-49 | 35,364 | 30.6% | Baby boom |
| 50-59 | 33,103 | 28.6% | |
| 60-69 | 9,350 | 8.1% | Silent gen |
| >69 | 459 | 0.4% | |

As can be seen in **Figure 8**, there is a clear age-related performance trend. The percentage of “outstanding” ratings increases steadily, from the youngest group on, and levels off with those employees in their fifties and sixties. “Very good” ratings remain at high levels from the 20-to-29-year-old group on. The youngest employees received a rather large number of “good” ratings, but as groups age the percentage of “good” ratings declines up until the oldest group, at which point there is an increased percentage of “good” ratings. These very regular trends suggest that the age differences in performance level are due more to chronological age and experience than to generational membership.

⁸ Because the generations don’t precisely align with the standard age brackets, the translation of percentages to generations is only approximate. For example, in 2008 Baby Boomers were aged 44 to 62 and the nearest brackets used for reporting purposes were 40 to 59.

Figure 8
Distribution of Appraisal Ratings by Age, 2008
State Government Workforce

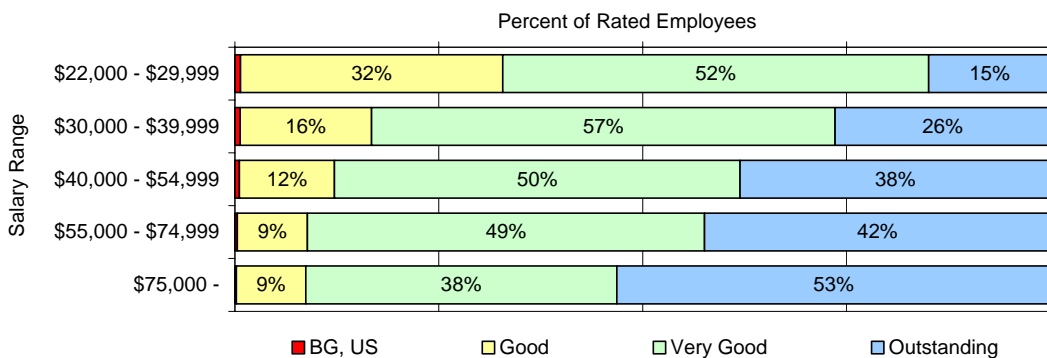


Salary Range and Performance

In general, as can be seen in **Figure 9**, employees at higher salary grades tend to be rated higher. The number of “outstanding” ratings increases steadily from the lowest- to highest-paid ranges.

The most populous group, the \$30,000-to-\$39,999 salary range, making up one third of the state workforce, received 26% “outstanding,” 57% “very good,” and 16% “good” ratings. Less than 1% of the employees in this group received either “below good” or “unsatisfactory” ratings.

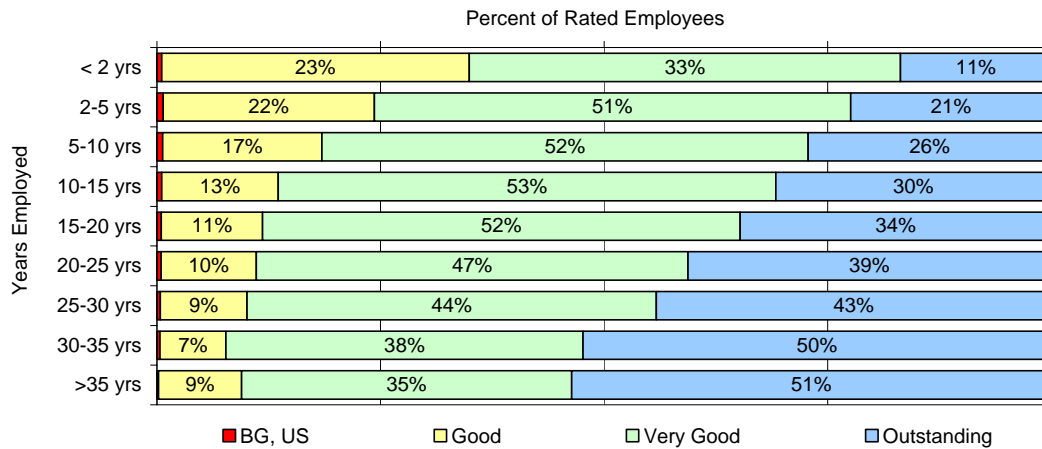
Figure 9
Distribution of Appraisal Ratings by Salary Range, 2008
State Government Workforce



Length of Service and Performance

Figure 10 shows the relationship between length of service and evaluation rating. There is a clear linear trend: the longer an employee’s service time, the higher the evaluation rating. Employees who were not rated had the least amount of service time (8 years, compared to 11 years for the workforce overall).

Figure 10
Distribution of Appraisal Ratings by Tenure, 2008
State Government Workforce

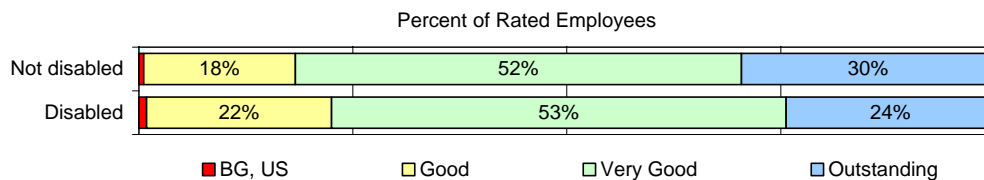


Disability and Performance

Within the state workforce in 2008, 1,715 employees identified themselves as disabled. This amounted to 2% of the total workforce. Of the disabled state employees, about 9% did not receive ratings, a proportion that is in line with the total number of employees that were not rated.

Figure 11 compares the distribution of ratings for disabled employees with the distribution for able employees. The two distributions coincide quite closely, indicating that disabled employees were evaluated no differently than able employees.

Figure 11
Distribution of Appraisal Ratings by Disability, 2008
State Government Workforce



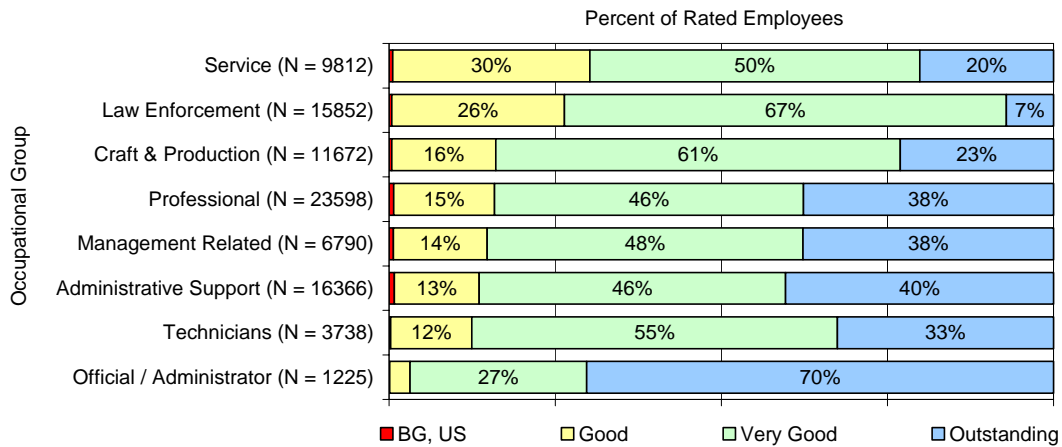
5. Occupational Differences

Section 3 of this report surveyed the relationship between performance appraisal ratings and “personal” demographic factors, such as race, sex, age, and disability. In this and the following sections, attention is given to “external” demographics – that is, factors that are linked to the environment in which the person works rather than to the person.

First: Are people who perform different types of jobs rated in systematically different ways? The State classifies its jobs into eight occupational groups⁹, of which professional, administrative support, and law enforcement account for the largest number of employees. Detailed breakdown of numbers and ratings is included in the Appendix in **Table E**.

To the question, “Are people in different occupations rated differently?” the answer is a resounding, “Yes.” Occupational differences in performance ratings are dramatic. **Figure 12** illustrates these differences.

Figure 12
Distribution of Appraisal Ratings by Occupation, 2008
State Government Workforce



Employees in the service occupational group (accounting for 11% of the state work force) and law enforcement (18% of the work force) are the most strictly rated (i.e., they have the lowest percentage of “very good” and “outstanding” ratings). Service occupations include healthcare support, food and beverage, building and grounds workers, and their first-line supervisors. Law enforcement includes police, correctional officers, and their supervisors.

Officials and administrators (top and middle management) are the most leniently rated employees, although they represent only one percent of the state government work force.

⁹ Occupational classifications are based on the federal government’s Standard Occupational Code (SOC) system.

6. Agency / University Differences

Basic Findings

This section highlights the second of the two major factors that make a dramatic difference in how employees are rated: the environment (or culture) in which they perform their jobs – in other words, the agency or university where they work.

Twenty-nine agencies and 18 universities with more than 25 rated employees are covered in this report. **Figure 13** shows the distribution of ratings within each agency. The agencies are arranged in the chart in order, from those with the highest percentages of high ratings (on the top) to those with the lowest percentages (on the bottom), based on the percentage of “outstanding” plus “very good” ratings.

Table F (in the Appendix) shows the data in tabular format for all agencies. In the largest agencies, more positive ratings are the norm in Transportation, where 89% were rated either “outstanding” or “very good”. Health and Human Services (at 81%) exactly mirrors the statewide average. A less rosy distribution prevails at Correction, where only 75% of employees earned “outstanding” or “very good” ratings.

Looking at all the agencies included in this figure, it is apparent that different agencies take very different approaches to performance appraisal, whether as a matter of policy (some agencies supporting more positive ratings and others encouraging a more strict approach to appraisals) or as a reflection of the very different types of work performed within. At one extreme there is the Auditor’s office, with only 2% “outstanding” and 54% “good,” while at Labor, Boards and Commissions, Office of the Commissioner of Banks, and the Department of Public Instruction, more than half the rated employees received “outstanding” appraisals.¹⁰

¹⁰ In 2007, the Office of State Personnel began using a three-level rating scale: exceeds, meets, and does not meet expectations. The “exceeds expectations” level includes employees who would have been rated both as “very good” and as “outstanding” in the traditional system. Thus OSP’s distribution is in line with other agencies’ distributions when “very good” and “outstanding” ratings are broken out separately.

Figure 13
Distribution of 2008 Agency Employee Performance Ratings

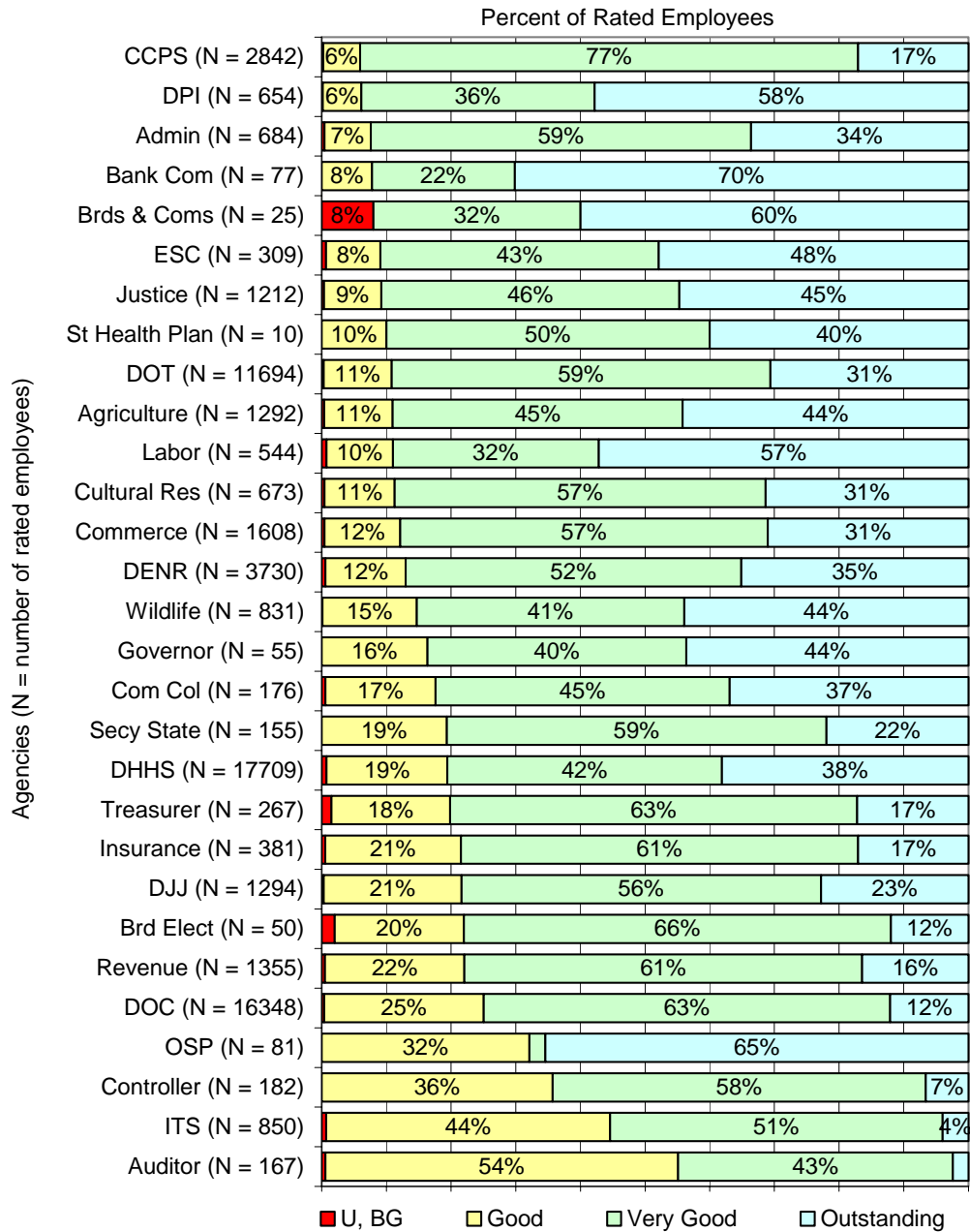
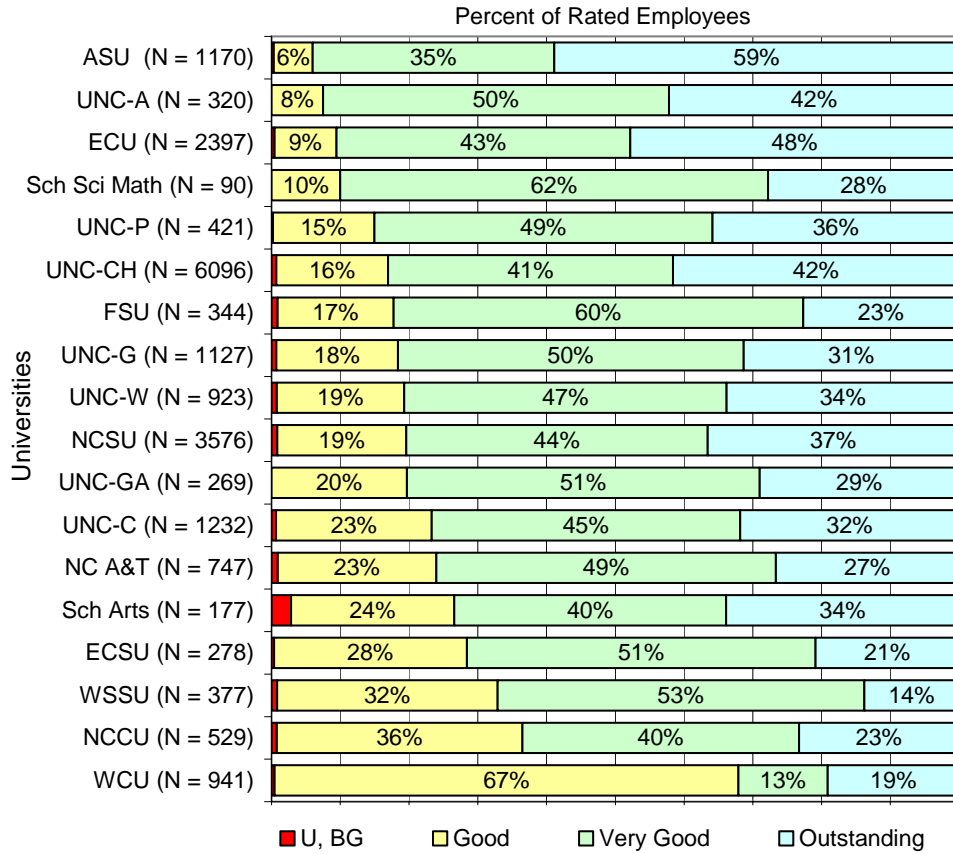


Figure 14 presents the universities' ratings distributions. Across all the universities, 80% of employees received "outstanding" or "very good" ratings. ASU stands out with 94% of employees rated at the two highest levels; 59% received an "outstanding." Western Carolina has by far the strictest distribution, with only 32% of employees receiving "outstanding" or "very good" ratings.

Figure 14
Distribution of 2008 University Employee Performance Ratings



In **Table G** (in the Appendix), rating information from all universities is presented in tabular format.

Is Rating Inflation Decreasing?

In Section 2 of this report, it was observed that in the past few years there has been a gradual shift in the distribution of performance ratings. Specifically, from 2005 to 2008, there has been about a 3% to 4% decline statewide in the number of "outstanding" ratings and a corresponding 3% to 4% increase in the number of "goods". Is this actually a trend and, if so, what is driving it?

To confirm that a "trend" is real requires having several data points on a time line to base a conclusion on. Three data points are not sufficient. What appears to be a trend may simply be a temporary blip. However, it is still worthwhile to try to uncover any potential drivers and to give those drivers a boost to try to push the blip into a genuine trend.

The most likely cause behind the blip / trend is deliberate actions taken by some agencies and universities. Have there been efforts on the part of some agencies and universities to make their performance ratings more realistic that might have caused discernible shifts in the statewide ratings distribution over the last few years? It is tempting to say that this in fact is what is happening.

Among large agencies, DHHS has experienced a 3% to 5% shift toward a more realistic distribution in the period from 2005 to 2008.¹¹ Over the same period, UNC-Chapel Hill experienced a 3% to 6% change. Among medium-size agencies, ITS, Wildlife, Agriculture, DENR, and Juvenile Justice saw changes in the 3% to 19% range, all in the direction of less inflated, more realistic ratings. Several medium-size universities also produced some significant shifts: Changes at Western Carolina, UNC-Greensboro, UNC-Charlotte, and UNC-Wilmington ranged from 3% to, in one case, over 30%. There were also solid shifts at several universities with smaller SPA employee populations: Elizabeth City State University, Fayetteville State University, and UNC-Pembroke in particular.

A non-scientific survey of some of these organizations revealed a number of actions deliberately aimed at making performance ratings more realistic. Here are some of the key things agencies and universities are doing:

- Training – Lots of training and communication, including “lunch ‘n’ learns,” brief workshops, full-day sessions, and performance management content embedded in general supervisory / management training. Although training in performance management is mandatory statewide, those organizations where inflation has declined say their supervisors are not just exposed to a one-time training event but are brought back for refresher training.
- Top management support – The agency head or HR director lend public support to performance management. They stress its importance in statements and speeches. (One hopes that top management, in addition to talking about it, also actually *does* performance management, *reviews* work plans and appraisals, and *supports* individual development plans, although none of the respondents said these things specifically.)
- Importance of accurate ratings – HR staff are constantly stressing how important accurate ratings are. They are doing this by talking about the consequences of not providing accurate feedback, the need to take disciplinary action if performance is less than “good,” and the effect on other employees of not dealing with poor performance. They point out the age-old dilemma of not providing accurate ratings and then discovering documentation to support a disciplinary action is lacking. Training on discipline and performance management is often combined.

¹¹ For this analysis we calculated, for each agency and university, the difference between the 2005 percentage of employees rated “outstanding” and “very good” and the 2008 percentage. So as not to rely solely on data points from only two years, we also calculated the difference between the combined 2005 and 2006 percentages and the combined 2007 and 2008 percentages, which provides a more stable and conservative estimate of change.

- “Good” is good – HR staff assure supervisors and employees that they won’t be negatively affected by receiving a “good” rating. “Good” means expectations are being met, the job is getting done effectively. At least one agency reports that “good” ratings do *not* put employees at a disadvantage when they apply for positions in other agencies. When reviewing applicant information, most agencies are interested in what applicants’ responsibilities and accomplishments have been, more so than in their ratings, which “everyone knows” are not reliable information.
- Results-based measures – At least one of the responding agencies has stressed tying work plans to business needs. This focus on measurable results rather than on more subjective observation of behaviors has had the effect of spreading out performance ratings and hence reducing inflation.
- Calibrating expectations – HR staff are stressing that new employees should receive “good” ratings as they learn their jobs. The “good” rating not only is more realistic but also allows for their growth in their jobs over time to be recognized by higher ratings. They are also stressing that, like any measuring instrument, performance ratings need to be recalibrated periodically to make sure they are reflecting reality. Some agencies attempt to provide detailed definitions of each level of performance.
- Requiring documentation – A very practical way to curb inflation, employed by a number of agencies, is to require managers to provide supporting evidence for “very good” and “outstanding” ratings. Merely requiring extra work seems to give pause to managers who would otherwise be quick to assign high ratings. Although this may be seen as an administrative “gimmick,” it can nonetheless help to reign in the high ratings for forcing managers to more seriously consider their evaluations.

7. Is Poor Performance Being Addressed?

One of the purposes of the performance management system is to “further ... the outstanding performance of State employees,”¹² that is, to stimulate high levels of employee performance – whether by sustaining high performers, moving lower performers to higher levels of performance, or moving out of the organization those low performers who fail to improve. How well does the system accomplish these purposes?

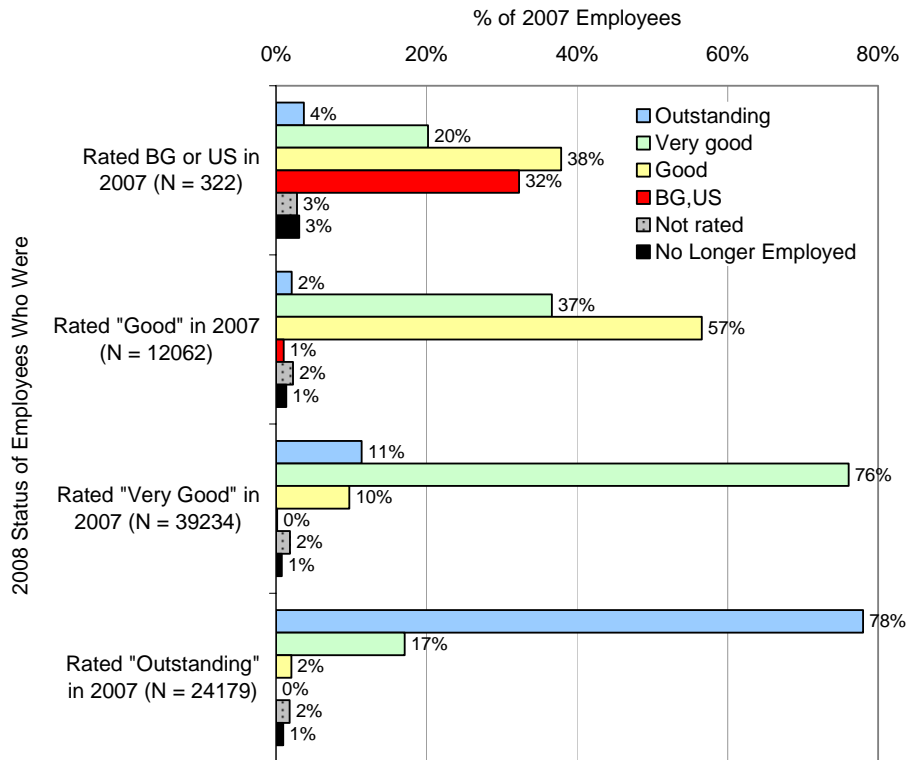
The fact that performance ratings are inflated to begin with makes it difficult to answer the general question about furthering outstanding performance. Taken literally, the ratings data suggest that this objective has been achieved beyond any legislator’s wildest dreams. However, it is possible to use the ratings data to answer a narrower question: Is *poor* performance effectively addressed? You would expect that employees who perform at the “below good” or “unsatisfactory” levels would, over the course of a

¹² General Statute 126-7(a).

year, be either brought up to a satisfactory level of performance or moved out of state government.

Figure 15 looks at changes in performance from year to year, in this case from 2007 to 2008.

Figure 15
2008 Status of Employees Compared to their 2007 Performance Levels



The first conclusion to be drawn from this analysis is that employees who perform effectively tend to continue to perform at the same level over time. For instance, 76% of employees rated “very good” in 2007 continued to perform at that level in 2008, with only 11% kicking it up a notch to “outstanding” and only 10% falling off to “good.”

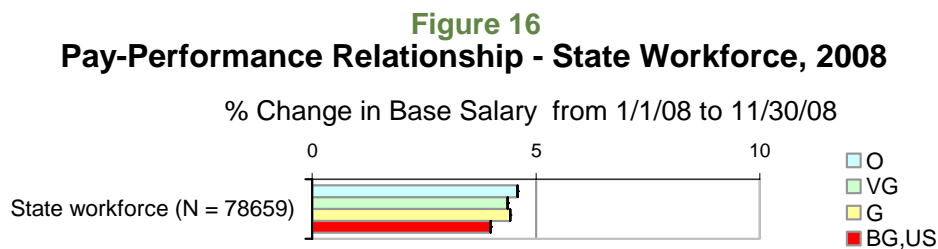
The second conclusion has to do with employees who perform poorly. Although there were comparatively few of them in 2007 (N = 322), almost two-thirds improved their performance in the following year. Astonishingly, however, only 3% left state government and fully one-third were still employed in 2008 *and performing at the same ineffective level*. The poor-performers-who-stick-around problem is consistent with the findings in last year’s report, which was the first year that this analysis was conducted.

8. Pay for Performance?

State law requires that "... salary increases to State employees ... be implemented through the Comprehensive Compensation System based upon the individual performance of each State employee."¹³ Although the Comprehensive Compensation System has been neither funded nor implemented over most of its history, the spirit of the law is nonetheless clear: Employees should be paid according to the level of their performance.

The legislature provided an across-the-board salary increase of 2.75% (or \$1,100, whichever is greater) for employees subject to the State Personnel Act (SPA). The actual statewide average increase for SPA employees who held the same position through the year was 4.4%. The gap between the legislative increase and the actual average increase can be accounted for by in-range adjustments granted to individuals in order to bring their pay closer to the market value of their jobs, compensate for changes in responsibility or job scope, or achieve internal pay equity.

Figure 16 shows the relationship, across the entire state government workforce, between 2008 appraisal ratings and the average percent change in employees' base salaries. Change in base salary was determined by calculating the difference between base salary at the beginning of the year and at the end of the year. (So that changes in salary due to promotions would not distort the analysis, only those employees who were appraised in 2008 and who remained in the same position from the beginning to the end of the year are included.)



Although the figure hints at a very modest positive relationship, there is virtually none. A statistically more sensitive way of looking at the pay-performance relationship is to compute the correlation¹⁴ between appraisal ratings and percent changes in base pay. Across the entire state workforce, this correlation is 0.02, strongly implying that there is no relationship between performance and pay.

¹³ General Statute 126-7(a).

¹⁴ The correlation statistic can vary from +1.00 through 0.00 to -1.00. If higher performing employees receive higher percentage pay increases, this would be reflected in a strongly positive correlation – from +0.30 and up. A negative correlation, -0.30 and lower, would indicate that the better a person performs the smaller the pay increase the person receives. If pay increases are given without regard to performance, the correlation is likely to hover around 0.00. It should be noted that the correlation statistic cannot be computed if one or both of the variables in question do not vary. In other words, if the only increase employees received during the year was the legislative increase, it would not make sense to try to measure the relationship between pay and performance because there would be no pay differences against which to compare differences in performance.

Consider the practical implications of this lack of correlation between performance and pay. Based on the statewide averages, the “outstanding” employee who earns \$35,000 annually received a pay increase of \$134.81 per month in 2008. The poor performer (“below good” or “unsatisfactory” rating) got a \$116.34 monthly increase. That’s a \$17.47 differential per paycheck between the highest rated and lowest rated employees. In organizations that wish to promote high levels of performance, achievement oriented employees would find a differential of such meager magnitude demoralizing.

In the cases selected for this analysis, there were 402 employees rated as poor performers. Poor performers, on average, received a 3.99% increase in base pay. This amounts to an investment by the state of \$600,764. Although this is small in comparison to the investment in pay increases for employees who met or exceeded their performance expectations, it is money nonetheless ill spent. About two-thirds of this amount was dictated by the legislative increase, but one-third was at the discretion of the agencies. Add to this the observation noted in section 7 that one-third of last year’s poor performers are still here and still performing poorly, and you have the makings of a work environment that encourages mediocrity.

There were substantial differences among agencies and universities in how pay increases correlate with performance. **Table H** breaks out this correlational analysis by agency. The larger the correlation (*r*), the stronger the relationship between pay and performance.

Table H
Correlation between Pay and
Performance within each Agency – 2008

| <i>Agency</i> | <i>r</i> | <i>N</i> | <i>Agency</i> | <i>r</i> | <i>N</i> |
|---------------|----------|----------|---------------|----------|----------|
| Brd Elect | 0.33 | 44 | Cultural Res | 0.02 | 650 |
| Governor | 0.30 | 61 | Insurance | 0.02 | 363 |
| ITS | 0.23 | 804 | ESC | 0.01 | 300 |
| Controller | 0.20 | 154 | Auditor | 0.00 | 135 |
| Bank Com | 0.20 | 68 | DHHS | 0.00 | 16,367 |
| Com Col | 0.18 | 156 | DOC | -0.03 | 14,733 |
| DJJ | 0.15 | 1,187 | Admin | -0.05 | 663 |
| Revenue | 0.11 | 1,208 | Justice | -0.05 | 1,082 |
| Treasurer | 0.08 | 268 | CCPS | -0.11 | 2,629 |
| DPI | 0.05 | 562 | DOT | -0.12 | 11,182 |
| Labor | 0.05 | 499 | Secy State | -0.15 | 125 |
| Commerce | 0.04 | 1,558 | OSP | -0.17 | 79 |
| Agriculture | 0.03 | 1,217 | Wildlife | -0.19 | 752 |
| DENR | 0.02 | 3,554 | | | |

The Board of Elections, Governor’s Office, and a handful of agencies tended to give greater increases to higher performers, lesser increases to lower performers. In those agencies where the correlation was close to 0.00, any increases employees received

tended not to be related to their performance. And in those agencies with negative correlations, such as Wildlife, OSP, and Secretary of State, there was a tendency for pay and performance to be inversely related – that is, higher performing employees on average received smaller increases than lower performing employees.

These correlations are easier to visualize in **Figure 17**. In this figure, the average percentage increases for each level of performance is shown as a series of bars for each agency, the top bar representing “outstanding” performance and so on. For example, it can be seen that the Community College office gave larger increases to “outstanding” performers (6.13%) than to “very good” (5.02%) and “good” (3.51%) performers, and only the legislatively required 2.75% increase to poor performers.

Figure 17
Pay-Performance Relationship - Agencies, 2008

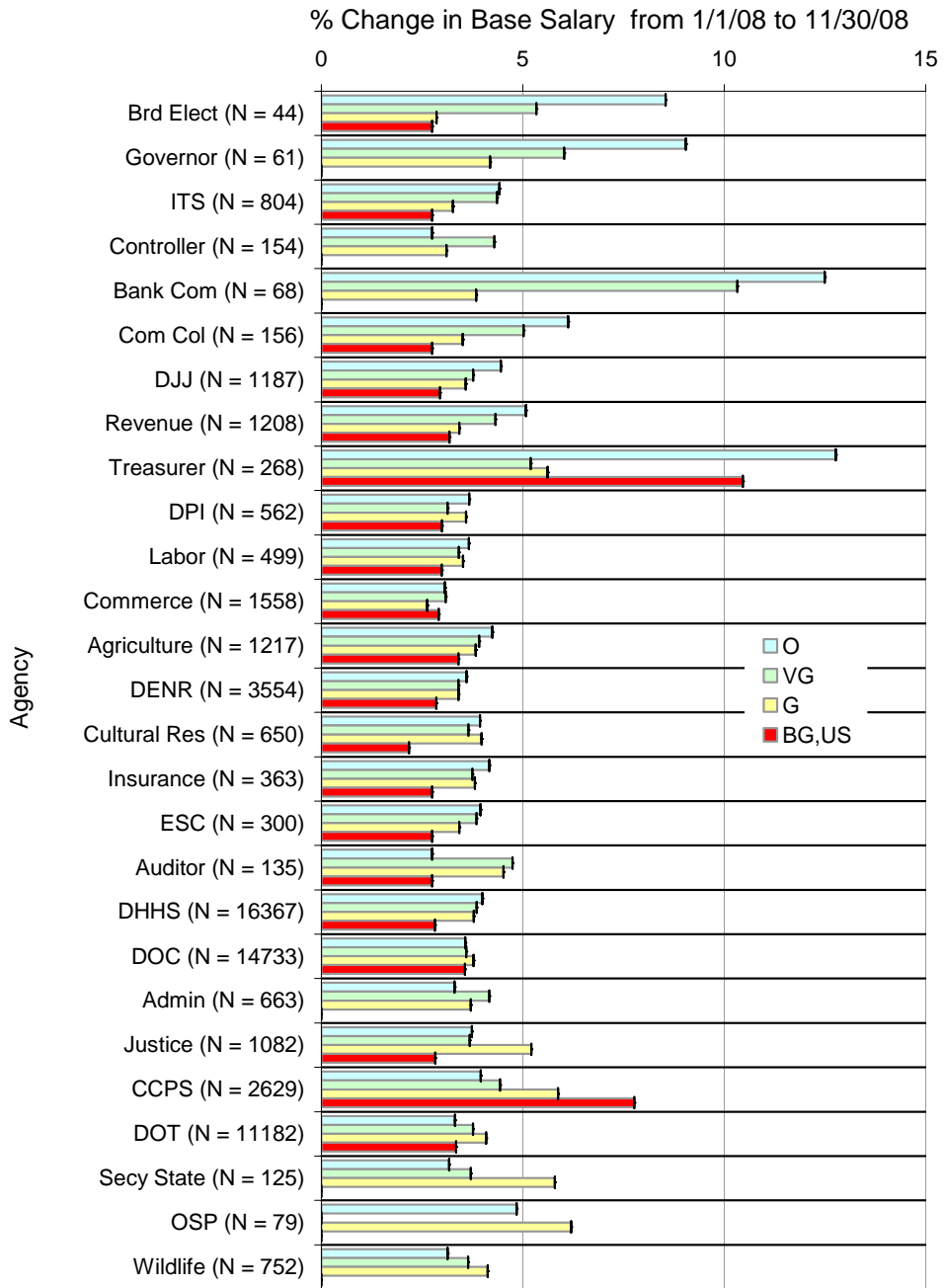


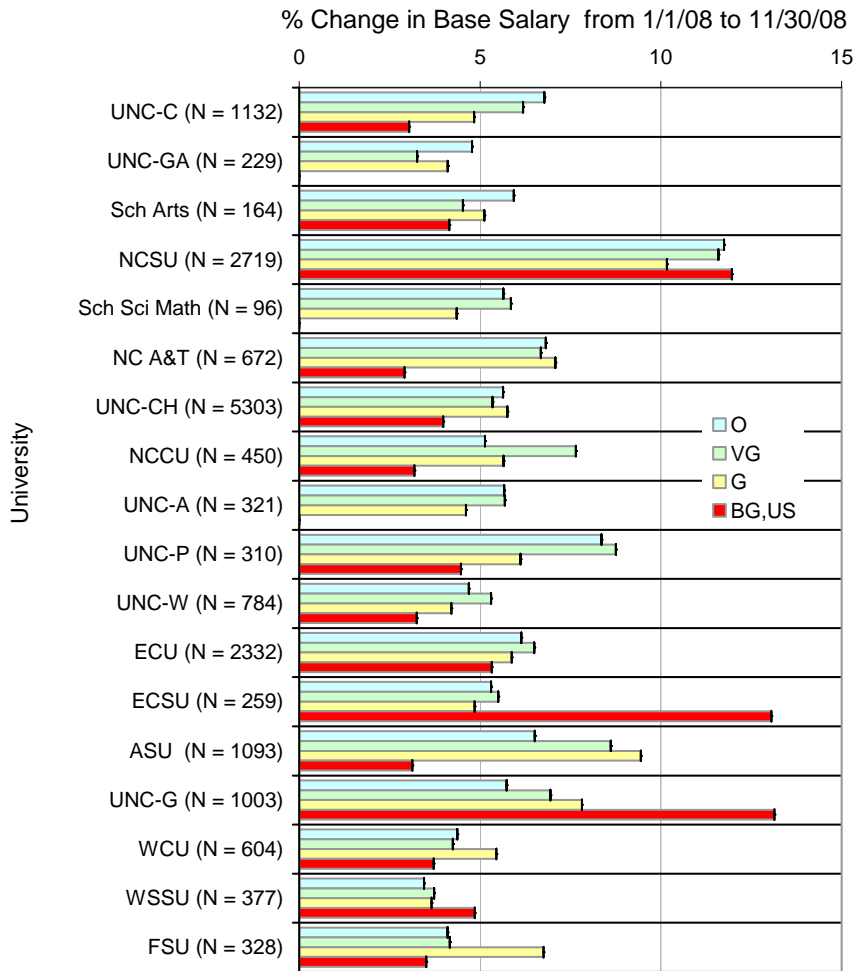
Table I presents a comparable correlational analysis for the universities. The largest institutions have pay-performance correlations that range from -0.07 to 0.14 , the majority of which suggests nothing more than a very weak relationship between performance and pay.

Table I
Correlation between Pay and
Performance within each University – 2008

| <i>University</i> | <i>r</i> | <i>N</i> | <i>University</i> | <i>r</i> | <i>N</i> |
|-------------------|----------|----------|-------------------|----------|----------|
| UNC-C | 0.14 | 1,132 | UNC-P | 0.03 | 310 |
| UNC-GA | 0.09 | 229 | UNC-W | 0.01 | 784 |
| Sch Arts | 0.07 | 164 | ECU | 0.01 | 2,332 |
| NCSU | 0.06 | 2,719 | ECSU | -0.01 | 259 |
| Sch Sci Math | 0.05 | 96 | ASU | -0.07 | 1,093 |
| NC A&T | 0.05 | 672 | UNC-G | -0.07 | 1,003 |
| UNC-CH | 0.04 | 5,303 | WCU | -0.08 | 604 |
| NCCU | 0.03 | 450 | WSSU | -0.09 | 377 |
| UNC-A | 0.03 | 321 | FSU | -0.13 | 328 |

Figure 18 displays the data underlying the correlational analysis graphically.

Figure 18
Pay-Performance Relationship - Universities, 2008



Granted, the negative correlations for some agencies and universities were most likely due to in-range adjustments, which would have been justified from a market perspective. And, in many cases, further adjustments cannot be given to top performers because they are at the top of their ranges.

However, viewed from a broader perspective, salary increases given to poor performers – for whatever reason – is an unwise investment of scarce compensation dollars. If combined with small increases for top performers, the unfortunate message is that the agency tolerates poor performance and does not value outstanding performance. It would be highly desirable for agencies to strive toward strong, positive correlations between pay and performance.

Appendix

Note on Methodology

For this report, we looked at the performance appraisal data for all permanent, full-time employees subject to the State Personnel Act who were on the payroll as of June 30, 2008.

2008 was the first year that agencies used the new information system, BEACON, to record their employees' appraisal ratings – as well as other employee information and personnel actions. As would be expected, there were some difficulties using the system for the first time. For example, some agencies and divisions overrode the default performance cycle dates when entering appraisal ratings so that the dates would coincide with the actual cycle dates followed by their agencies. This, however, caused the system not to recognize the entered ratings as part of the “standard” 2007-2008 cycle, which in turn caused all the ratings to be reported as “blanks.” To correct this problem, the BEACON staff had to clear entries and the agencies' HR staffs had to re-enter the ratings.

Universities (with the exception of the NC School of Science and Math) have adopted other HR / enterprise information systems (e.g., People Administrator, PeopleSoft) and do not use BEACON. Because there is no interface between their systems and the State's BEACON system, they enter required data and personnel actions into the legacy system, PMIS. (To them, this amounts to double entering their personnel data.) Files from some of the larger universities did not transmit and had to be handled by PMIS support staff at BEACON.

Although most agencies and universities submitted ratings by the June 15 data-entry deadline, a few struggled with a variety of issues. Data entry was not complete until December.

Office of State Personnel staff compiled the data, with assistance from the BEACON staff, and conducted the analyses reported here. The final data sets were extracted in December. The data sets were filtered to exclude new hires since June 30 and preserve data from any employees who turned over since June 30. Numerous additional adjustments were made to match up the fields and codes from the two systems (BEACON and PMIS).

It should be noted that many of the analyses included in this report, especially the analyses appearing for the first time, were made easier due to BEACON's more robust structure for organizing data.

Supplementary Tables

Table E
Distribution of Ratings by Occupation – 2006

| <i>Occupation</i> | <i>Employees</i> | | | <i>Performance Ratings</i> | | | | <i>Employees Not Rated</i> | |
|--------------------------|------------------|------------------------------|---------------------|----------------------------|---------------|--------------------|----------------------|----------------------------|--------------------|
| | <i>Number</i> | <i>% of State Work force</i> | <i>Number Rated</i> | <i>% BG, US</i> | <i>% Good</i> | <i>% Very Good</i> | <i>% Outstanding</i> | <i>Number Not Rated</i> | <i>% Not Rated</i> |
| Professional | 23,598 | 26% | 21,852 | 0.7% | 15% | 46% | 38% | 1,746 | 7% |
| Administrative Support | 16,366 | 18% | 14,997 | 0.8% | 13% | 46% | 40% | 1,369 | 8% |
| Law Enforcement | 15,852 | 18% | 13,764 | 0.4% | 26% | 67% | 7% | 2,088 | 13% |
| Craft & Production | 11,672 | 13% | 10,953 | 0.4% | 16% | 61% | 23% | 719 | 6% |
| Service | 9,812 | 11% | 8,965 | 0.6% | 30% | 50% | 20% | 847 | 9% |
| Management Related | 6,790 | 8% | 6,443 | 0.6% | 14% | 48% | 38% | 347 | 5% |
| Technicians | 3,738 | 4% | 3,481 | 0.2% | 12% | 55% | 33% | 257 | 7% |
| Official / Administrator | 1,225 | 1% | 1,110 | 0.1% | 3% | 27% | 70% | 115 | 9% |
| Total | 89,053 | | 81,565 | 0.6% | 18% | 52% | 29% | 7,488 | 8% |

Table F
Distribution of 2008 Employee Performance Ratings*

| Agency | | # of employees rated | Performance Ratings (% of rated employees) | | | |
|--------------|----------------|----------------------|--|-----|------|-----|
| | | | % U, BG | % G | % VG | % O |
| 18 | DJJ | 1,294 | 0.3% | 21% | 56% | 23% |
| 30 | Governor | 55 | 0.0% | 16% | 40% | 44% |
| 32 | Secy State | 155 | 0.0% | 19% | 59% | 22% |
| 33 | Auditor | 167 | 0.6% | 54% | 43% | 2% |
| 34 | Treasurer | 267 | 1.5% | 18% | 63% | 17% |
| 35 | DPI | 654 | 0.2% | 6% | 36% | 58% |
| 36 | Justice | 1,212 | 0.3% | 9% | 46% | 45% |
| 37 | Agriculture | 1,292 | 0.4% | 11% | 45% | 44% |
| 38 | Labor | 544 | 0.7% | 10% | 32% | 57% |
| 39 | Insurance | 381 | 0.5% | 21% | 61% | 17% |
| 40 | OSP | 81 | 0.0% | 32% | 2% | 65% |
| 41 | Admin | 684 | 0.4% | 7% | 59% | 34% |
| 42 | DOT | 11,694 | 0.3% | 11% | 59% | 31% |
| 43 | DENR | 3,730 | 0.6% | 12% | 52% | 35% |
| 43.11 | Wildlife | 831 | 0.1% | 15% | 41% | 44% |
| 44 | DHHS | 17,709 | 0.7% | 19% | 42% | 38% |
| 45 | DOC | 16,348 | 0.4% | 25% | 63% | 12% |
| 46 | Commerce | 1,608 | 0.4% | 12% | 57% | 31% |
| 46.04 | Bank Com | 77 | 0.0% | 8% | 22% | 70% |
| 46.3 | ESC | 309 | 0.6% | 8% | 43% | 48% |
| 47 | Revenue | 1,355 | 0.5% | 22% | 61% | 16% |
| 48 | Cultural Res | 673 | 0.4% | 11% | 57% | 31% |
| 49 | CCPS | 2,842 | 0.2% | 6% | 77% | 17% |
| 50 | Controller | 182 | 0.0% | 36% | 58% | 7% |
| 51 | ITS | 850 | 0.7% | 44% | 51% | 4% |
| 68 | Com Col | 176 | 0.6% | 17% | 45% | 37% |
| 80 | Brd Elect | 50 | 2.0% | 20% | 66% | 12% |
| 81 | Brds & Coms | 25 | 8.0% | 0% | 32% | 60% |
| 84 | St Health Plan | 10 | 0.0% | 10% | 50% | 40% |
| Total Agency | | 65,255 | 0.5% | 17% | 54% | 28% |

* Includes SPA, full-time, permanent employees as of 6/30/2008.

Table G
Distribution of 2008 Employee Performance Ratings*

| University | | # of Employees Rated | Performance Ratings (% of rated employees) | | | |
|------------------|--------------|----------------------|--|-----|------|-----|
| | | | % U, BG | % G | % VG | % O |
| 6010 | UNC-GA | 269 | 0.0% | 20% | 51% | 29% |
| 6020 | UNC-CH | 6,096 | 0.7% | 16% | 41% | 42% |
| 6030 | NCSU | 3,576 | 0.8% | 19% | 44% | 37% |
| 6040 | UNC-G | 1,127 | 0.7% | 18% | 50% | 31% |
| 6050 | UNC-C | 1,232 | 0.6% | 23% | 45% | 32% |
| 6055 | UNC-A | 320 | 0.0% | 8% | 50% | 42% |
| 6060 | UNC-W | 923 | 0.8% | 19% | 47% | 34% |
| 6065 | ECU | 2,397 | 0.5% | 9% | 43% | 48% |
| 6070 | NC A&T | 747 | 0.9% | 23% | 49% | 27% |
| 6075 | WCU | 941 | 0.4% | 67% | 13% | 19% |
| 6080 | ASU | 1,170 | 0.3% | 6% | 35% | 59% |
| 6082 | UNC-P | 421 | 0.2% | 15% | 49% | 36% |
| 6084 | WSSU | 377 | 0.8% | 32% | 53% | 14% |
| 6086 | ECSU | 278 | 0.4% | 28% | 51% | 21% |
| 6088 | FSU | 344 | 0.9% | 17% | 60% | 23% |
| 6090 | NCCU | 529 | 0.8% | 36% | 40% | 23% |
| 6092 | Sch Arts | 177 | 2.8% | 24% | 40% | 34% |
| 6094 | Sch Sci Math | 90 | 0.0% | 10% | 62% | 28% |
| Total University | | 21,014 | 0.7% | 19% | 43% | 37% |

* Includes SPA, full-time, permanent employees as of 6/30/2008.