

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

Minutes of

The Human Resources Committee Meeting

of February 23, 2010

The Human Resources Committee of the State of Connecticut Health and Educational Facilities Authority met in session at the offices of the Authority at 1:00 p.m. on Tuesday, February 23, 2010.

The Meeting was called to order by Dr. William J. Cibes, Jr., Committee Chair, and upon roll call those present were as follows:

PRESENT: William J. Cibes, Jr., Ph.D., Committee Chair
John Biancamano¹
John Mengacci (Rep. for Robert Genuario)
Barbara Rubin

ALSO PRESENT: Jeffrey A. Asher, Executive Director
JoAnne Mackewicz, Controller
Cynthia Peoples, Assistant Director
Norberto Ramirez, Compliance/Internal Auditor
Jeanette Weldon, Managing Director
and Kathy Owens, Receptionist/Administrative Assistant

The Notice of Meeting was read and ordered spread upon the Minutes of this Meeting and filed for the record.

¹ Mr. Biancamano attended the meeting via telephone.

MINUTES OF THE HUMAN RESOURCES COMMITTEE MEETING

February 23, 2010

The Meeting of the Human Resources Committee of the Connecticut Health and Educational Facilities Authority was called to order by Dr. William J. Cibes, Jr., Committee Chair, at 1:00 p.m.

The purpose of the Meeting was to: 1) Approve the Minutes of the Human Resources Committee Meeting of July 28, 2009; and 2) Review the Employee Incentive Program.

Approval of Minutes

Dr. Cibes requested a motion to approve the Minutes of the Human Resources Committee Meeting of July 28, 2009. Mr. Mengacci moved to accept the minutes of the July 28, 2009 Human Resources Committee Meeting; Ms. Rubin seconded his motion.

Upon roll call, the “Ayes,” “Nays,” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
William J. Cibes John Biancamano John Mengacci Barbara Rubin	None	None

Employee Incentive Program

Mr. Asher stated that there have been numerous discussions regarding making a change in methodology for determining Staff compensation as it relates to the Employee Incentive Program (EIP). He reported that there were issues with the establishment of stretch goals for individual

employees and how to measure those stretch goals. There have been difficulties with certain positions where it was difficult for individuals to identify those functions that are not necessarily part of the core job that they were hired to do. The Authority employs Staff that were hired to perform a particular job and the job is done well and in many cases the job is done exceptionally well. However, some Staff were barred from participating in the Employee Incentive Program because their positions did not necessarily allow them to establish stretch goals. Mr. Asher added that the Audit-Finance Committee had to address this issue with regard to the position of the Internal Auditor. He stated that the conclusion reached on the Internal Auditor position was the right one for that position, but for other positions, it is appropriate to have an incentive program to reward performance.

Mr. Asher explained that Senior Management has developed and the Board has approved the Strategic Business Plan which defines the goals and objectives of the Authority for the next three years. He proposed using the Strategic Business Plan to measure performance relating to the EIP. Mr. Asher further explained that Management would provide the Board with a detailed report of what the Authority accomplished for the year. Mr. Asher added that Management would develop a system of weights and measures to accomplish this.

Mr. Asher explained that when Management developed the budget for FY 2010, the EIP was established at 75% of the potential maximum amount. We have three levels of incentives for employees; a 10% maximum for Managers and other Staff; 15% maximum for Officers; and 20% maximum for the Executive Director. If it is assumed that the Authority only accomplished 50% of the goals then Authority employees would only be eligible for 50% of the maximum incentive – Staff and Managers would receive 5%; Officers would receive 7.5% and the Executive Director would receive 10%. Everyone would be treated equally.

Mr. Asher further stated that if the Committee agrees with this proposed methodology, Management will submit it for review at the next Human Resources Committee Meeting with established Staff goals for 2010. Management will then identify for the Committee what it believes the relative weights of each of those goals should be; and will anticipate this being completed by June 30th. A discussion ensued.

Ms. Rubin stated that she endorses Management's proposal but believes there has to be a qualifier as to the performance of the individual because there are some things such as work ethic and team responsiveness that have to be considered. Ms. Rubin inquired what would happen if a person does not contribute their fair share of work.

Mr. Asher explained that as a threshold, if anyone is underperforming, it would be reflected in their performance evaluation. Therefore, if someone is underperforming and did not live up to the expectations of the job that they were hired to do, that person would receive a performance evaluation of below standard and would not be eligible for a bonus. All the person would receive would be whatever the percentage is for the performance. Further discussion ensued.

Ms. Rubin inquired if a person performs satisfactorily or exceptionally, would they receive the same bonus. Mr. Asher replied if they perform satisfactorily, above standard or exceptional, they would receive the same bonus. Mr. Asher reiterated that a person may receive a different merit increase but would receive the same bonus. Further discussion ensued.

Ms. Rubin stated that there are several reasons why she would endorse this proposal. She believes that having a performance-based component with pay is motivational and beneficial to the individual and to the organization. Secondly, she stated that she believes too much time is spent attempting to create measurable goals that are hard to identify for certain positions.

Mr. Mengacci stated that he was very pleased to see this proposal for a number of reasons. He suggested the challenge in making the transition would be in the ability to connect these layers to the Strategic Business Plan and the organizational goals, ensuring that everything derives appropriately and gets incorporated at the right levels so that when Management is conducting an individual's review, their performance is taken into consideration. Mr. Mengacci further stated that in the Professional Assessment & Recognition System (PARS) there is a core set of competencies that an employee had to maintain in order to be eligible. He explained that if 50% is the core competency, then the remaining 50% would be the individual's ability to perform in such a way so as to move the organization towards achievement of their goals. Did the individual help with some incremental movement over that three-year horizon to reach the organization's desired goals?

Ms. Rubin added that she believes that if an individual does not possess core competencies, they should not be eligible because it is supposed to be a reward based on performing exceptionally and being a team player. Further discussion ensued.

Mr. Mengacci stated that he believes it is incumbent upon the Human Resources Committee to figure out what this structure is going to look like and how is it going to be implemented. He also stated that the discussion that is presently taking place speaks to the fact that the Committee still has some work to do to come to a consensus as to how this is going to work. He added that he is in agreement with the general proposition.

Ms. Rubin stated that there is a timing issue in that the fiscal year is ending on June 30th.

The Committee agreed.

Mr. Asher stated that he believes it is important to make the transition at this time and then get set up for it being fully implemented for next year. Mr. Asher asked if there should be some sort of gradation levels. Ms. Rubin stated that she does not see a problem if Management wants to use a gradation system. Further discussion ensued.

Dr. Cibes inquired if Mr. Biancamano had any comments. Mr. Biancamano stated that there is the question of how much does a person at the lower level really contribute to the overall strategic goals of the organization. He explained that some individuals may have more of an impact than others and occasionally there may be feedback that a person got the same percentage as another but each individual's contributions were not the same. He added that there is a bit of a danger where everybody is evaluated on a total corporate-wide goal achievement. He further explained that he is pleased with the concept because the Authority was not developing stretch goals and he is concerned that the Authority may provide the lowest people in the structure a 10% bonus even if they did an adequate job and may not even have known what the Strategic Goals were for the organization other than they read them at the beginning of the year. Obviously the higher you get into the organization the more instrumental you are in the success of the organization.

Ms. Rubin stated that her view is that if someone has been hired to perform a job and they perform that job exceptionally, presumably unless Management made the wrong decision and the job was not really important somehow, then they contributed towards the end goal. The fact of the matter is that there is a tiering by virtue of the percentage being different. Mr. Biancamano replied the word being used is "exceptional"; are we allowing people who just did their job and people who were performed "exceptional" to share in the same bonus. Ms. Rubin stated that that is a different argument and she is not opposed to having gradations – once the employee meets eligibility, he/she is either totally eligible or partially eligible depending upon his/her effort. Further discussion ensued.

Ms. Rubin inquired if it is correct to assume that virtually every position at the Authority could be related to one or more goals – maybe not to all of them but maybe more heavily weighted to one versus another. She added that what Mr. Biancamano is saying is that some positions may not be directly related to any one goal because there are a fair number of goals in the Plan.

Mr. Mengacci added that there are certainly plenty to connect all of the jobs to and believes that the Strategic Business Plan has very broad goals and needs an intermediate set of goals that can be compartmentalized. He gave the example of the Compliance Department having their own set of goals that would connect to the larger goals against which they would be measured. Finance might have a different set – you would need an intermediate set of goals for the operating divisions that connect to the larger goals.

Mr. Asher explained that each employee is going to continue to have their own individual goals and that is going to be part of their merit-based performance evaluation – they have to set goals for themselves as far as what they are going to accomplish for each year. He further stated, if a person is simply performing the job that they were hired to do and they are not really putting in any extra effort then they are not going to receive anything more than a standard rating. In order to get an exceptional rating, the individual is going to have to set some goals and help overall as a team, be willing to help out others, and willing to participate in the entire process.

Mr. Asher agreed and recommended that there be levels based on the performance evaluations to come up with some quantifiable percentage so that if a person just performs the job that they were hired to do, they would not share in the full amount of the bonus – perhaps have a level for those who are standard, a level for those that are above and a level for those that are exceptional.

Dr. Cibes stated that he believes that is the perception of Mr. Mengacci and Mr. Biancamano and Ms. Rubin seems to be amenable to that. Mr. Biancamano added that he is very comfortable with that because basically CHEFA should be striving to get employees beyond merit for the extra efforts they do which may lead to an achievement of a specific goal that affects their area.

Dr. Cibes stated to weigh in on the overall perspective, it is good the Committee would move away from using stretch goals as a measurement because everybody agrees that in some respect they were artificially created. He also liked the idea of supporting a team approach but there needs to be a way to tier the measurements.

Dr. Cibes inquired what the merit increase structure is. Mr. Asher responded that Officers only get 3%; everyone else 2%, 4% and 5% based on their performance – so that would mean standard is 2%, above standard is 4%, and exceptional is 5%. He further explained that it is a bit different this year because of the budget situation. He stated that the other question is what is the relationship of the Incentive Program to the objective job evaluations that were done in terms of putting different jobs in their proper categories in terms of the pay areas. One of the reasons the Authority went to a higher percentage for the Officers and Executive Director was that it was probably underpaying those positions in terms of their objective job evaluations. Dr. Cibes inquired if the Authority moves to provide incentives for Managers and other Staff, are the objective job evaluations distorted? Mr. Asher responded that the incentive is totally separate and does not adjust to the base.

Mr. Asher stated that he believes that first, Management needs to return with a structure for varying grades based on the individual's performance and how that should be allocated on a percentage basis. Secondly, Management needs to identify for the Committee those goals it expects to be focusing on – the Strategic Business Plan goals and then come up with a suggested

weight factor. Dr. Cibes added that the Committee needs to establish a weight for standard, above standard and exceptional. Presumably, the same criteria used in the merit evaluation would be used with the Employee Incentive Program as well. Mr. Asher agreed.

Mr. Mengacci inquired about the intermediate level of goals around the particular operational units. Mr. Asher explained that this is being done - the expectation is that when an evaluation is performed, what the person is planning to achieve for the next year is discussed. Individual goals are discussed then the performance evaluation is based on how a person performs those goals. The performance evaluations will need to be conducted separately and Senior Managers will submit goals and they will need to be submitted for 2010. The Committee is going to measure performance based on whether Senior Managers' performance is standard, above standard or exceptional. Dr. Cibes asked if the Committee was in agreement. The Committee agreed.

Dr. Cibes further added the observation that because the Audit-Finance Committee has already developed a scheme for the Auditor that falls under a different structure.

Mr. Asher stated that all the Board members received a copy of this recommendation and there is no action to be taken but it is more an informational item for the Board itself. The Committee will meet again next month with the items it is looking for and they will be reviewed for the full Board's consideration. Mr. Mengacci inquired if the Human Resources Committee would meet before the Board meeting to review everything again. Mr. Asher replied that the Human Resources Committee can meet at the Authority or it can be done telephonically. The Committee agreed that either a meeting at CHEFA or a meeting telephonically would be fine.

Dr. Cibes asked if there was any other business. There being none, the meeting adjourned at 1:29 p.m.

Respectfully submitted,

William J. Cibes, Jr., Ph.D.
Human Resources Committee Chair