

Performance Increases and Formula

Average Increase

- Each year, the Governor and the General Assembly will approve an average performance increase for classified state employees. This is referred to as the Statewide Average Salary Adjustment.

Example: A 3% Statewide Average Salary Adjustment is approved.

- The amount of the average increase will be based on available funding and on the size of increases that other employers are providing.
- Each agency will receive a fixed dollar amount, based on that agency's total payroll and the Statewide Average Salary Adjustment percentage, to pay for the salary increases.

Example: Agency XYZ has 10 employees
 Each employee's salary is \$10,000.
 The total payroll is \$100,000 (10 x \$10,000)
 3% for this agency is \$3,000 (.03 x \$100,000)

- The average salary increase for performance in each agency cannot exceed the Governor- and General Assembly-approved Statewide Average Salary Adjustment.
- An agency may, by designation in the Agency Salary Administration Plan, treat sub-agencies or sub-units of the agency separately. If so, the average increase in each sub-agency or sub-unit is limited to the Statewide Average Salary Adjustment.
- Agencies may not use funds from other sources for performance increases. Agencies may not save performance funding (\$3,000 in the example above) for other purposes.

Agency Flexibility

As long as agencies do not exceed the Statewide Average Salary Adjustment, they will have flexibility in determining the amount of salary increase that employees will receive. The following limitations will apply to this flexibility:

- Within the agency, sub-agency, or sub-unit, all employees with the same rating will receive the same increase.
- Employees rated "Below Contributor" will not be eligible for a performance increase.

- Employees rated “Contributor” must receive between 80% and 100% of the Statewide Average Salary Adjustment.

Example:	If the Statewide Average Salary Adjustment is 3%, the increase for Contributors can equal any percentage from 2.4% (0.8 x 3.0%) to 3.0% (100% of 3.0%)
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- Employees rated “Extraordinary Contributor” must receive between 100% and 250% of the Statewide Average Salary Adjustment.

Example:	If the Statewide Average Salary Adjustment is 3%, the increase for Extraordinary Contributors can equal any percentage from 3.0% (100% of 3.0%) to 7.5% (2.5 x 3.0%)
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The amount of spread between the increases given to employees rated “Contributor” and “Extraordinary Contributor” will be affected by the amount of difference the agency *wants* to make and by the number of employees with each rating. To ensure the most effective use of performance funds, agencies should determine the actual percentage increases after all of their evaluations are completed each year.

Examples:

- 1) Agency XYZ doesn’t want to make a distinction in salary increases for “Contributor” and “Extraordinary Contributor” performance. The agency decides to grant all of its employees 3% increases, or 100% of the average increase. Assume that 8 employees are rated “Contributor” and 2 are rated “Extraordinary Contributor.”

	RATING	
	CONTRIBUTOR	EXTRAORDINARY CONTRIBUTOR
PERCENT INCREASE	3%	3%
NUMBER RECEIVING	8	2
EACH EMPLOYEE’S INCREASE	.03 x 10,000=\$300	.03 x 10,000=\$300
COST	8 x 300 = \$2,400	2 x 300 = \$600
TOTAL COST	\$2,400 + \$600 = \$3,000	

- 2) The next year, agency XYZ decides to give the greatest possible salary difference between “Contributor” and “Extraordinary Contributor” performance. The agency limits “Contributors” to 80% of the 3% average, or 2.4% increases. It has a small number of employees rated “Extraordinary Contributor,” so there is enough money left to provide those rated “Extraordinary Contributor” 5.4% increases (180% of 3%).

	RATING	
	CONTRIBUTOR	EXTRAORDINARY CONTRIBUTOR
PERCENT INCREASE	2.4%	5.4%
NUMBER RECEIVING	8	2
EACH EMPLOYEE’S INCREASE	$.024 \times 10,000 = \$240$	$.054 \times 10,000 = \$540$
COST	$8 \times 240 = \$1,920$	$2 \times 540 = \$1,080$
TOTAL COST	$\$1,920 + \$1,080 = \$3,000$	

- 3) In the third year, agency XYZ still wants to provide the greatest possible pay difference, but this year one-half of the employees in the agency are rated “Extraordinary Contributor.” Therefore, even by giving those rated “Contributor” 2.4% increases, the agency can only afford to give the employees rated “Extraordinary Contributor” 3.6% increases (120% of the 3% average).

	RATING	
	CONTRIBUTOR	EXTRAORDINARY CONTRIBUTOR
PERCENT INCREASE	2.4%	3.6%
NUMBER RECEIVING	5	5
EACH EMPLOYEE’S INCREASE	$.024 \times 10,000 = \$240$	$.036 \times 10,000 = \$360$
COST	$5 \times 240 = \$1,200$	$5 \times 360 = \$1,800$
TOTAL COST	$\$1,200 + \$1,800 = \$3,000$	

Other Considerations:

Probationary employees may receive smaller increases than other employees with the same rating, depending on how long they have been employed at the end of the performance cycle. Agencies may also reduce the amount of increase for employees who are on extended leave during the performance cycle.

Employees who receive promotions, voluntary transfers, reassignments, demotions, role changes, or in-band adjustments are eligible to receive the same percentage based on their performance evaluation as those employees who do not.