

PROCEDURE 301-7 MERIT PAY REVIEW PROCESS

Eligibility

Employees on step pay plans, unclassified, temporary, and seasonal employees are excluded from this procedure unless approved by the Department of Human Resources.

The County will evaluate annually the appropriateness and affordability of salary increases to ensure that salaries remain competitive and reward employee contributions. The County will consider relevant factors when approving an annual compensation budget including but not limited to the following:

1. The County approved budget, including the short- and long-term implications of salary increases.
2. Compensation pool reported trends, as measured through third-party surveying firms.
3. Wage inflation, as measured by the federal Bureau of Labor Statistics (BLS), Employment Cost Index (EPI)
4. Overall inflation, as measured by the Consumer Price Index (CPI).

Within the approved budget, the following will be considered when awarding salary increases:

1. The available budget
2. Employee eligibility for merit (introductory period, corrective actions, PIP)
3. Employee performance throughout the annual performance cycle
4. Employee's current placement within the salary range (Compa-ratio)

Additional guidance will be provided during the annual merit process to assist supervisors in considering these factors along with specific employee scenarios when determining appropriate merit recommendations.

Consistent with the County's compensation and pay for performance philosophy, merit pay rate increases are awarded based on employee performance and contribution to the County, with a focus on teamwork, job proficiency, learning and development, and leadership practices.

Annual Merit Determinations

On an annual basis, following the Board of County Commissioner's determination of the annual merit pool, department/agency/office leaders will consult with their managers and supervisors to determine how to allocate the pool among employees in awarding merit increases. The increases, if any, will be based on employee contributions as well as teamwork, job proficiency, learning and development, and leadership practices throughout the one-year period ending September 30. The components provide a consistent framework for leaders to use for determining how to allocate the merit pool among their employees.

Corrective action, including placement on a Performance Improvement Plan (PIP), during the annual review period will be considered in merit decisions. Employees who are suspended, involuntarily demoted due to conduct or performance, or placed on a PIP during the review period will be eligible for no more than fifty percent of the largest allowable merit increase. Employees on a PIP during the merit cycle are not eligible to receive any merit awarded until successful documented completion of the PIP and 90 days of sustained performance improvement.

New employees who start work before October 1 may be eligible for a pro-rated annual merit increase based upon the percentage of pay periods worked during the calendar year. New

employees who start work on or after October 1 are not eligible for an annual merit increase until the end of the next merit cycle (i.e., after the Board of County Commissioners has determined the merit pool for the following year).

Application of Annual Merit Increases

Merit increases will be effective on the first pay period of the calendar year unless otherwise designated in the annual merit guidelines. For employees on a PIP during the first pay period of the year, any merit increase will become effective on the first day of the pay period following successful completion of the PIP and 90 days of sustained performance. The increase will not be implemented retroactively. Any merit increase will be applied to base pay.

If an employee is below the salary range minimum, their pay will be adjusted to the range minimum before merit is applied.

Employees classified on the Johnson County pay tables whose annual merit increase would place their base rate higher than the pay range maximum, will receive all or partial merit in a mandatory lump sum.

First effective 05-01-2021

Revised 08-31-2023

Revised 03-31-2026