

## **PROCEDURE 301-9 - MERIT PAY RATE INCREASES**

Consistent with the County's compensation 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.

### **Eligibility**

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

### **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 are not rated or scored but 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 one-year review period will be considered in merit decisions. Employees who are suspended, involuntarily demoted due to conduct or performance, placed on more than one PIP, or placed on an extended PIP during the review period will be eligible for no more than fifty percent of the largest allowable merit increase. A PIP that began during the prior review period and was considered in that merit cycle but was not completed successfully until the current review period, will not limit a merit increase unless the PIP was extended in the current review period.

New employees who start work before October 1 are 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 the first pay period of the calendar year unless otherwise designated in the annual merit guidelines. For employees on a PIP or an extended introductory period during the first pay period of the year, the merit increase will become effective on the first day of the pay period following successful completion of the PIP or Introductory Period. The increase will not be implemented retroactively. Any merit increase will be applied to base pay and the employee will not have the opportunity to elect alternative methods of payment.

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

Employees whose annual merit increase would place their base rate higher than the pay range maximum, may choose to apply a portion of the increase to base pay, up to the maximum pay for the position, and may take the remainder in a lump sum or as merit paid time off.

### **Employee Merit Award Options**

Except as stated elsewhere in this procedure, employees may choose how they would like to receive their annual merit increase. Employees may elect from the options offered by the County, which may change from year to year. The current options are as follows:

**Option 1 – Base Pay.** Employees may elect to have their annual merit increases, if any, added to their base pay. A merit pay rate increase may not cause the employee's base pay rate to exceed the pay range maximum. Employees earning at or above the pay range maximum may not elect a base pay annual merit increase.

**Option 2 – Lump Sum.** Employees, other than those classified as on-call or part-time with no benefits, may elect to receive a lump sum payment equivalent to their annualized merit increase. Employees may elect to defer some or all of the lump sum amount into their deferred compensation 457 account.

**Option 3 – Merit Paid Time Off.** Employees, other than those classified as on-call or part-time with no benefits, may elect to receive any annual merit increase in paid time off. The merit increase will be calculated in terms of leave hours, which will be deposited into a merit leave bank. Employees who do not use all of their merit paid time off during the calendar year will have the leave time converted to merit pay and paid the balance at the end of the calendar year. Unused merit paid time off will not be carried over to the next year. If an employee separates from employment before using Merit PTO, all unused leave hours will be paid as leave payout.

**Failure to Elect.** If an employee fails to elect a payment option, any merit increase will be added to base pay to the extent the base pay does not exceed the maximum for the pay range. Any excess will be paid in a lump sum.

**Merit Value.** The value of a lump sum or merit paid time off election will be reflected in any equity calculation and will be included in the employee's base rate in the following calendar year for purposes of calculating overtime and merit increases.

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