

# EMPLOYEE COMPENSATION

## PERFORMANCE MANAGEMENT



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**Director of Human Resources**  
**April 23, 2014**

# Agenda

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- Pay for Performance
- Current Policy
- Proposed Policy
- Motion

# Pay for Performance

- Pay for Performance set by the Board of Supervisors through the budget
- Aligns employee performance to County goals
- Administered through annual performance appraisal
  - ▣ Conducted for all employees on July 1<sup>st</sup>
  - ▣ Simplifies timing for supervisors
  - ▣ Simplifies budget process
- FY15 budget includes 2% merit increase

# Current Policy

- Human Resources Policy Section 14.7, *Performance Appraisal: Numerical Rating*
  
- Most employees evaluated on 3-point scale:
  - 0.00 – 1.79    Below Proficient (no merit increase)
  - 1.80 – 2.79    Proficient (standard merit increase)
  - 2.80 – 3.00    Above Proficient (standard merit increase, and may be eligible for performance incentive)

# Current Policy

- New 5-point scale evaluation being phased in:
  - 1.00 – 1.49     Unsatisfactory
  - 1.50 – 2.49     Below Proficient
  - 2.50 – 3.49     Proficient
  - 3.50 – 4.49     Above Proficient
  - 4.50 – 5.00     Exceptional

# Proposed Policy Revisions

- Three-point scale evaluation changed as follows:
  - 0.00 – 1.79 Below Proficient (no merit increase)
  - 1.80 – 2.09 Needs Improvement/Low Proficient (half the standard merit increase-1%)
  - 2.10 – 2.79 Proficient (standard merit increase-2%)
  - 2.80 – 3.00 Above Proficient (standard merit increase, and may be eligible for performance incentive-1%)

# Proposed Policy Revisions

- Five-point scale evaluation changed as follows:
  - 1.00 – 2.49      Unsatisfactory (no merit increase)
  - 2.50 – 2.99      Needs Improvement/Low Proficient (half the standard merit increase—1%)
  - 3.00 – 3.79      Proficient (standard merit increase—2%)
  - 3.80 – 4.49      Above Proficient (standard merit increase-2%)
  - 4.50 – 5.00      Exceptional (standard merit increase, and may be eligible for performance incentive-1%)

# National Merit Increases

Source	2013 Actual	2014 Projected
World at Work	2.9%	3.1%
Towers Watson	2.8%	2.9%
Hay Group	3.0%	3.0%
Mercer	2.8%	2.9%
<i>Hanover County</i>	0.0%	2.0%

\* These rates are for all industries, and indicate an incremental increase across the board

# Action



Motion to approve the employee compensation performance management criteria as proposed through a revision of Human Resources Policy Section 14.7.