

Number 7.2 - MERIT AWARD PROCESS FOR CERTAIN EXEMPT EMPLOYEES

Effective Date: September 18, 2001

Applicable To: Agency/Department Heads, Deputies, Principal and Executive Assistants, and Private Secretaries.

Issued By: Department of Personnel

Approved By: Kathleen C. Hoyt, Secretary of Administration

PURPOSE AND POLICY STATEMENT:

While it is appropriate to compensate all employees in a fair and consistent manner, the State recognizes that some employees perform at a higher than satisfactory level by either doing significantly more than what is normally expected of the position, by working on special projects of major importance in addition to assigned duties and responsibilities, or by performing their regular duties at a level that far exceeds expectations. The use of merit and bonus awards is a positive way to inspire excellence in performance and an appropriate way to reward those employees who contribute beyond expectations.

The State of Vermont encourages the establishment and active use of employee recognition programs to recognize and celebrate excellence in State government by outstanding individuals and groups with the goal of not only increasing the effectiveness of State government, but also of enhancing the career satisfaction and growth of committed state employees.

The purpose of this policy is to define and clarify a process to implement the granting of merit based awards for certain exempt employees as outlined in **32 V.S.A. §1003(b) and §1020(a)**. These subsections state that *“In addition to the annual salary adjustment specified in this subsection, the governor may grant a special salary increase or a bonus to any such officer whose job duties have significantly increased, or whose contributions to the state in the preceding year are deemed especially significant. Special salary increases or bonuses granted to any individual shall not exceed the average of the total rate of adjustment available to classified employees under the collective bargaining agreement then in effect.”*

GENERAL GUIDELINES FOR GRANTING MERIT AWARDS:

The total allocation pool of approved funding for this program, as referred to above, is defined and limited for any current fiscal period within the statutory language of the current Pay Act, to be distributed based on outstanding performance as outlined above. Requests for approval of bonuses will be approved based on these criteria. **However,**

these merit awards must be funded through the agency budget. The above language simply creates statutory approval for the allocation of these funds for the stated purposes and in accordance with the intent of the program.

To insure equity and consistency in administering this program, awards must comply with the following guidelines:

1. Any salary adjustments are subject to applicable statutory limits.
2. Award programs should not be construed as establishing automatic or mandatory increases for attainment of certain ratings on performance evaluations.
3. Merit awards may be in the form of non-recurring bonuses or increases in the employee's base salary.
4. Base salary increases or lump sum bonuses may not exceed 8% of the employee's annual salary in a 12 month period.
5. Employees may not receive more than one merit award in a twelve month period.
6. The immediate supervisor of an eligible employee (as defined above) should submit the following documents to request an award for their employee:
 - **Fully completed "*Exempt Salary Approval Form*".**
 - **A memo prepared and signed by the immediate supervisor that justifies the proposed merit award as defined in the statutory language above.**
 - **Any other supporting information and/or testimonial.**
7. These documents should be addressed to the Secretary of Administration for approval and sent on to the Department of Personnel, Classification and Compensation Division, 144 State Street, Drawer 20, Montpelier, VT 05620-1701, to the attention of the State Compensation Administrator. Requests will be evaluated for availability of funding in the current approved pool and for compliance to policy and statutory guidelines. Paperwork will be then be returned with a written explanation.
8. If requestor receives signed approval, a completed Personnel Action should be sent to the Records Unit of the Classification and Compensation Division, as per the usual procedure for such, to initiate the change to the employee's salary or the granting of the lump sum award.
9. Approved awards will become effective on the first day of the next payroll period following approval by the Department of Personnel.
10. The employee should not be informed of the award until a signed approval is returned to the supervisor verifying approval of the request.

Signed by Kathleen C. Hoyt, September 18, 2001

Secretary of Administration