

Comprehensive Compensation System

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Statutory Authority: G.S.126-4(2); 126-7
Administrative Rule: 25 NCAC 01D .2500
Policy History

Policy

It is a policy of the State to compensate its employees at a level sufficient to encourage excellence of performance and to maintain the labor market competitiveness necessary to recruit and retain a competent work force. To this end, salary increases to State employees shall be implemented through the Comprehensive Compensation System based upon the individual performance of each State employee.

To guide the Governor and the General Assembly in making appropriations to fund the Comprehensive Compensation System, the Human Resources Commission shall conduct annual compensation surveys. The Commission shall present the results of the compensation survey to the General Assembly each year.

Performance Management System

Each agency shall have an operative Performance Management System (PMS) which has been approved by the Office of State Human Resources using the North Carolina Performance Rating Scale. The complete requirements for an operative performance management system are defined in Section 10 of the Human Resources Manual.

The PMS of each agency shall ensure that salary increases are distributed fairly, consistent with internal equity and with the State's PMS. The Human Resources Director may rescind any career growth recognition award or performance bonus that does not

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meet the intent of the provisions of the Performance Management (PM) Policy and require the originating agency to reconsider or justify the increase.

An increase or bonus does not meet the intent of the provisions of the PM Policy in the event that increases or bonuses are distributed:

- in an arbitrary or capricious manner,
- in a manner that violates laws prohibiting discrimination, or
- to managers or supervisors whose failure to comply with the PM Policy resulted in the loss of an increase or a bonus by employees under their supervision.

What are increases based on?

Eligibility for increases will be based on the most recent work cycle completed and overall summary rating during the previous 12-month period.

When a work cycle has been completed but an overall summary rating has not been given, the Human Resources Director has the authority to order the agency to give an accurate rating. If the agency fails to give a rating, the employee shall be given a rating of no less than the Good Level. Once a rating is given for work performed during a cycle for which the General Assembly has allocated funds for an increase under the Comprehensive Compensation System, the employee shall, if allowed by law and the Administrative Code, be eligible for the increase retroactive to the date that other increases were awarded.

No agency shall set limits so as to preclude an eligible employee from receiving a career growth recognition award, cost-of-living adjustment, or performance bonus; or to initiate disciplinary procedures for the purpose of precluding an eligible employee from receiving a cost-of-living adjustment.

Types of Increases

Subject to the availability of funds, annual appropriations to the Comprehensive Compensation System shall be as follows:

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Type	Features	Appointment (Full and half-time * or more)	Salary	Summary Rating **
Career Growth Recognition Award	<ul style="list-style-type: none"> • 1st priority for funding • added to base pay • salary ranges do not change • progress through range 	Permanent, Time-limited perm	Below max	G VG O
Cost-of-Living Adjustment	<ul style="list-style-type: none"> • 2nd priority for funding • added to base pay • salary ranges change • retain relative position in range 	Permanent, Probationary, Trainee, Time-limited	All	BG G VG O
Performance Bonus	<ul style="list-style-type: none"> • 3rd priority for funding • lump sum - not added to base pay 	Permanent Time-limited perm	Max & below ***	VG O
* Less than half-time receive the COLA only. ** Provided no disciplinary procedure in effect.		***Also partial for salaries above max. See "PB for Salaries Above Maximum."		

Advisory Note: Employees whose salaries are established as a Flat Rate shall be eligible for a Cost-of-Living Adjustment. They shall not be eligible for a Career Recognition Award. To determine eligibility for a Performance Bonus, see paragraph on "PB for Flat Rate Salaries."

Final Disciplinary Procedure (FDP) Defined

For purposes of eligibility for increases, an employee in final disciplinary procedure is an employee whose personnel file includes (1) two active disciplinary actions of any type or (2) a suspension without pay or demotion.

Note: Employees in final disciplinary procedure, other than a suspension or demotion, are eligible for the COLA. Employees in any final disciplinary procedure are not eligible for the CGRA or PB. (See FINAL DISCIPLINARY PROCEDURE RESOLVED at the end of this policy.)

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CAREER GROWTH RECOGNITION AWARD (CGRA)

Definition of CGRA

A Career Growth Recognition Award is an annual salary increase awarded to an employee whose final overall summary rating is at or above the Good level of the rating scale and who is not in final disciplinary procedure. This is the primary method by which an employee progresses through the salary range.

In the event that an employee does not receive a cost-of-living increase, the salary may fall below the minimum of the salary range. This factor alone shall not be justification for any type of salary adjustment.

Amount of CGRA

The amount of the CGRA shall be determined by the General Assembly each year. The increase shall be added to the employee's salary but not to exceed the maximum of the range. A partial increase may be given to the maximum.

Eligibility for CGRA

On the date CGRA's are effective, an employee shall have:

- a permanent or time-limited permanent full- or part- time (1/2 time or more) appointment,
 - a salary below the maximum of the range,
 - an overall summary rating at or above the Good level, and
 - shall not be in final disciplinary procedure.
-

Employees in Final Disciplinary Procedure

An employee who has been denied the CGRA because of a final disciplinary procedure shall receive the award on a current basis at the time that final disciplinary procedure is resolved. For purpose of calculating the CGRA, only the most recently awarded increase shall be utilized (i.e., the last increase that was funded).

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When do probationary and trainee appointments receive the CGRA?

An employee having a probationary or trainee appointment is not eligible for a CGRA.

The employee becomes eligible when increases are effective for the next cycle after:

- receiving a permanent appointment,
 - completing a work cycle, and
 - receiving a summary rating at or above the Good level.
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When do employees on LWOP receive the CGRA?

An employee who is on leave without pay shall receive the CGRA on the date of reinstatement if the work cycle has been completed and an overall summary rating given. If the work cycle and summary rating have not been completed, the employee shall receive the CGRA at the time when both are completed.

Separated Employees

An employee who separates from State service prior to the effective date CGRA's are effective is not eligible for the increase.

Effective Date of CGRA

CGRA's shall be effective on the first day of July unless otherwise specified by the General Assembly or because they are delayed due to leave without pay or a final disciplinary procedure.

COST OF LIVING ADJUSTMENT (COLA)

Definition of COLA

A Cost-of-Living adjustment is a general salary increase in response to inflation and labor market factors awarded to an employee whose final overall summary rating is at or above the Below Good level of the rating scale, and who has not received a suspension or demotion.

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Amount of COLA

The amount of COLA's, if any, shall be established by the General Assembly each year. The salary ranges shall be increased by the amount of the increase and individual increases will not change the relative position of the employee's salary within the salary range.

Eligibility for COLA

On the date the COLA's are effective, an employee shall have:

- a permanent, probationary, trainee, or time-limited full- or part-time appointment,
 - an overall summary rating at or above the Below Good level; or a rating based on the provisions under the paragraph below, and
 - shall not have received a suspension or demotion.
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Employees who Have Not Completed a Full Cycle

For the purpose of granting the COLA to employees who have a probationary appointment or who have not completed a full performance management cycle and not received an overall summary rating, the following shall apply:

- (1) Each employee's performance shall be reviewed and determined if it is unsatisfactory or above.
- (2) If the review indicates unsatisfactory performance, the employee shall not receive the COLA until the performance level is above the unsatisfactory level. The actual results shall be documented with the employee.
- (3) If the review indicates that the performance is above unsatisfactory, the employee shall be granted the COLA.
- (4) If the COLA has not been granted during the probationary period, it shall be granted on a current basis at the time the employee is given a permanent appointment since the employee's performance must be satisfactory to move from a probationary to permanent appointment.
- (5) If the supervisor feels that the employee has not worked long enough for a determination of performance level to be made, a review shall be made each month for the purpose of determining whether the performance is above

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unsatisfactory and the COLA should be granted. (If this should occur, a PD-105 must be submitted to cancel the COLA since the computer will automatically grant the increase to employees coded as "Insufficient time to evaluate.")

Note: Ratings for employees in these categories will be Coded as "Insufficient time to evaluate" (Code 7) and will only be changed if the above review results in Unsatisfactory (Code 1).

Employees who have a Suspension or Demotion

An employee who has been denied the COLA because of a suspension or demotion shall receive the adjustment on a current basis when that final disciplinary procedure is resolved.

When do employees on LOWP receive the COLA?

An employee who is on leave without pay on the date a COLA is effective shall receive the increase on the date of reinstatement if the employee's performance has been determined to be above the unsatisfactory level, or at such time as the employee's performance is determined to be above the unsatisfactory level.

Separated Employees Not Eligible

An employee who separates from State service prior to the effective date a COLA is effective is not eligible for the increase.

Effective Date of COLA

A COLA shall be effective on the first day of July unless otherwise specified by the General Assembly or because they have been delayed due to leave without pay or a disciplinary procedure involving a suspension or demotion.

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PERFORMANCE BONUS (PB)

Definition of a Performance Bonus

A Performance Bonus is a lump sum award to an employee whose final overall summary rating is at or above the Very Good level of the rating scale and who is not in a final disciplinary procedure.

Amount of Performance Bonus

The total amount of PB's, if any, shall be established by the General Assembly each year. The PB is a lump sum payment and does not become a part of base pay.

Eligibility for Performance Bonus

On the date PB's are effective, an employee shall have:

- a permanent or time-limited permanent full- or part-time (1/2 or more) appointment,
 - a salary at or below the maximum of the salary range or, if above the maximum, see paragraph below "PB for Salaries Above Maximum" and "PB for Flat Rate Salaries",
 - an overall summary rating at or above the Very Good level, and
 - shall not be in final disciplinary procedure.
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Employees in Final Disciplinary Procedure

An employee who has been denied a performance bonus because of a final disciplinary procedure shall not be eligible for a performance bonus during the current cycle. The employee will be eligible in the next cycle based on the overall summary rating.

When do probationary and trainee appointments receive the Performance Bonus?

An employee having a probationary or trainee appointment is not eligible for a PB. The employee becomes eligible when increases are effective for the next cycle after:

- receiving a permanent appointment,
- completing a work cycle, and
- receiving a summary rating at or above the Very Good level.

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When do employees on LWOP receive the Performance Bonus

An employee who is on leave without pay shall receive the PB on the date of reinstatement if the work cycle has been completed and an overall summary rating given. If the work cycle and summary rating have not been completed, the employee shall receive the PB at the time when both are completed.

Performance Bonus for Salaries above the Maximum

An employee whose salary is above the maximum of the salary range is eligible for a performance bonus only to the extent that the base salary paid the employee plus the performance bonus allocated according to the employee's performance rating does not exceed the maximum salary paid on the adopted pay schedule for the applicable pay grade plus the allocated performance bonus calculated on the maximum salary on the pay schedule. This PB shall be calculated as follows:

Line	Item	Calculation
1	Maximum of salary range	
2	% PB due according to performance rating	
3	Dollar amount of PB (Line 1 x Line 2)	
4	Maximum annual salary allowed (Line 1 + Line 3)	
5	Salary of employee paid above maximum of range	
6	Maximum PB for employee paid above the range (Line 4 - Line 5)	
If Line 5 is greater than line 4, the employee cannot receive a bonus.		

Performance Bonus for Flat Rate Salaries

To determine eligibility for a Flat Rate Salary, a maximum salary shall be established as the maximum of the range that has a rate nearest, but not exceeding, the flat rate salary

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of the eligible employee. If the flat rate salary is below that maximum, the employee is eligible for the PB. Otherwise, the eligibility shall be determined in accordance with the paragraph above, "PB for Salaries Above the Maximum."

Separated Employees

An employee who separates from State service prior to the date PB's are effective is not eligible to receive the bonus.

Effective Date of the Performance bonus

PB's shall be effective on the first day of July unless otherwise specified by the General Assembly or because they have been delayed due to leave without pay. (Note: Administrative procedures determine when they are pay rolled.)

FINAL DISCIPLINARY PROCEDURE (FDP) RESOLVED

When is an FDP resolved?

For purposes of this policy, a FDP is deemed to be resolved when it becomes inactive (as defined in the Disciplinary Action, Suspension and Dismissal Policy) when:

- an authorized manager or supervisor places a written statement in the personnel file of an affected employee indicating that the issue addressed in the final written disciplinary procedure, while not inactive for purposes of future discipline, is sufficiently resolved to warrant the granting of the appropriate salary increase; or
- the presence of the same final written disciplinary procedure in the personnel file was utilized as a basis to deny a salary increase in a previous performance management cycle; or
- eighteen (18) months have passed since issuance of the warning or disciplinary action, the employee does not have another active warning or disciplinary action which occurred within the last 18 months; and the agency has not, prior to the expiration of the 18-month period, issued to the employee notice of the extension of the period.

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Pay Dispute Resolution Procedure

Each agency shall have a procedure for reviewing and resolving disputes of employees concerning performance ratings and/or performance pay decisions. Such a procedure may be incorporated as part of an existing grievance procedure, or it may be separately administered. For policy requirements and guidelines on such procedures, See Internal Performance Pay Dispute Resolution Procedures.

The supervisor shall inform the employee in writing of the availability of a procedure in which to seek resolution of any dispute with the overall summary rating, the failure to receive an increase and/or the amount.
