

**Pay for Performance (P4P)
Frequently Asked Questions
(Updated December 2017)**

Q: What is Pay for Performance (P4P)?

A: Pay for performance is a merit-based pay system that rewards above-average performance, improves efficiency, and encourages participation in programs that improve job performance and skill.

Q: Why is the state continuing Pay for Performance (P4P)?

A: Merit based pay enhances the State's efforts to recruit, retain, and reward a talented workforce.

Q: Which agencies are eligible to participate in pay for performance?

A: All agencies in the State Service as defined in Tennessee Code Annotated, Section 8-30-102 are eligible to participate. Other boards and commissions within the Executive Branch may be included if the agency participates in the 2016-2017 performance management cycle and upon approval of the Commissioners of the Departments of Human Resources and Finance and Administration.

Q: Will the P4P program be administered like last year?

A: Yes, most aspects of the program will mirror that of 2017. The P4P increases will be effective January 1, 2018; however, the performance salary increases will be awarded in a different manner. The P4P guidelines will establish a percentage increase for employees who receive a Valued, Advanced, or Outstanding rating. The percentage increase will be the same for employees who receive any of these three ratings; however, employees receiving an Advanced or Outstanding will also receive an additional one-time bonus.

Q: Who would not be eligible for performance increases?

A: The following employees shall not be eligible for a performance increase:

- Employees within the State Service who are excluded from the salary schedule, or have a salary schedule conducted and implemented pursuant to a statutory pay plan. This includes commissioned officers in the Departments of Safety & Homeland Security and Commerce & Insurance as well as wildlife-specific classifications in the Tennessee Wildlife Resources Agency;
- Employees who do not have a performance rating in the 2016-2017 review cycle; and
- Employees with less than twelve (12) consecutive months of service.

Q: Does the P4P system provide employees with raises?

A: Yes. The system establishes a certain increase to an employee's base salary based on his or her performance. Employees with Advanced or Outstanding performance will receive an additional one-time, non-recurring bonus calculated .

Q: What rating must you achieve to receive a performance increase?

A: Any rating of 'Valued' or above will receive an increase.

Q: How long must you be an employee to be eligible to receive a performance increase?

A: To be eligible, a preferred or executive service employee must have completed twelve (12) consecutive full months of employment with the State of Tennessee.

Q: Are interim employees eligible for pay for performance?

A: No. Interim employees generally do not receive evaluations, so they are not evaluated under the current system. DOHR Rule 1120-01 provides a definition of interim appointments. There are some interim employees who receive evaluations, but, due to their status as interim employees, they are ineligible for the pay for performance increases.

Q: Are employees who are compensated at the top of the salary range eligible for pay for performance?

A: Pursuant to Tennessee Code Annotated, Section 8-30-207, an employee at or above the maximum of their salary range shall not be eligible for an increase in base salary. Instead, these employees will be compensated for performance by a one-time, non-recurring bonus of 3%, calculated based on the employee's year-end salary as of December 31, 2017. Employees at or above the maximum of their salary range who had Advanced or Outstanding performance will also receive the additional one-time bonus.

Q: When is the eligibility date for pay for performance?

A: Eligibility for pay for performance is determined as of September 30, 2017.

Q: How does the eligibility date relate to the required twelve (12) consecutive full months of service?

A: An employee must have been hired into state service on or before October 1, 2016 in order to be eligible.

Q: If an employee has been promoted or transferred during the current review cycle or does not receive a performance rating through no fault of his or her own, will that employee be eligible to receive a performance increase?

A: An employee with 12 consecutive months of service who does not have a performance rating in the current cycle may be eligible for a performance increase based upon the last valid performance document during the 2015-2016 cycle. If no last valid document is available and the employee meets all other eligibility requirements, the employee would be eligible to receive an increase based on the "Valued" percentage.

Q: Is my supervisor penalized for not completing my review?

A: Supervisors (i.e., Raters) who have not timely completed performance reviews by the end of the performance cycle will not be eligible for a performance increase. In addition, Reviewers who do not timely complete performance reviews as required will be ineligible for a pay for performance increase. However, if such delay is due to documented employee unavailability or other circumstances outside of the Rater or Reviewer's control, the Rater or Reviewer may be eligible for the performance increase.

Q: What are the percentages associated with the respective ratings?

A:

Rating	Base % Increase	Bonus % Amount
Valued	3	-----
Advanced	3	1.5
Outstanding	3	3

Q: How are the percentage increases calculated? If I changed jobs recently, will the percentage increase be applied to my current base salary?

A: The percentage increases will be applied to an employee's year-end salary as of December 31, 2017, so that the employee will be compensated by the increased amount beginning on January 1, 2018. Employees will see the additional pay in their last paycheck in January.

When calculating award increases, it is practice to round compensation to the whole dollar. For example, \$50.10 would be rounded to \$50.00, while \$50.50 would be rounded up to \$51.00. The percentage increase is then applied to the whole dollar amount.

Q: How are the one-time bonuses calculated for employees who had Advanced or Outstanding performance?

A: The one-time bonus is calculated on the employee's gross salary from October 1, 2016 through September 30, 2017 minus their longevity payment and any regular overtime paid in that time. The bonus will be paid in one payment at the end of January.