

Pay for Performance (P4P)
Frequently Asked Questions
(Updated May 2021)

General Information

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 and promotes a diverse culture.

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.

Q: How will the P4P program be administered?

A: The P4P guidelines establishes a percentage to base salary increase for employees who receive a Valued, Advanced, or Outstanding rating for the 2019-2020 PM cycle ending September 30, 2020. Employees who meet the P4P qualifications and are active as of May 10, 2021 will receive retroactive pay effective January 1, 2021. Employees who are active as of July 1, 2021 will receive an additional base salary increase effective July 1st.

Example; An employee who meets the P4P requirements and separates before May 10, 2021 will not be eligible for either the retroactive January 1st increase or July 1st increase. An employee who separates on May 25th, will be eligible for the retroactive January 1st increase, but not the July 1st increase.

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

A:

Rating	January 1st Base % Increase	July 1st Base % Increase
Valued	2	2
Advanced	2	4
Outstanding	2	4.5

Eligibility

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

A: Executive branch 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 participated in the 2019-2020 performance management cycle and upon approval of the Commissioners of the Departments of Human Resources and Finance and Administration.

Q: Who is eligible for a performance increase?

A: To be eligible for a performance increase, a preferred or executive service employee must have:

- Completed twelve (12) consecutive full months of employment with the State of Tennessee on or before October 1, 2020
- Achieved an overall performance rating of 'Valued' or above

Q: Who would not be eligible for a performance increase?

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 with less than twelve (12) consecutive months of service as of October 1, 2020
- Employees with a rating less than Valued

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 as of October 1, 2020, 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 2018-2019 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: 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.

Calculations

Q: How is the percentage increase calculated?

A: Employees will receive a 2% increase to their annual base salary as of January 1, 2021. This increase will be retroactive effective January 1, 2021. Employees will receive an additional base salary increase effective July 1st, according to the chart below. The July 1st percentage increase will be applied to an employee’s annual salary as of July 1, 2021.

Rating	<i>January 1st</i> <i>Base % Increase</i>	<i>July 1st</i> <i>Base % Increase</i>
Valued	2	2
Advanced	2	4
Outstanding	2	4.5

**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: 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 non-recurring bonus effective January 1, 2021 and July 1, 2021, based on the percentage amounts provided above.