

Pay for Performance Guidelines

It is the policy of the State of Tennessee to compensate employees at a level sufficient to encourage excellence in performance and to maintain the labor market competitiveness necessary to recruit and retain a talented workforce. The purpose of a pay for performance system is to reward above-average performance, improve efficiency, and encourage participation in programs that improve job performance and skill.

These guidelines address only the allocation of pay for performance and do not address any adjustments for salary ranges or implementation of salary market adjustments.

Eligibility for Increase

To be eligible, a preferred or executive service employee shall have completed twelve (12) consecutive full months of employment with the State beginning on or before October 1, 2019 and ending September 30, 2020.

In accordance with DOHR Policy 12-064, each employee shall receive a performance management rating. To qualify for a performance increase, employees must receive a performance rating of "Valued," "Advanced," or "Outstanding" on the required performance document. Employees receiving a "Needs Improvement" or "Unacceptable" will not be eligible for a performance increase. The performance increase shall be based on the employee's overall performance rating during the 2019-2020 cycle. The rating must be appropriately documented in writing as part of the employee's performance review. No other consideration may be given for eligibility, including disciplinary action, transfer, or promotion.

The Pay for Performance salary adjustment will be included in the employee's pay as an increase to his or her annual salary, with the increased amount rounded to the nearest dollar. 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 a performance-based salary increase. However, such employees will be eligible for a one-time, non-recurring, performance bonus.

Agencies Eligibility to Participate

All agencies in the State Service as defined in Tennessee Code Annotated Section 8-30-102 shall be eligible to participate in pay for performance. Other boards and commissions within the Executive Branch may be included if the agency participates in the 2019-2020 performance management cycle and upon approval of the Commissioners of the Departments of Human Resources and Finance & Administration.

Employees Not Eligible for Pay for Performance Increase

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. Specifically excluded are 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 2019-2020 review cycle. An employee may be eligible for a pay for performance increase if that employee does not have a performance rating through no fault of his or her own. If this occurs, the employee may receive an increase based upon the employee's 2018-2019 performance management document, or if no 2018-2019 valid document is available and the employee meets all other eligibility requirements, then an increase equivalent to a "Valued" rating will be assigned; and
- Employees with less than twelve (12) consecutive months of service with the State of Tennessee.¹

Exclusions

Other types of bonuses, such as bonuses awarded under the Employee Suggestion Award Program, salary equity adjustments, temporary assignment adjustments, college degree or certification adjustments, or one-time incentive bonus payment adjustments² are not considered salary adjustments under this pay for performance policy.

¹ Employees with less than twelve (12) consecutive months of state service will not be eligible to receive an increase for performance until the next salary adjustment appropriated by the Legislature.

² See DOHR Policy 12-024.