

APPROVE _____



MERIT PAY POLICY

I. GENERAL

A merit pay program is established to recognize Borough employees' noteworthy accomplishments in a timely manner in order to encourage employees toward increased productivity and creativity and to support and enhance high achievement.

II. PURPOSE

The purpose of this policy is to formalize the criteria and processes for providing merit pay to employees.

III. RESPONSIBILITY

- A. Department directors shall ensure that their department staff follows the procedure set forth in this policy.
- B. Human Resources shall maintain this policy.

IV. POLICY

- A. A Merit Award may be granted to an employee or group of employees to recognize accomplishments which directly impact the efficiency, economy and effectiveness of borough operations and/or positively impacts the Borough's service to the public.
- B. Recognition of a merit pay will be based on the high level of performance of the employees or on the value of their contributions to the Fairbanks North Star Borough. Merit pay will not be withheld, denied, or awarded for an illegal reason including: discrimination based on sex, race, age, religion, national origin, marital status, covered veteran status, disability, or membership in the Uniformed Services.

- C. The Mayor has authority to approve merit awards, based upon the Department Director and the Human Resources Director recommendations.
1. The Merit Award may be for a specific accomplishment or for a period of exceptional productivity. Examples of such achievements could include:
 - a) Identifying an innovative solution to an issue which benefits the Borough and the public as a whole;
 - b) Saving significant money for the Borough and the public;
 - c) Using new technologies or methods to greatly improve service to the public;
 - d) Streamlining a process which helps the organization provide its service, and/or meet its goals, more effectively or efficiently;
 - e) Directing a team effort with exceptional skill and sensitivity, with a positive outcome;
 - f) Exhibiting strong leadership skills, being a self-starter and anticipating what needs to be accomplished;
 - g) Maintaining exceptional productivity during a period of time.
- D. Funding – Award Pools/Award Levels
1. During the annual budget process, the administration may ask for Assembly appropriation to fund the Merit Pay Program. Any money appropriated will be placed in a Merit Award Pool, which will be used for granting monetary awards for meritorious service. Any remaining balance in the award pool will roll from year to year.
 2. Employees may only be considered for one (1) merit award per calendar year. The monetary awards available under this program are:
 - a) On-The-Spot Award – gift certificate or other recognition (plaque, certificate, proclamation), up to \$250 value.
 - b) Cash-In-Your-Account – one-time, lump sum payment to be added to your next regular payroll check, up to \$2,500.
 - c) Additional Step Increase – one or more step increases, added to base wages effective the date of approval. Salary steps are granted only in rare instances, due to the ongoing costs associated with additional step movement.
- E. All awards will be subject to applicable taxes, per IRS regulations.

F. The value of the Merit Award will be based upon the following scale, taking into consideration the employees' work history, performance and other related factors.

VALUE OF BENEFIT	(A) Affects functions and/or mission of a Department	(B) Affects functions and/or mission of the Borough
VALUE 1 – Complete revision of a basic process or procedure resulting in a significant improvement to the quality of service.	\$100 - \$250	\$250- \$500
VALUE 2 – Initiation of a new or major change to an existing process or procedure resulting in an exceptional improvement to the quality of service.	\$250 - \$750	\$750 - \$1,500
VALUE 3 – Includes Value 2 (above), and/or in recognition of outstanding service, special acts or accomplishments, or achievements in additional education or specialized training which enables the employee to better perform their work.	\$1,000 - \$1,500 or 1 or 2 salary steps	\$1,500 - \$2,500 or Up to 3 salary steps

V. PROCEDURE

- A. The Merit Award program is structured in such a way as to offer an array of recognition possibilities that are flexible enough to recognize and reward differences in individual performance.
- B. The Department Director shall forward a request for Merit Award to the Human Resources Director for processing. Requests for merit adjustment will be reviewed bi-annually in November and April. In order for a request to be considered, it must be received in Human Resources by the 15th of the month in which the review occurs. All requests received after the deadline will be considered in the next cycle.

- C. When making a request for an award, the Department Director must ensure that the requested award is based solely on merit and that the award amount is proportionate to the level of the employee's contribution.
1. Requests for a Merit Award must include a brief justification (1 page or less), and include the suggested award level. The justification should include:
 - a) What is significant about the achievement;
 - b) The scope and extent of the achievement, and the amount of savings, if any;
 - c) Clear indication on how the achievement exceeds normal performance expectations;
 - d) Impact of the achievement on work, goals and/or mission of the Borough;
 - e) Magnitude of the achievement in relation to the employee's job responsibility (degree of ingenuity reflected).
 2. The request will be reviewed by the Human Resources Director and a recommendation for handling will be forwarded to the Mayor for his/her consideration.
 3. Upon completion of the process, a decision will be forwarded to the Department Director.
 4. The Department Director or his/her designee is responsible for scheduling the award presentation for staff recognition.

VI. SUPPLEMENTAL INFORMATION

- A. References –
1. APEA/AFT Collective Bargaining Agreement
- B. Definitions – None
- C. Attachments – Merit Pay Request Form
- D. Revision History

Supersedes Policy No.	Effective Dates
None	None