

City of Hickory
Performance Pay Increases

1. Policy

The City of Hickory may grant increases in pay based on the performance of the individual coworker. Increases may be added to the base salary or may be in the form of a lump sum payment. Increases are subject to the availability of funds.

2. Performance Pay

- A. Performance pay increases may be given annually, typically effective July 1, and are based on the individual's performance rating. Increases will be granted only to those who meet or exceed job requirements.
- B. Newly hired coworkers on probation may be eligible for pay increases halfway through the probationary period (six months) and at the end of the probationary period (one year). At next cycle, increase will be prorated based on date of previous increase (e.g., probation ends 10/1/06, July 2007 increase would $\frac{3}{4}$ of current percentage available).
- C. Coworkers on probation due to a promotion may be eligible for an increase at the end of the 6-month probationary period and will then fall into next cycle with no prorating of increase.
- D. A performance pay increase may not cause a coworker's salary to exceed the maximum salary of his/her position.
- E. If a coworker's overall performance exceeds job requirements and the recommended increase would cause the coworker's salary to exceed the maximum salary, the coworker may receive the portion that exceeds the maximum as a lump sum payment that is not added to base salary.
- F. Coworkers whose salary is already at the maximum may be granted a lump sum payment if overall performance exceeds job requirements. The department head must submit a written recommendation along with appropriate justification.

3. Special Merit Increases

In cases of exceptional, meritorious performance, coworkers may be awarded special merit increases. These special merit increases may be in the form of a lump sum payment or may be added to the coworker's base salary. These awards are meant to recognize superior achievements and performance and are not to be used for everyday expectations such as attendance, quality and accuracy of work, or work production.

- A. A lump sum award may be granted to a coworker who demonstrates an incident or period of clearly exceptional or outstanding performance. This award is not added to the coworker's base salary. Amounts may range from \$25 up to 2.5% of the coworker's base pay. Amounts granted will depend on such factors as the nature of the incident, the length of the project, the relationship of the project to the coworker's normal duties, etc. A specific and accurate description of the incident or performance must be submitted in writing by the department head to the Human Resources Director.

- B. In the case of sustained superior performance, a special merit increase may be added to the coworker's base pay. Since these special increases recognize only the top performers, the number of increases granted should be relatively small. Amounts requested may range from 1% up to 5%. Written documentation and justification must be submitted in writing by the department to the Human Resources Director.
- C. In unusual circumstances, a special increase may be granted to address increased job responsibilities, changes in market conditions, or other special circumstances. These cases should be discussed with the Human Resources Director.
- D. In no case shall an increase cause the coworker's salary to exceed the maximum of the position's salary range.
- E. All special increases must be approved by the City Manager.



Mick Berry, City Manager