

ACCOUNTING AND
CONTROL MANUAL

BULLETIN

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DIVISION OF AUDITS AND ACCOUNTS

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To : All State Departments and Agencies

Subject: Performance Advances and Performance Awards for Employees
Covered by the Budget Director's Rules and Regulations
for Management/Confidential Employees

A new system for performance evaluations and new rules for payment of performance advances and awards for management/confidential employees and other employees excluded from collective bargaining units have been adopted by the Director of the Budget and the Director of Employee Relations effective for all ratings due on or after October 1, 1981.

Material describing the new evaluation system has been distributed by the Task Force on Performance Evaluation. The general provisions of the system are described below.

The performance evaluation system applies to all employees designated management/confidential (NU 06), employees of PERB (NU 66) and employees of the Division of Military and Naval Affairs (NU 46 & 47). All employees must be evaluated, although not all employees are eligible for performance advances and awards under the payment rules. Under the system, there are four fixed quarterly evaluation dates - April 1, July 1, October 1 and January 1. An employee newly appointed to an eligible position is first evaluated on the quarterly date which follows the completion of six months of service in grade and is then evaluated at the end of each six months thereafter. In order to be evaluated, an employee must have at least 100 work days of service, (or its equivalent for part-time employees) during the period covered by the evaluation. An employee who does not have the required service will be evaluated on the next quarterly evaluation date. In implementing the new system, employees whose anniversary date is April 1 will be evaluated on October 1, 1981. Employees whose anniversary date is other than April 1 will be evaluated on the quarterly evaluation date which follows the completion of six months of service since their last performance evaluation.

The evaluation process results in the assignment of numerical ratings (from 1 to 9) for each performance factor on the Individual Performance Program and a numerical summary rating of the average of the individual factor ratings (rounded to the nearest whole number). The numerical summary rating converts to a narrative rating as described below.

<u>Numerical Rating</u>	<u>Narrative</u>
8-9	Superior
3-7	Effective
1-2	Below Minimum

PERFORMANCE ADVANCES

All full-time and part-time annual salaried employees—other than those in the exempt class—who are in graded positions or in N.S. positions (grade 600) which are equated to salary grades who are subject to the management/confidential performance evaluation system and whose salary is below the job rate for their grade are eligible for performance advances. The amount of a performance advance is based on the employee's numerical summary rating and the average of the numerical summary ratings of all other employees rated for the quarter, and is determined by the Task Force on Performance Evaluation using information supplied by each agency. An employee rated 1 or 2 ("Below Minimum") is not eligible to receive a performance advance. Since no employee may exceed the job rate for his/her grade as a result of a performance advance, the actual amount of an advance may not exceed the difference between the employee's salary and the job rate for the grade. The performance advance is payable from the first day of the payroll period beginning after the evaluation date.

Because of the increases made in the job rates on the October 1, 1981 Salary Schedule, employees who reached the job rate on the January 1, 1981 Salary Schedule prior to October 1, 1981 will be eligible for an additional performance advance on October 1, 1981 as described below. (A copy of the October 1, 1981 Salary Schedule is attached.)

- a. An employee who was at or above the job rate for his/her grade on April 1, 1981 will be eligible to receive a performance advance to bring his/her salary to the new job rate for the grade effective October 1, 1981. These employees must be evaluated for the period ending October 1.
- b. An employee who, between April 1 and September 30, 1981, received a partial performance advance to bring his/her salary to the job rate for the grade will receive an additional performance advance effective October 1, 1981 equal to the difference between the full performance advance the employee was eligible to receive and the amount actually received, or the amount required to bring the employee's salary to the new job rate, if less. These employees need not be rated again; this payment is based upon the previous rating received between April 1 and September 30.

The following general rules apply in determining eligibility for performance advances.

- a. Service in positions allocated to the same grade or in N.S. (grade 600) positions equated to the same grade counts as service in a grade.
- b. Service in a higher grade or in an N.S. position equated to a higher grade or for an employee who does not complete the traineeship, in a Trainee position from which the employee would upon completion of the Traineeship advance to a position in the same grade or a higher grade counts as service in a grade.

- c. Service in graded positions or N.S. positions equated to grades in the three CSEA units, the security and security supervisors units, the professional, scientific and technical unit, and in management/confidential positions counts as service upon movement into a management/confidential position.
- d. Any days on leave without pay (including lost time) or leave with less than full pay (including sick leave at half pay) are excluded when determining if an employee has in the six month period the required 100 days of service.
- e. Part-time employees are eligible to receive performance advances under the same rules as full-time employees.
- f. Employees who have been appointed or promoted to a higher grade position who are not yet eligible for a performance advance in the higher grade are entitled to a reconstructed promotion salary effective on the date that the employee would have received a performance advance in the lower grade. In reconstructing the employee's salary, the employee is presumed to be "Effective" and will receive a performance advance in the lower grade of 17% of the salary range of the lower grade, or the difference between the employee's salary in the lower grade and the job rate, if less.
- g. Employees who transfer between agencies and/or facilities to positions in the same or lower grade will be evaluated as follows.
 - (a) If three months or more remain until the employee's evaluation date, the employee will be evaluated at the end of the period based on his/her performance in the new agency or facility.
 - (b) If less than three months remain until the employee's evaluation date, the employee will not be evaluated at the end of the period but will be assigned a rating of "Effective" and receive a performance advance equal to 17% of the salary range for his/her grade.
- h. Employees who have a change in grade resulting from reallocation of their positions receive credit for service in the lower grade toward eligibility for performance advances in the higher grade.

Payment of Performance Advances

When you receive the report from the Task Force on Performance Evaluation listing the individual performance advance amounts for your employees, PR-75's must be submitted to pay the performance advances and they may be submitted in any payroll period. Performance advances based on the October 1 ratings and performance advances to bring employees to the new job rate are payable from the first day of Payroll Period 15 (October 8 to 21, 1981 for Administrative agencies; October 15 to 28, 1981 for Institutions). Future performance advances will be payable from the first day of the payroll period which begins after the quarterly evaluation date.

Performance advances will be reported using the following transaction codes.

1. To report a performance advance due in the current grade for an active or inactive employee.

Transaction Code: PERF ADV

Group 3
Class B

Complete blocks 01 through 06 and the following:

#07 Transaction Code - enter PERF ADV
12 Transaction Effective Date- enter beginning date of the payroll period in which the performance advance is effective
22 Salary Rate
23 Gross (Add)
24 Normal (Deduct)
27 Increment Code

Use ADJ SAL PA as an additional code to report the retroactive adjustment. Enter the amount of the performance advance in the Remarks Block and show the calculation of the retroactive adjustment.

2. To report an adjustment in current salary as a result of a performance advance in a previous grade

Transaction Code: COR SAL and ADJ SAL PA

Enter the amount of performance advance in the Remarks Block and explain the recomputation of salary.

3. To report an adjustment only for an employee due a performance advance in another position when the current salary will not change

Transaction Code: ADJ SAL PA

Enter the amount of performance advance in the Remarks Block and show the calculation of the retroactive adjustment.

4. To report a rating of "Below Expected Level" or "Below Minimum Level"

Transaction Code: UNSAT PERF

Group 3
Class B

Complete blocks 01 through 06 and the following:

#07 Transaction Code - enter UNSAT PERF
12 Transaction Effective Date- enter the date at which the employee would have become eligible for a performance advance
22 Salary Rate
23 Gross (Add) - if applicable
24 Normal (Deduct) - if applicable
27 Increment Code

5. Adjustments for overtime, lost time, holiday pay, etc. may be reported in the period the performance advance is reported or may be reported in a later period.

PERFORMANCE AWARDS

Employees, other than employees in the exempt class, in annual salaried positions allocated to a salary grade or in N.S. (grade 600) positions which are equated to a salary grade who are subject to the management/confidential evaluation system, who have 100 days of service in the six months prior to October 1, who are receiving a salary equal to 98% or more of the job rate prior to April 1, 1981 (prior to the payment of any performance advance due on April 1), and who were still in the same grade or a lower grade on the date their first evaluation under the new system is due and who receive a numerical rating of 7, 8 or 9 for the rating period are eligible for a performance award. The actual amount of the performance award is based on the employee's numerical summary rating and the average of the numerical summary rating for all other eligible employees receiving a rating of 7, 8 or 9 for the quarter, and is determined by the Task Force on Performance Evaluation using information supplied by each agency.

All employees receiving a salary prior to April 1, 1981 equal to or greater than the salary shown below for their grade are eligible for performance awards.

Grade	603	\$ 9,124	Grade	617	\$19,164
	604	9,554		618	20,239
	605	10,036		619	21,315
	606	10,566		620	22,404
	607	11,159		621	23,584
	608	11,752		622	24,847
	609	12,396		623	26,478
	610	13,104		661	28,953
	611	13,854		662	32,161
	612	14,598		663	35,737
	613	15,432		664	39,523
	614	16,302		665	43,990
	615	17,203		666	48,551
	616	18,142		667	52,745

In implementing the system this year, all eligible employees whose anniversary date is April 1 will be evaluated on October 1. Eligible employees who were last evaluated under the interim system rules between April 2 and September 30, 1981 will be evaluated on January 1, 1982. In future years, performance awards will be based on the evaluation received on the July 1 and October 1 quarterly dates.

Payment of Performance Awards

Performance awards are one-time lump sum payments which are not part of base salary but are included as compensation for retirement purposes and will be paid in a separate check. Agencies which have completed their evaluations and have received the payment amounts from the Task Force on Performance Evaluation may submit PR-75's with the payment information as described in Bulletin P-286 issued for the December 14, 1981 payroll. If you cannot submit the information in the required period, do not submit it in a later payroll period until you are instructed to do so.

