State of Vermont

Agency of Human Services (AHS)

| **Policy Title: 4.04 Employee Recognition and Meritorious Increases** | **Revision Date: 6/1/21, 1/9/19, 10/1/18, 3/23/16, 11/24/15, 5/12/06, 5/17/05, 6/1/98, 1/1/91** |
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| **Attachments/Related Documents:**  | **Revision Number: 8**  |
| **Name/Title of Authorizing Signature: Michael K. Smith, AHS Secretary** | **Effective Date: 6/1/21**  |
| [x]  **Trauma Informed Review**[x]  **Equity Review** |

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| **Authorizing Signature:** |  |

POLICY STATEMENT**:**

This policy provides appointing authorities and their staff guidance in the administration of employee recognition and monetary award programs for the Agency of Human Services (AHS). These programs recognize classified AHS employees who have exhibited exceptional effort that reflects the values and objectives of the Agency.

# **BACKGROUND:**

AHS employees are central to the accomplishment of Agency strategic planning initiatives from year to year. Workforce development continues to be a key component in the success of meeting the Agency’s Four Key Practices where:

* Staff feel listened to, respected, supported in their efforts to be creative and flexible in finding solutions, and are routinely asked to provide ideas for system and service improvements.
* Mutual respect, team work and cooperation are the norm. Staff receives the support and resources they need to work holistically with people participating in services and are supported during life events and transitions.
* We value the skills and expertise of our staff, routinely recognize and reward positive practices, and provide opportunities to learn and grow professionally.
* We have a work environment that thrives on continuous improvement, encourages professional growth and the development of best practices, and acknowledges the valuable contributions of staff in improving the lives of Vermonters.

# **DEFINITIONS:**

**Merit Award:** A cash (or cash-equivalent) bonus or base pay increase based upon demonstrable excellent performance over a period of time. Such awards are reported as taxable income.

**Reward and Recognition:** A non-cash award for short-term efforts deserving special attention, usually a half day or full day of comp time.

**Team Award:** Recognition of two or more individuals who have worked together for at least six months on a specific project, special initiative or activity having a common purpose. Characteristics of teams include undertakings by employees having shared decision-making and accountability, resulting in collective work products.

SCOPE:

This policy applies to the AHS and all of its departments including the AHS Central Office.

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# **GUIDELINES:**

**I. AHS Departments**

A. Commissioners will:

1. Establish department procedures for the administration of this policy, subject to review and approval by the Agency Recognition and Merit (ARM) Oversight Committee and the AHS Policy Committee. Policies must also conform to Vermont Statute, Policy 7.1, Employee Recognition and Merit Bonus Awards and to the current Agreements between the State of Vermont and the Vermont State Employee Association (VSEA).
2. Appoint a committee to review and recommend nominations for merit awards.
3. Approve all cash bonuses within the level of authority delegated to the departments by this policy and recommend action on all other merit nominations to be submitted to the Agency Recognition and Merit (ARM) Oversight Committee.

**II. Agency Recognition & Merit**

 **(ARM) Oversight Committee**

1. The Committee shall be made up of the following members: The AHS Chief Operations Officer, the Human Resources Administrator for the AHS Central Office or their delegate, and a delegate from each department merit committee. If a department is without a functioning merit committee, the Commissioner will appoint a delegate to the ARM. Committee members may designate a replacement member to attend occasional meetings on their behalf. Department merit committees may rotate participation in the ARM Oversight Committee semi-annually.
2. Role
3. The ARM Oversight Committee will review all recommended nominations within the Agency for awards over $500 in value and merit step increases. The Committee's functions include evaluating each award nomination to ensure it meets the criteria for approval and to make recommendations to the Agency Secretary.
4. If a department is without a functioning merit committee, the ARM Committee will also review all nominations for that department until a merit committee is in place.
5. The ARM Oversight Committee may have an advisory role regarding the Agency's observance of Public Service Recognition Week (PSRW), at the direction of the Secretary's Office. Activities may include coordination of Agency participation in statewide events (such as recognition by the Governor), recommendation of strategies to enhance an Agency-wide perspective in PSRW activities, and participation in planning Agency-wide PSRW activities. This will not preclude department-specific activities in honor of PSRW.

**III. Award Criteria**

1. The goal of this policy is to encourage and reward employees for **exceptional effort** reflecting the values and objectives of that Agency. Meritorious performance may be exemplified, but not limited to, the following behaviors:
* Demonstrate initiative, innovation or creativity resulting in a positive outcome (such as savings to the State, increased efficiency of operations or continuous improvement) *or*
* Demonstrate extraordinary commitment, customer service or pride in the workplace *or*
* Demonstrate outstanding performance and/or results in the Agency's four key practice areas: Holistic Service, Strengths-Based Orientation, Customer Service, and Results-Orientation *or*
* Exhibit extraordinary level of teamwork, professional development or leadership *or*
* Performance resulting in external or internal recognition for excellence and/or achievement (such as Public Service Recognition or unique department awards) *or*
* Contribute extra effort toward creation of a positive workplace environment or positive workplace attitudes *or*
* Achieve measurable success on special projects requiring significant effort.

**IV. Types of Awards**

Reward and Recognition

1. Individual Recognition
* This policy permits departments to implement and administer reward and recognition programs for individuals in three categories: step increases; non-recurring bonuses; and other forms of recognition (such as days off). Individual award programs should not be construed as establishing automatic increases for attainment of an outstanding rating on performance evaluations.
1. A department's Reward and Recognition program should be defined within its Merit procedures;
2. A departments reward and recognition efforts may include the establishment of an employee referral program. An employee referral program allows staff members to recruit excellent candidates for hard-to-fill jobs by providing a non-cash reward for successful referrals. Such a program shall:
3. clearly define the job title(s) covered by the program;
4. delineate the timeframe of the program;
5. specify who is eligible to participate (i.e., awards may be provided to classified employees; hiring supervisors should not be eligible for recruiting new hires in their own "chain of command");
6. define the criteria for an appropriate and successful referral (i.e., the referral must be of an external candidate and the candidate must satisfactorily complete original probation); and,
7. establish procedures for appropriate documentation of a successful referral.
8. Team Recognition
* Departments may establish provisions, in addition to Reward and Recognition programs (Section A above) for meritorious performance by team members. Receipt of an award under a team recognition program does not make an employee ineligible for a non-recurring bonus or merit step increase in the same twelve-month period. Nominations that include entire divisions or departments are not appropriate.

Merit Awards

When recommending or evaluating a merit award request, consideration should be given to whether or not the employee has received other recognition or compensation for the work performed, such as overtime, higher assignment pay, or reclassification. Such factors are not disqualifying but may be relevant to the determination of an appropriate award.

1. Non-recurring Cash Bonus
* Lump sum or cash equivalent bonuses may be granted on a one-time basis and do not alter the hourly rates of an employee.
1. Bonuses are appropriate for special recognition of exceptional performance on a special project or other "short-term" (i.e. less than 12 months) activity of significant importance to the department/Agency. The amount of the bonus will be determined in accordance with the criteria identified previously in Section III ("Award Criteria"), considering:
2. the duration of extraordinary effort expended (days, weeks, months);
3. the amount of extra effort required (time, physical energy, personal; and
4. the impact of the sacrifice, mental effort, or demands, the extraordinary effort (money saved, increased efficiency, positive public image, etc.).
5. The value of a non-recurring bonus may not exceed 8% of the annualized base salary of the employee in one twelve-month period.
6. All cash bonuses must be reported as taxable income.
7. All cash bonuses will be processed through VTHR and included in the employee’s paycheck.
8. Time off in excess of one day must be treated in the same way as any other merit award under this policy.
9. Candidates nominated for a non-recurring bonus of $1000 or more must have a current evaluation on file with a rating of excellent. All other candidates nominated for a non-recurring bonus must have a current or presumptive annual rating of satisfactory or better to be eligible for the bonus.
10. Authority to approve non-recurring bonuses of $500 or less is delegated to Commissioners. The delegation of authority for awards may not be further delegated below the Department Head level unless the guidelines for such have been detailed and approved within the approved department policy.
11. Non-recurring bonuses over $500.00 ($501.00 and higher) must be referred to the ARM Oversight Committee for recommendation to the Agency Secretary.
12. Base Pay Increase
* Merit base pay increases require demonstrated sustained "outstanding" performance during a continuous period of 12 months or more. Merit step increases are permanent adjustments to salary that advance the step level of the employee by one or two steps. Step increases may be appropriate when faster than normal salary advancement is warranted due to sustained, long ­term (i.e.12 months or more) performance that significantly exceeds all standards. An increase in base pay may not exceed the maximum of the pay grade.
1. One step awards: a candidate for a one-step award must have received an outstanding rating by his/her supervisor for the current performance rating period. Any available corroborating evidence from a third party (such as a community partner, team or project leader, etc.) or other credible evidence must support the nomination.
2. Two step awards: a candidate for a two-step award must have received at least one outstanding rating and no less than an outstanding rating by his or her supervisor in the last two consecutive performance rating periods. Corroborating evidence from a third party or other credible evidence as may be available must support the nomination.
3. The effective date for base pay increases will be the first day of the first full payroll period following approval of the award by the Agency Secretary. Base pay increases may not in any case exceed two steps. *Base pay increases may change the employee's step date.*
4. No individual employee may receive more than one "small" bonus (up to and including $1,000) and one "large" merit bonus (over $1,000 or a step increase) in a single year without the prior approval of the Commissioner of Human Resources. If a merit committee proposes to recommend a merit bonus beyond these limits, the committee will coordinate with the applicable Human Resources Manager to obtain DHR review.

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1. Retention Merit Bonus Programs
* Notwithstanding any other provision of this policy, the Secretary may, under unusual circumstances, authorize an appointing authority to implement a Retention Merit Bonus program to provide lump sum merit bonuses for staff retention purposes when there is sufficient evidence that such a program will substantially address management objectives.

**V. Limitations and Other General Provisions**

1. In accordance with Policy 7.1, Employee Recognition and Merit Bonus Awards, employees will not be eligible for automatic or mandatory increases, increases will not automatically be provided for certain levels of performance.
2. It may be necessary to establish dollar limits on the merit program(s). If so, the Secretary's Office will determine a budget for the program.
3. Any employee may initiate the nomination of another employee; however, such nominations will be reviewed only upon approval by the supervisor of the nominee. In no case should nominations be discussed with the employee being nominated at any step of the process until final approvals have been made.
4. In addition to AHS imposed changes, this policy is subject to limitations imposed by the Agency of Administration and collective bargaining agreements.
5. The Deputy Secretary or their designee will approve any merit bonus or time off request for the AHS Central Office under $500.

# **AUTHORITIES:**

Departments shall follow this policy and may establish procedures as required to administer the policy.

The AHS Secretary can waive qualifying factors for extraordinary circumstances.

# **REFERENCES:**

State of Vermont Policy 7.1 Employee Recognition and Merit Bonus Awards

# **APPENDIX:**