

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 1338

Short Title: Bonus Award/State Career Employees.

(Public)

Sponsors: Senators Johnson of Wake; Lee, Sands, Sherron, Barker, and Staton.

Referred to: State Personnel.

May 22, 1990

A BILL TO BE ENTITLED

AN ACT TO AWARD A PERFORMANCE PAY INCREASE IN THE FORM OF A ONE-TIME, LUMP-SUM BONUS FOR THE YEAR TO ANY STATE EMPLOYEE WHO IS ELIGIBLE FOR SUCH AN INCREASE AND WHO IS AT THE TOP OF A PAY SCALE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 126-7(c) reads as rewritten:

"(c) Performance increases shall be based on performance appraisals of all employees conducted by each department, agency, and institution. The State Personnel Commission, under the authority of G.S. 126-4(8), shall adopt policy and regulations for performance appraisal. The policy and regulations shall include the following:

(1) The performance appraisal system of each department, agency, or institution shall be designed and administered to ensure that performance increases are distributed fairly and reward only performance that exceeds performance requirements.

(2) To be eligible to distribute its share of the performance increase allocation, a department, agency, or institution shall have an operative performance appraisal system which has been approved by the State Personnel Director. The performance appraisal system adopted shall use a rating scale of at least five levels, with the top three levels qualifying for performance increases, and shall adhere to modern personnel management techniques and practices in common use in the public and private sectors. Departments, agencies, and institutions with existing performance appraisal systems which use a rating scale

- 1 which is not consistent with the five-level system described above
2 shall have until July 1, 1991, to bring their systems into compliance
3 with this subsection.
- 4 (3) The State Personnel Director shall help departments, agencies, and
5 institutions to establish and administer their performance appraisal
6 systems and shall provide initial and ongoing training in performance
7 appraisal and performance system administration.
- 8 (4) An employee whose performance exceeds performance requirements
9 shall receive a performance increase unless the employee's supervisor
10 justifies in writing the decision not to award the performance increase.
11 An employee whose performance does not exceed performance
12 requirements shall not receive a performance increase.
- 13 (5) The State Personnel Director shall set the performance increase ranges
14 allowable for levels of performance that exceed performance
15 requirements. Absent the supervisor's written justification, an
16 employee whose performance exceeds expectations shall receive a
17 percentage increase equal to the midrange value for his rating level.
18 With the supervisor's written justification, an individual employee's
19 increase may vary above or below the midrange value within the
20 allowable range. A supervisor's performance appraisal plan,
21 evaluation standards for each employee, and individual employee
22 ratings and recommended performance increase amounts, with
23 justification, shall be reviewed and approved by that supervisor's next
24 higher level supervisor.
- 25 (5a) If an employee is otherwise eligible for a performance increase and is
26 at the top of a pay scale, the employee shall receive a performance
27 increase in the form of a performance bonus. This performance bonus
28 shall be a one-time, lump-sum award paid separately from any other
29 payment to the employee for the year. Such award shall not serve to
30 increase the base pay of such employee. An award of this bonus
31 pursuant to this subdivision does not affect:
- 32 a. The value of the top of any pay scale; and
33 b. The employee's current salary, which will remain at the top of
34 the pay scale.
- 35 Except as provided in this subdivision, all other provisions of this
36 subsection shall apply to an employee at the top of a pay scale.
- 37 (6) The State Personnel Director may suspend any performance increase
38 that does not appear to meet the intent of the provisions of the
39 performance pay system and require the originating department,
40 agency, or institution to reconsider or justify the increase.
- 41 (7) An employee who disputes the fairness of his performance evaluation
42 or the sufficiency of the increase awarded or who believes that he was
43 unfairly denied a performance increase shall first discuss the problem
44 with his supervisor. Appeals of the supervisor's decision shall be made

1 only to the grievance committee or internal performance review board
2 of the department, agency, or institution which shall make a
3 recommendation to the head of the department, agency, or institution
4 for final decision. The State Personnel Director shall help a
5 department, agency, or institution establish an internal performance
6 review board or, if it includes employee members, to use its existing
7 grievance committee to hear performance pay disputes.
8 Notwithstanding G.S. 150B-2(2) and G.S. 126-22, 126-25, and 126-
9 34, performance pay disputes, including disputes about individual
10 performance appraisals, shall not be considered contested case issues.

11 (8) The State Personnel Director shall monitor the performance appraisal
12 system and performance increase distribution of each employing unit
13 within each department, agency, and institution. Each department,
14 agency, and institution shall submit to the Director annual reports
15 which shall include data on the demographics of performance ratings,
16 the frequency of evaluations, the performance pay increases awarded,
17 and the implementation schedule for performance pay increases. The
18 Director shall analyze the data to ensure that performance increases are
19 distributed fairly within each department, agency, and institution and
20 across all departments, agencies, and institutions of State government
21 and shall report back to each department, agency, and institution on its
22 appraisal and distribution performance.

23 (9) The State Personnel Director shall report annually on the performance
24 pay program to the Commission. The report shall evaluate the
25 performance of each department, agency, and institution in the
26 administration of its appraisal system and the distribution of
27 performance increases within each department, agency, and institution
28 and across State government. The report shall include
29 recommendations for improving the performance appraisal system and
30 alleviating inequities. Copies of the report shall be sent to the State
31 Auditor.

32 (10) The Commission shall report annually to the Governor, the Lieutenant
33 Governor, the President Pro Tempore of the Senate, the Speaker of the
34 House of Representatives, and the Standing Personnel Committees of
35 the House and the Senate. The Commission report shall include an
36 evaluation of the administration of the appraisal system and
37 distribution of performance increases by each department, agency, and
38 institution. The State Personnel Director shall recommend to the
39 General Assembly for its approval sanctions to be levied against
40 departments, agencies, and institutions that have deficient appraisal
41 systems or that do not link performance increases to performance.
42 These sanctions may include withholding performance increases from
43 the managers and supervisors of individual employing units of
44 departments, agencies, and institutions in which discrepancies exist."

1 Sec. 2. This act shall become effective July 1, 1990.