

Existing Classification and Pay Tools Support Pay for Performance



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While the proposed Chapter 6 flexibilities have the potential to assist agencies in moving further toward the pay for performance concept, many elements conducive to pay for performance are already built into Louisiana's classification and pay structure. A few of these are outlined below:

Career Progression Groups (CPGs)

CPGs were created as a recruitment and retention tool to help establish a clear career path for individual employees. Since turnover rates are highest in the first three to five years of employment, this is an essential pay flexibility agencies have to help them retain high performing individuals. An employee hired into a three-level CPG job has the opportunity to significantly increase his or her base salary in the first two to three years of service. CPGs provide an economic incentive for these high performing employees to remain in state government during the critical first years of employment. However, these are opportunities, not rights or guarantees. In order to use a CPG to its fullest, agencies must develop a memorandum or criteria on how employees will be moved through a CPG. It should clearly define expectations for performance at each level within the CPG.

Movement through a CPG is based on a combination of experience, duty assignments, competencies, and performance. Supervisors can and should use these expectations as part of the planning and performance rating process. An employee should not advance in a CPG by number of years but by high performance and attainment of competencies in his or her job.

Rewards and Recognition Programs (R&R)

The creative use of Rule 6.16.1, Rewards and Recognition, is an excellent way to implement pay for performance concepts. Under 6.16.1, an appointing authority may implement a program of rewards and recognition for employees or employee groups for significant achievements. R&R provides flexibility in rewarding employees for performance and is a great tool for reinforcing and acknowledging excellent work habits, providing incentives to improve workplace efficiency

and effectiveness, encouraging proactive and innovative creative thinking, and drawing attention to important agency goals and objectives.

Most agencies have a standard R&R policy in place and, although this rule is primed for agencies to implement pay for performance, it is currently an underutilized tool for that purpose. However, some appointing authorities have implemented R&R program elements with a pay for performance focus. For example, several housing authorities have customized their R&R policies in an agency goal oriented way. Housing authorities are federally funded. The Federal government establishes certain performance standards or thresholds for the housing authorities and administers a rating system. Housing authorities' funding is dependent on their performance ratings. Many housing authorities have implemented a program to reward employees who aid the housing authority in achieving a high performer rating.

R&R is wide open to possibility. Like the housing authorities, many agencies have federal or state guidelines to meet. R&R policies with a pay for performance focus identify and tie individual employee performance to broader agency goals. When developing such a policy, agency strategic plans can be readily adapted to a pay for performance philosophy, are a good place to begin.

In order to implement or revise a rewards and recognition program agencies must submit a written policy or policy update for Commission approval. Following approval, policies are posted. Posting requirements help to ensure agency transparency and counter any possibilities of public scrutiny. Likewise, agencies are required to post all reward recipients and submit a utilization report to DSCS each fiscal year. R&R Programs can be non-monetary or monetary awards. Monetary awards can be up to 10% of the employee's base salary and must be granted as a lump-sum payment.

Innovation and Creativity

DSCS encourages agency human resources offices and agency heads to bring forward innovative proposals, even if those proposals may not readily be classified under the Rewards and Recognition Rule. Compensation consultants are available to explore ideas, review policy drafts, and make recommendations on ways to implement innovative programs.

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