



**PROCEDURES  
EXECUTIVE AND LEGISLATIVE BRANCHES  
DEPARTMENT OF PERSONNEL MANAGEMENT**

SECTION:	<b>SALARY AND WAGE ADMINISTRATION AND EMPLOYEE PERFORMANCE APPRAISAL</b>	NO: 03-VII-003
SUBJECT:	<b>PERFORMANCE MANAGEMENT – STEP INCREASE PROCEDURES</b>	RELEASE DATE: 10/01/03
CROSS REFERENCE:	<b>PPM Section VII. Salary and Wage Administration and XI. Employee Performance Appraisal</b>	REVISION DATE: 09/19/08

**PURPOSE**

To provide guidelines for implementing step increases for eligible employees based on job performance pursuant to the Personnel Policies Manual.

**APPLICABILITY**

1. These procedures apply to all regular status (full-time and part-time) employees within the Executive and Legislative Branches of the Navajo Nation government.
2. Exceptions: These procedures do not apply to Public Employment Program (PEP), Summer Youth Employment or temporary employees. These procedures do not apply to positions with salaries that are set by law and those whose pay rate is above the maximum of the assigned pay grade.

**DEFINITIONS**

**Rating Period:** The rating period shall be a period of twelve months commencing on the employee's anniversary date and each year thereafter. (For example: if the employee's anniversary date is October 1, 2002, the current rating period shall cover the period from October 1, 2007 to September 30, 2008).

**Anniversary Date:** The anniversary date is October 1, the date of hire or date of last salary increase whichever is later. The anniversary date for an employee shall be adjusted each time an employee receives a pay increase resulting from a promotion, reclassification, transfer, etc. Pay increases resulting from a general wage adjustment or a salary schedule change will not require an adjustment in the anniversary date.

Non-general Funds: The funding source for positions other than general funds, e.g., contract, grant, proprietary, fiduciary, special revenue, permanent and CIP funds.

#### ELIGIBILITY CRITERIA

1. The following criteria will be used to determine eligibility for step increases:
  - A. Employees at Steps A through E are eligible for a step increase one year from their anniversary date.
  - B. Employees at Steps F through I are eligible for a step increase two years from their anniversary date.
  - C. Employees at Steps J and K are eligible for a step increase three years from their anniversary date.
  - D. Employees at Step L or those whose pay rates are above the maximum of the assigned pay grade are not eligible.
  - E. An Employee Performance Appraisal Form (EPAF) must have been completed and submitted to the Department of Personnel Management (DPM) within 60 calendar days after the anniversary date for the applicable rating period. If the 60<sup>th</sup> calendar day falls on a non-workday then the due date will be the following workday.
  - F. Employee must have received an overall rating of "Significantly Exceeds Standards" or "Outstanding" on the performance appraisal which covers the last 6 months of the applicable rating period.
  - G. Employee must have been in his/her current position and on the job for the last 6 months during the current rating period.
  - H. Employee must have a performance appraisal for the entire rating period. If the employee occupied more than one position within the rating period, he/she must have received an appraisal for each position.
  - I. An EPAF must have been completed and submitted for all employees.
  - J. A Step Increase Recommendation/Approval Form (SIRAF) must be completed by the supervisor and submitted to DPM within 90 calendar days after the anniversary date for the applicable rating period for review and approval. If the 90<sup>th</sup> calendar day falls on a non-workday then the due date will be the following workday.
  - K. The approved SIRAF must be submitted to either the Office of the Controller or the Office of Management and Budget for verification of funds availability for all non-general funded positions.

- L. After obtaining appropriate signatures, programs must re-submit the SIRAF and a Personnel Action Form (PAF) to DPM to implement the step increase.
- M. An employee must not have received a merit pay bonus for the same rating period.
- N. Termination of employment or transfer to another program prior to approval of step increase by DPM voids the employee's eligibility to receive a step increase.

## PROCEDURES

The following procedures are to be utilized when implementing step increases.

1. Programs funded by non-general funds are required to identify funds within their budget(s) for the implementation of step increase. A budget transfer or modification will be required for each sub-account.
  - A. To determine the total amount needed for transfer, (difference between the current pay rate and the new pay rate), the following is to be utilized when calculating the amount needed for the step increase. Funds for the fringe rate should also be included.
    - 1) Determine the employee's anniversary date. (See Definitions)
    - 2) From the anniversary date to the end of the applicable budget period, determine the number of hours the employee is to be paid at the higher rate.
    - 3) Determine the dollar amount difference between the new hourly rate of pay and the old hourly rate of pay.
    - 4) Multiply the hours to be paid at the new hourly rate (Step A.2. above) by the dollar amount difference calculated (Step A.3. above).
2. Programs with Cost Allocated positions are to implement the step increase after all funding sources have made budget transfers to include the step increase.
3. DPM will prepare and process a budget revision request and a PAF for eligible employees whose position is funded by general funds pursuant to established schedules and PAF processing guidelines.

## FORMS:

1. Budget Revision Request Form
2. Personnel Action Form (PAF)