



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

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| SECTION: | SALARY AND WAGE ADMINISTRATION | NO: 03-VII-003 |
| SUBJECT: | MERIT PAY BONUS | RELEASE DATE: 10/04/93 |
| CROSS REFERENCE: | PPM Section VII. I.1-2 Merit Pay | REVISION DATE: 09/19/08 |

PURPOSE

To provide guidelines and procedures on authorizing and compensating eligible employees for merit pay.

APPLICABILITY

1. These procedures apply to all regular status (full-time and part-time) employees. Pursuant to the Navajo Nation Personnel Policies Manual, Section VII.I, merit pay bonuses may be given to eligible employees based on their overall performance during the applicable rating period.
2. Exceptions: These procedures do not apply to Public Employment Program (PEP), Summer Youth Employment or temporary employees.

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).

Supervisor: The individual who directly supervises an employee.

ELIGIBILITY FOR MERIT PAY

1. To be eligible for a merit pay bonus, an employee must:
 - A. Be regular status (full-time and part-time) with at least one year of continuous service with the Navajo Nation and six months in his/her current position;
 - B. Be recommended by the immediate supervisor and approved by the Department of Personnel Management; and

- C. Have an overall performance rating of "Significantly Exceeds Standards" or "Outstanding".
- D. An employee must not have received a step increase for the same rating period.

GUIDELINES FOR MERIT PAY

1. Only the employee's current program/supervisor can recommend a merit pay bonus for the employee.
2. Termination of employment prior to approval of the merit pay bonus voids the employee's eligibility to receive payment. However, if the employee receives written approval by DPM prior to the effective date of termination, he/she is eligible to receive payment.
3. Approval shall not be granted for merit pay bonus unless funds are available.

RESPONSIBILITIES

1. Supervisors shall:
 - A. Complete and submit an Employee Performance Appraisal Form (EPAF) for each employee under his/her supervision within the required time line established by the Performance Appraisal Process Procedures.
 - B. Review all Merit Pay Bonus criteria to determine eligible employees and recommend those qualifying for merit pay bonus.
 - C. Prepare and submit Merit Pay Bonus Recommendation/Approval Form (MPBRAAF) to the Department of Personnel Management for review and approval.
 - D. Obtain appropriate signatures verifying availability of funds on the approved Merit Pay Bonus Recommendation/Approval Form from either the Office of the Controller or Office of Management and Budget.
2. Program Managers shall:
 - A. Ensure that Supervisors have completed and submitted EPAFs for **all** employees under their supervision by the established deadline date outlined in the Performance Appraisal Process Procedures.
 - B. Ensure that funds are available for the merit pay bonus and applicable fringe benefits.
 - C. Ensure that merit pay bonus documents are submitted as soon as possible.
3. Division Directors are responsible for addressing and resolving any disputes regarding merit pay bonus in accordance with these procedures.

4. The Department of Personnel Management shall:
 - A. Conduct training and orientation on these procedures.
 - B. Audit and monitor the merit pay bonus process.
 - C. Review and approve Merit Pay Bonus Recommendation/Approval Forms.
 - D. Forward approved Merit Pay Bonus Recommendation/Approval Forms to Payroll for processing.

PAYMENT GUIDELINES

1. All recommendations for merit pay must be reviewed and approved within 90 calendar days of receipt.
2. All merit pay shall be paid in lump sum. Applicable taxes and mandatory deductions will be withheld.
3. Merit pay funds are to be budgeted under the 2200 sub-account (Salary Adjustment). Fringe benefits must be budgeted under the 2900 sub-account.
4. DPM will prepare and submit merit pay documents for all eligible employees to Payroll for processing.
5. All merit pay will be processed with the regular payroll.

PAYMENT AMOUNTS

1. Merit pay bonus amounts are to be allocated as follows:

| OVERALL RATING | BONUS PAYMENT AMOUNT | |
|---------------------------------|-----------------------------|-----------------|
| Significantly Exceeds Standards | Minimum \$100 | Maximum \$ 600 |
| Outstanding | Minimum \$601 | Maximum \$1,000 |

DISPUTES

1. The denial of merit pay bonus is not a grievable action.
2. Any disputes are to be referred to the Division Director for resolution.

FORMS REQUIRED

1. Merit Pay Bonus Recommendation/Approval Form
2. Approved Budget Transfer Request