

CAROLINA HEALTH CENTERS, INC.
POLICY AND PROCEDURE

TITLE: Maxed Out Employees

CATEGORY: Payroll / Human Resources

NUMBER:

EFFECTIVE DATE: December 1, 2020

POLICY:

It is the policy of CHC to provide a mechanism to reward certain employees who have reached the maximum pay level in their pay grade at the time of their annual evaluation.

PURPOSE:

To provide one-time payments for full-time employees who are maxed out on their pay grade at the time of an annual evaluation and who have performed at an acceptable level.

PROCEDURES:

1. Supervisors will perform an annual evaluation on all employees, including maxed out employees.
2. A maxed out employee will be eligible for a one-time bonus related to the score of their annual evaluation.
3. The maximum one-time bonus amount will be 2% of annual salary.
4. Employee's evaluation score will be used to determine increase percentage and the employee must receive a score of 3.0 or higher to receive a maxed out bonus.
5. Employees who are fully maxed out will receive 2% of annual salary.

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6. Employees who are partially maxed out will be eligible for a maxed out bonus calculation by determining the available percentage (the percentage increase that will move salary to maximum rate) and then using the following formula:
 - a. The difference between the annual increase percentage and the available percentage times the current annual salary will be the maxed out bonus, with a maximum difference of 2% for this calculation.

Example 1:

Employee annual increase percentage from annual evaluation is 4.3 %
Employee makes \$38,000 and maximum of scale is \$39,000
Employee's available percentage is 2.6% $(39,000 - 38,000 / 38,000)$
Employee bonus percentage is 1.7% $(4.3-2.6)$
Employee's bonus is $.017 \times 38,000 = \$646.00$

Example 2:

Employee annual increase percentage from annual evaluation is 4.3 %
Employee makes \$38,000 and maximum of scale is \$38,800
Employee's available percentage is 1.1% $(38,400 - 38,000 / 38,000)$
Difference in annual increase and available percentage = 2.2% $(4.3-1.1)$
Employee's bonus is capped at 2% or $.02 \times 38,000 = \$760$

7. Supervisors will include maxed out bonus requested amount on a Payroll Action Form to be submitted with related annual evaluation.