

## **Pay for Performance Best Practice**

Organization: University of Colorado at Boulder

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The University of Colorado at Boulder (UCB) provides discretionary pay options, incentive awards, and premium pay. UCB employs between 5,000 - 7,000 full-time and part-time employees and serves between 100,000 – 499,999 individuals.

The incentive pay program adheres to the guidelines of the State Personnel Board of Rules and Administrative Procedures. Immediate cash or non-cash awards can be awarded to employees in recognition of special accomplishments or contributions to the job throughout the year. Incentive pay should not be used to supplement or substitute for annual salary.

What is unique about this program is there is not one set incentive pay program for the entire university. Each department in theory could develop their own program, as long as the guidelines and requirements are met. Incentive programs within departments must be developed prior to use by managers and employees then approved by the appropriate authority. All programs must adhere to the State Personnel Board Rules.

The university requires the program to have a goal or purpose, recognition categories, eligibility requirements, award criteria, selection method, and type of awards.

Incentive award pay must be one-time, non-base awards and must be processed using the One Time Payment Form, a university mandate form. Likewise, a Recognition Reporting Form must be completed to inform HR of the award received.

The incentive pay program along with the overtime and discretionary pay options is very innovative and has had positive outcomes. All of the different compensation types and different programs are based in the State Personnel Board procedure which provides a firm backbone. This compensation structure has elevated the work of this particular University of Colorado at Boulder office and is replicable.

## **C. Incentive Awards**

### **What are Incentive Awards?**

According to State Personnel Board Rules and Administrative Procedures (3-21), an appointing authority may grant an immediate cash or non-cash incentive award to classified employees in recognition of special accomplishments or contributions throughout the year or to augment an annual performance salary adjustment, e.g., on-the-spot cash awards, work-life programs, or administrative leave. Other than augmenting performance awards, incentives shall not be used to supplement or substitute for annual salary adjustments or other base pay movements.

Departments must develop and communicate, **prior to use and on an ongoing basis**, a plan outlining their award program. Such plans should be developed with the input of employees and managers and must be approved by the appropriate Chancellor, Provost, Senior Vice Chancellor or Vice Chancellor. Employment Services must review the department award program **prior** to VC approval to ensure compliance with state personnel rules and PSC Procedural Statement: Recognition & Training Activities.

### **What information should be included in an Incentive Award Program?**

Generally, Incentive Award Programs include the following elements: duration of the program, the purpose or goal of the program, recognition categories, a description of who is eligible to receive recognition under the program, a description of the recognition award criteria (i.e., the criteria that employees will be measured by), a description of the selection method including how awards will be determined, and types of cash and/or non-cash awards available including award limits and/or ranges. Incorporating these elements into an Incentive Award Program provides for consistency in application which is critical to its success.

### **Boulder Campus Guideline:**

The following procedures should be followed when implementing an Incentive Award Program:

- ⌚ The appointing authority should submit the Incentive Award Program to Employment Services for review to ensure compliance with State Personnel Board Rules and Administrative Procedures and the PSC Procedural Statement: Recognition and Training Activities.
- ⌚ Employment Services will notify the requesting department once the review is completed. At that point, the appointing authority should submit the Incentive Award Program to the appropriate Chancellor, Provost, Senior Vice Chancellor, or Vice Chancellor for approval.
- ⌚ Once final approval has been received, the Incentive Award Program may be shared with employees.

### **How are Incentive Awards paid?**

A departmental award program description must be reviewed and approved as described above before any One Time Payment Forms can be completed and approved. Incentive awards are one-time, non-base building awards and are not intended to increase an employee's regular, base building salary. Incentive awards are not limited by the state statutory salary lid. Cash incentive awards should be processed using the One Time Payment Form available from the PBS website. Use the Awards-Taxable (AWR) earnings code and enter payment in the HRMS Time Collection. Non-cash awards are not paid through HRMS Time Collection but may be subject to tax and other reporting requirements. Please refer to the PBS Procedures Guide for additional information on tax reporting requirements. When cash-like or non-cash items are given to an employee, a Recognition Reporting Form must be completed and forwarded to PBS including documented approval of the formal recognition program (e.g., memorandum from the Human Resources department noting the recognition program name and indicating program approval). Refer to the PSC Procedural Statement: Recognition and Training Activities for more specific information.

## **D. Premium Pay**

### **What is premium pay?**

Premium pay includes such items as shift differential pay, on-call pay, and call back pay. Eligibility for shift differential and on-call pay are designated by job class title in the state's annual compensation plan.

Effective July 1, 2002, Employment Services was delegated authority to approve premium pay eligibility for individual positions in job classes that are not designated as eligible in the state's annual compensation plan. Approval of any exceptions to the compensation plan designations **must** be obtained from Employment Services **before** premium pay begins.

### **Shift Differential Pay**

According to State Personnel Board Rules and Administrative Procedures (3-44), shift differential pay is additional pay beyond base pay for working shifts in eligible job classes as published in the state's annual compensation plan (or as designated by Employment Services). Shift differential does not apply to any periods of paid leave. Positions must be non-exempt under the FLSA overtime provisions to receive shift differential pay. Second shift rate applies when half or more of the scheduled work hours fall between 4:00 pm and 11:00 pm. Third shift rate applies when half or more of the scheduled work hours fall between 11:00 pm and 6:00 am. If the hours are evenly split between shifts, the higher shift differential rate applies to all hours worked during the shift.

### **Call Back Pay**

According to State Personnel Board Rules and Administrative Procedures (3-45), call back applies when an eligible employee is required to report to work before the start or after the end of a scheduled shift. If there is no release from work between the call back hours and regular shift, it is considered a continuation of the shift and call back does not apply. When call back applies, a minimum of two hours pay is guaranteed. Eligible employees are those who are eligible for overtime, and any call back time is counted as work time. Employees exempt from overtime are also eligible when approved by a department head.

### **On-Call Pay**

According to State Personnel Board Rules and Administrative Procedures (3-46), on-call is additional pay beyond base pay for eligible employees specifically assigned, in advance, to be accessible outside of normal work hours and where freedom of movement and use of personal time is significantly restricted. Eligible classes and the on-call pay rate are published in the state's annual compensation plan (or designated by Employment Services). Only time while actually on call shall be paid at the special rate. In call back situations, employees eligible for both on-call and call back pay shall receive call back pay only.

### **How is premium pay for a position requested?**

For positions in job classes not already listed as eligible for premium pay in the state's annual compensation plan, a Shift Differential Pay Designation Request Form or an On-Call Pay Designation Request Form on the following pages should be completed by the supervisor, signed by the appointing authority, and submitted to Employment Services for consideration.