

NEW YORK POWER AUTHORITY

EP: 2.1

EMPLOYEE POLICY

REVISION: 17

DATE: 03/1/2014

PLEASE REFER TO THE PORTION OF THE HUMAN RESOURCES POLICIES ENTITLED DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

SALARY ADMINISTRATION POLICY

- 1.1 This policy governs the administration of salary for all full-time, part-time and provisional exempt and non-exempt Authority employees, as defined in the Salaried Employees' Eligibility for Benefits policy (EP: 3.1).
- 1.2 This policy describes the New York Power Authority's competitive pay program and provides guidelines in which to recognize and reward different degrees of performance through salary changes within budget limits.
- 1.3 All types of actions described in this policy, including the effective date of the salary action, require the approval of the Business Unit Head, the Vice President, Human Resources, the SVP Enterprise Shared Services, and the President and CEO or his/her designee. All requests require a summary of the reason for selection, change in role and responsibilities, succession planning actions and/or relevant information justifying the action. Any action affecting the hiring or promotion of Vice Presidents or higher also requires notification to the Governance Committee.
- 1.4 In addition to section 1.3, any salary action varying from the guidelines of this policy is considered an exception and requires documentation, justification and majority approval from the Compensation Committee and the President and CEO. The justification must be a detailed explanation for the exception request (e.g., to bring the employee to the minimum of the grade range). Requests that are insufficient will be returned for further justification.
 - a) The Compensation Committee requires a minimum of three participants. It is made up of the Business Unit Heads that report directly to the President and CEO, excluding the Business Unit Head directly involved in the request and the Senior Vice President Enterprise Shared Services.
- 1.5 The Trustees and the Governance Committee will receive a quarterly report of all salary actions implemented in the prior quarter.
- 1.6 Under the Fair Labor Standards Act, the Authority pays exempt employees on a salary basis and does not intend to make any deductions from these salaries which are prohibited. Any employee who believes an improper deduction may have occurred should raise the issue and bring supporting documentation, if any, to the attention of the Payroll department as soon as practicable after the deduction occurs. Payroll will then work with the Human Resources Compensation group and should it be determined that an improper deduction in fact occurred, the employee will be reimbursed for that amount. Complaints may also be communicated via the Employee Concerns Line [1-877-TEL-NYPA]

Annual Merit Increase

- 2.1 Annual Merit increases are intended to provide recognition and reward for performance within the parameters of the Authority's annual salary budget. However, neither an annual salary budget nor an annual Performance Plus assessment is a guarantee that a salary adjustment will occur.
- 2.2 An employee's Performance Plus rating summarizing his/her annual performance will be taken into consideration for Annual Merit purposes and ensures that an employee is considered for a salary adjustment.
- 2.3 Eligibility:
- a) Only employees who receive a Performance Plus rating of Partially Achieved Expectations or better (see Performance Plus Instructions on the PowerNet for ratings definitions), are eligible for an Annual Merit increase.
 - b) No Annual Merit increase will be given to employees who earn a Performance Plus rating of Did Not Meet Expectations.
 - c) New employees hired within six months prior to the Annual Merit increase effective date will not be eligible for the increase.
- 2.4 Timing:
- a) Annual Merit increases will generally be effective in the third quarter.. In the case of employees on leaves of absence, the effective date of increases may be adjusted (see section 2.6).
- 2.5 General Guidelines:
- a) Base salaries of employees who earn a Performance Plus rating of Achieved Expectations or Partially Achieved Expectations can reach the maximum of the grade range for their job but cannot exceed it. Should an employee's base salary reach the maximum of the grade range or beyond, recommendations for an exception must have appropriate approvals as specified in section 1.4. If the maximum of the grade range is exceeded by the recommended salary increase, then the portion in excess of the maximum will be granted in the form of a lump sum payment which does not become part of base pay and must be re-earned each year.

- b) Base salaries of employees who earn a Performance Plus rating of Exceeds Expectations may exceed the maximum of the grade range by 4%. If the recommended salary increase exceeds 4% above maximum, then the portion in excess of the maximum will be granted in the form of a lump sum payment which does not become part of base pay and must be re-earned each year.

If an employee is under the minimum of the grade range for his/her job and has a performance plus rating of Achieved Expectations or better, an adjustment to minimum will be given prior to the Merit increase.

2.6 Approved Leaves of Absence:

- a) Performance Assessments — Annual performance assessments should be based on performance in the previous assessment year, regardless of the length of time the employee was on approved leave.
- b) Annual Salary Increase, if
- 1) leave is less than 3 months — If the Merit increase falls during an approved **paid leave** of less than three months, the Merit increase will be effective as of the common Merit Increase date. If on approved **leave with no pay** as of the common Merit Increase date, the Merit Increase will become effective on the day the employee returns to work or returns to paid status. The amount of the increase will not be affected by the leave.
 - 2) leave is 3 months or longer - If the Merit Increase falls during an approved leave of three months or more, the Merit Increase will be effective on the date the employee returns to work, unless proscribed by any other policy, state or federal law. The amount of the increase will not be affected by the leave.

Promotional Increases

3.1 A promotion is defined as the assignment of an employee to a job of one or more grades higher than the employee's current job and may be accompanied by an increase in salary.

3.2 Types of Promotions:

- a) Competency Based: Competencies are essential knowledge, skills, and abilities required by the Authority and which equip an individual to perform a certain level of work. Competency-based promotions are permitted for employees for which specific

competency definitions have been developed and achieved.

- b) Re-evaluated position: when there is a change in work or reorganization resulting in a job having expanded responsibilities and increased level of competency, a market analysis should be requested by the Business Unit Head and forwarded to the Human Resources Compensation Group in order to assess supporting a higher grade range. (see section 5, Re-evaluation of Job Content).
- c) Organizational Promotion (backfill or new role): acknowledges that an employee has been assigned a different job, in order to fill an open or newly created position with expanded responsibilities at a grade higher than the employee's current position.

- 3.3 A promotion may include an increase in salary of up to 10%. This increase should place the employee's salary in the grade range of the new position. The new salary, however, is limited to a compa-ratio of 112% of the new range for individual contributor and supervisor categories. For jobs classified as Manager/Director, VP or above, the promotional salary is limited to the midpoint (100% compa-ratio) of the range.
- 3.4 When a 10% maximum promotional increase does not bring the employee's salary to the minimum of the new grade range, the employee may receive an additional salary increase with approval of the Compensation Committee (see section 1.4)

Market / Equity Adjustments

- 4.1 Upon the recommendation of the Human Resources Compensation group, an adjustment to base salary may be permitted to achieve internal and/or market equity.
- 4.2 Only employees who earn a Performance Plus rating of Achieved Expectations or better are eligible for a market adjustment.

Re-evaluation of Job Content

- 5.1 Each Business Unit head, or their designee, is responsible for ensuring that salaried jobs in their organization have accurate and up-to-date descriptions. Substantive changes in the primary responsibilities, scope and/or minimum qualifications must be communicated to the Human Resources Compensation group. Based on the revised description, the Compensation group, with the input of management, reviews and evaluates the job against both the marketplace and internal comparable positions.

- 5.2 Recommendation for changes to any job based on the evaluation are coordinated with and approved by the respective Business Unit Head(s) for departments in which the job exists.
- 5.3 An evaluation may result in a change in grade. If a job is re-evaluated upward due to a significant change in job content, consideration may be given to granting a promotional increase as previously defined and outlined in Section 3.2 (b).
- 5.4 Employees whose positions are re-evaluated and downgraded and whose salaries are greater than 4% above the maximum of the new grade range may have their salaries reduced to 4% above the maximum of the new grade range.

Lateral Transfer

- 6.1 A lateral transfer occurs when an employee moves from one job to another which has the same grade range.
- 6.2 Generally, additional compensation will not be granted in the case of lateral transfers.
- 6.3 Moves that are temporary or part of a development plan or program, or job changes that are part of a specific work project may be considered for additional compensation.

Demotions

- 7.1 A demotion may occur as the result of inadequate employee performance, which leads to the employee being assigned to a new job that is one or more grades below the current grade.
- 7.2 Employees demoted as a result of inadequate performance and whose salaries are above the maximum of the new grade range may have their salaries reduced to no more than the maximum of the new grade range.

First Line Supervisor Differential

- 8.1 To prevent inequities between bargaining unit employees, or equivalent jobs, and their supervisors, First Line Supervisors (FLS), jobs with the category of Supervisor, shall generally be paid a minimum five percent (5%) above the annualized **base rate** of pay of the highest paid supervised bargaining unit employee (or equivalent job). This differential applies only to those FLS who achieve an annual Performance Plus rating of Achieved Expectations or better, for their prior year's performance.

Note: **Base Rate** of pay is defined as the negotiated hourly rate for the job, excluding any other payments granted to an employee such as premiums and overtime.

Timing of Salary Actions

- 9.1 The Human Resources Compensation group will accept requests to review competency based promotion, market or equity adjustments, and grade re-evaluations during the 8-month period of August through March, only.
- 9.2 Organizational promotion requests will be acted upon at any time during the year.
- 9.3 With the exception of the annual merit increase, at least six months must elapse between any salary actions, inclusive of date of hire.

Sign-On & Retention

- 10.1 Special incentives for the purpose of attracting or retaining staff may be recommended as an exception with appropriate approvals as specified in 1.4.

Incentive Pay

- 11.1 An incentive is a lump sum award paid in recognition of the extraordinary achievement of an individual or a group, on special projects or in unique situations that are critical to the Authority.
- 11.2 An incentive plan may be developed upon the recommendation of the Business Group Head accountable for the results, the Vice President, Human Resources, the Senior Vice President, Enterprise Shared Services and the President and CEO or his/her designee.
- 11.3 An incentive plan may be developed:
- a) Before the start of a project, based on a pre-determined set of measures associated with the project goals and announced to those employees who are eligible, or
 - b) After exemplary completion of an extraordinary project that evolved during a given year.
- 11.4 Criteria for such an award must include extraordinary tangible benefits to the Authority such as reduced costs or increased revenue.

Vice President, Human Resources

Date