

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 Corporate Support 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 annual base salaries of Vice Presidents or higher, must also have approval of 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 range). Requests that are insufficient, will be returned for further justification.
  - a) a)–The Compensation Committee 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 requires a minimum of three participants.
- 1.5 The Trustees and the Governance Committee will receive a monthly report of all salary actions implemented in the prior month.
- 1.65 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 Salary Adjustment

- 2.1 Annual Salary Adjustments 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 Salary Adjustment 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 Salary Adjustment.
  - b) No Annual Salary Adjustment will be given to employees who earn a Performance Plus rating of Did Not Meet Expectations.
  - c) New employees hired between September 1 and December 31 of the prior calendar year will not be eligible to be considered for an Annual Salary Adjustment until on or about September 1 in the year following their hire date.
- 2.4 Timing:
- a) Annual performance assessments will normally be completed during November. This is referred to as the Annual Performance Plus Assessment Period. Annual Salary Adjustments are generally effective on or about January 1. In the case of employees on leaves of absence, the effective date of increases may be adjusted (see section [2.6](#)).
  - b) The Annual Salary Adjustment is calculated on the employee's base salary as of December 31 of the prior calendar year.
- 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 grade but cannot exceed it. Should an employee's base salary reach the maximum of the 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.
- c) If an employee is still under the minimum of the grade range after receiving an Annual Salary Adjustment, the manager should contact the Human Resources Compensation group for guidance in moving the employee to the minimum of the grade range. This applies only to the employees who earn a Performance Plus Rating of Achieved Expectations or better.

## 2.6 Approved Leaves of Absence:

a) Performance Assessments – Annual performance assessments should be based on performance in the previous calendar 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 annual salary adjustment falls during an approved leave of less than three months, the annual salary adjustment for employees on such **paid leave** will be effective as of the common annual salary adjustment date. If on approved **leave with no pay** as of the common annual salary adjustment date, the annual salary adjustment 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 annual salary adjustment falls during an approved leave of three months or more, the annual salary adjustment 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 ~~jobposition~~ of one or more grades higher than the employee's current ~~jobposition~~ 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 in limited and specific job families 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: acknowledges that an employee has been assigned a different job, in order to fill an open position with expanded responsibilities at a grade range 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 an Executive/Management Band (grade 27 and above) position the new salary is limited to the midpoint (100% compa-ratio).
- 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 Business Unit Head.

~~5.3~~ ~~An evaluation may result in a~~A change in grade ~~after~~ ~~may occur as a result of the~~ reorganization of the work unit or ~~review of the job re-~~ ~~evaluation of the position.~~ If a ~~job position~~ is re-evaluated upward ~~due to as the result of~~ 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)~~.

~~5.42~~ Employees whose positions are re-evaluated and downgraded and whose salaries are more than 4% above the maximum of the new grade range ~~may will~~ 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 position~~ 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 will~~ 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 ~~job positions~~, and their supervisors, First Line Supervisors (FLS) 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 positions~~). 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 ~~and Annual Cap~~

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 February 1 through September 30, *only*.

9.2 Organizational promotion requests will be acted upon at any time during the year.

9.3 At least six months must elapse between any salary actions, inclusive of date of hire.

~~9.4 An annual maximum increase of 17.5% (based on the total of all increase percentages) will apply to all salary actions including, but not limited to, the Annual Salary Adjustment, promotional increases and any other base salary adjustments.~~

#### 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 and the President and CEO 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.

11.5 Incentive proposals in excess of \$15,000 per individual must have the concurrence of the Governance Committee.

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Vice President, Human Resources