

## 3.360 RCUH Performance-Based Compensation

### I. Policy

It is the RCUH's policy to provide Principal Investigators with a process to recognize and compensate regular-status employees whose performance has been consistently "meeting expectations" or "exceeding expectations" of their job requirements.

This process will encourage quality work performance and provide guidelines for pay adjustments to attract, retain, and recognize employees necessary to achieve organizational success.

### II. Responsibilities

#### A. Principal Investigator

1. Complete an annual performance evaluation for each non-probationary, regular-status employee.
2. Utilize the pay-adjustment options (if applicable) in accordance with the procedures described below.
3. If providing a pay adjustment to an employee, include sufficient justification and submit to the RCUH Director of Human Resources.
4. Ensure fiscal administrator approval (if a UH service-ordered project) for any pay adjustments.

#### B. Fiscal Administrator (if a UH service-ordered project)

1. Review request of pay adjustment and amount to ensure compliance with RCUH guidelines and availability of funds.

### III. Applications

This policy applies to all Principal Investigators/designees who employ RCUH regular-status employees. The policy also applies to all RCUH regular-status employees (regardless of FTE).

### IV. Details of Policy

#### A. Definitions Relating to This Policy

1. Performance Review: Refer to Policy 3.410 RCUH Annual Performance Evaluations, which outlines the specifications for the RCUH performance evaluation.
2. Exceeding Expectations and Job Requirements: An employee's documented performance (on RCUH performance evaluation) that is considered to be **above a satisfactory level**.

3. Meets Expectations and Job Requirements: An employee's documented performance (on RCUH performance evaluation) that is considered to be **at least at a satisfactory level**.
4. Merit Increase Adjustment: Salary adjustment consistent with RCUH merit-increase guidelines provided to an employee who has consistently exceeded the expectations and requirements for at least six (6) months during the rating period. Also includes merit- or performance-based one-time or periodic payments.
5. Other Pay Adjustments: These may include pay adjustments outside of the annual general/merit adjustments. These include reclassifications, re-pricing actions, performance-based awards, labor market pay adjustments, etc.
6. General Salary Adjustment Schedule: General salary adjustments are applicable only to regular-status employees. This schedule may be a composite rate for all job classifications or specific classification group rates to mirror State of Hawai'i or University rate increases. The RCUH may authorize multiple adjustment schedules to meet specific project requirements. The general salary adjustment may also include changes to the RCUH salary schedule.
7. Salary Range: All RCUH regular-status positions are classified and priced into either a non-exempt or an exempt salary range. There are no "step increments." These ranges have a minimum, midpoint, and maximum. RCUH prices its classification between the minimum and maximum of a salary or pay range.

**B. Salary Ranges** – The following are guidelines on setting the initial compensation rate at the time of the employee's hire into a new job:

1. Minimum of Salary Range: Entry pay rate for individuals who meet the minimum qualifications of the job classification. No employee will be allowed to be paid below the minimum of his/her job's salary range.
2. Midpoint of Salary Range: Control point of the salary range. The salary or pay range's midpoint is the most that can be offered to a new hire without requiring a justification and approval from the RCUH. Midpoint to maximum salaries are usually for long-term employees or for unusual labor-market considerations.
3. Maximum of Salary Range: Maximum level of compensation for the job classification. No employee will be allowed to be paid above the maximum of his/her job's salary range.

**C. Types of Salary Adjustments**

1. General Salary Adjustment: Regular-status employees may receive a "general salary adjustment" (as established by the RCUH) if their performance evaluation indicates they are meeting expectations of the job requirements (i.e., satisfactory performance).
2. Merit Increase Adjustment: Regular-status employees will be eligible to receive an additional "merit-increase adjustment" commensurate with work performance exceeding expectations and job requirements (i.e., above satisfactory performance).

3. Salary Range Adjustment: Adjustments to the salary schedule (minimum, mid-point, and maximum). All regular-status employees must be paid within their respective job's pay range.
4. Reclassification/Re-Pricing Adjustment: Adjustments to a new pay range of a reclassified/re-priced job. Salary adjustments generally may range from the new minimum of the pay range or up to an 8% adjustment (whichever is higher).
5. Market- or Performance-Based Adjustment: Adjustments to meet specific labor-market recruitment/retention requirements or other performance-based compensation awards.

**D. Administrative Requirements**

1. An Annual Performance Evaluation Form Is Required: All regular-status, non-probationary employees must receive a Performance Evaluation Form (Short Form or Scored Rating Long Form) annually during the approved salary-adjustment schedule approved by the RCUH Board of Directors. A Performance Evaluation Form (Short Form or Scored Rating Long Form) must be completed to justify any salary adjustment.
2. Other Salary Adjustments Are Subject to RCUH Approval: As necessary, the RCUH may authorize specific salary adjustments to meet specific labor-market recruitment/retention matters. The RCUH may authorize other performance-based payments (one-time or periodic) based on appropriate justifications. These compensation actions and appropriate justifications must be reviewed and approved by the RCUH Director of Human Resources.
3. Salary Adjustments Are Dependent on Availability of Funds: All salary adjustments are dependent upon the availability of funds and an employee's maintaining a minimum satisfactory level of performance.
4. Additional Justification Is Needed for Any Exceptions to This Policy: Any exception to the guidelines presented in this policy will require additional justification as deemed necessary to comply with the provisions of this policy. The RCUH Director of Human Resources may reject any inappropriate recommendation and/or any not in compliance with the policy. All salary adjustments will be processed upon the completion of this review.

**E. Annual General Adjustments**

1. General salary adjustments are contingent upon the maintenance of a minimum satisfactory work performance level, availability of funds, and completion of a Performance Evaluation Form (Short Form or Scored Rating Long Form).
2. RCUH will determine the amount of the general salary adjustment schedule. This schedule will be based on the University and state compensation plans, salary surveys, or other labor-market considerations.
3. Upon completion of the twelve (12)-month new hire probation period, and at the discretion of the Principal Investigator, an employee may be eligible for the general salary adjustment at the full percentage amount (established by RCUH

policy), provided the employee's performance evaluation indicates he/she is meeting expectations of the job requirements (i.e., satisfactory performance).

**F. Annual Merit Adjustments**

1. Merit increase adjustments are contingent upon consistently the maintenance of an above-satisfactory work performance level for at least six (6) months during the rating period, availability of funds, and completion of a Performance Evaluation Form (Short Form or Scored Rating Long Form).
2. RCUH will determine the amount of the merit increase schedule. This schedule will be based on the University and State compensation plans, salary surveys, or other labor-market considerations.
3. Merit-increase adjustments may vary from employee to employee. These allow the Principal Investigator to utilize his/her salary budget to compensate employees who are performing above job expectations and requirements, thus contributing directly to the project's success.

**G. Other Pay Adjustments** – This policy also allows for periodic merit increases, equity pay adjustments, and other pay adjustments based on appropriate justifications to the RCUH Director of Human Resources.

**V. Procedures**

- A. Principal Investigators Must Complete a Performance Evaluation Form** – Principal Investigators must complete a Performance Evaluation (Short Form or Scored Rating Long Form) for all regular-status, non-probationary employees by the applicable deadline. The Performance Evaluation Form must be completed to justify any salary adjustment. Non-compliance will result in no salary adjustments.
- B. All Salary Adjustments Are Subject to RCUH Review and Approval** – All salary adjustments must be documented on the RCUH Personnel Action Form and submitted to the RCUH Human Resources department for review and approval.
- C. Supporting Justification Must Be Provided for Other Pay Adjustments** – All other pay adjustments must be supported with appropriate documentation. All cases will be reviewed and authorized by the RCUH Human Resources department only if internal equity and equal opportunity considerations have been satisfied.
1. Reclassification or Re-Pricing Actions: Will require a signed cover memo from the Principal Investigator explaining the proposed reclassification, a revised job description (electronic version in Word format with Track Changes), and the employee's updated resume/CV.
  2. Labor Market Recruitment/Retention Adjustments: Will require a memo providing sufficient justification and corresponding market data.
  3. Performance-Based Awards: Will require a memo providing sufficient justification for such an adjustment.
- D. Pay Adjustment Requests Must Be Submitted to RCUH Human Resources** – All requests for pay adjustments will be submitted to and approved by the RCUH Director

of Human Resources prospectively. Retroactive pay adjustments may be granted on a case-by-case basis.

- E. Delays in Annual Pay Adjustments** – Although salary adjustments are typically awarded on July 1st of each year, Principal Investigators may request a delay in initiating the salary adjustment with appropriate justification; e.g., lack of funds (i.e., delay in receipt of new funding), different fiscal year, etc. If this occurs, a memo must be submitted to the RCUH Director of Human Resources. Upon review, the RCUH will delay the effective date of the salary adjustment pursuant to this request.

### **VI. Contact**

RCUH Employment: (808) 956-3100  
[rcuh\\_employment@rcuh.com](mailto:rcuh_employment@rcuh.com)

### **VII. Relevant Documents**

[Performance Evaluation Form Short Form](#)  
[Performance Evaluation Form Scored Rating Long Form](#)  
[Personnel Action Form](#)  
[Policy 3.410 RCUH Annual Performance Evaluations](#)

**Date Revised:** 01/31/2001, 04/05/2007, 03/18/2013, 04/10/2013, 12/31/2013, 04/10/2014, 05/27/2014, 09/23/2014, 04/27/2015, 01/05/2017, 04/12/2017, 08/08/2017