

# The Puzzle of Performance Pay



Performance pay is a real puzzle.

Performance pay, or to use the technical term, "performance based in-range movement" (see *definition below*), is simply the increase in salary you may receive for demonstrating superior performance in your job. Your rating of superior performance would be documented in your annual *MyPerformance* review and signed off by your supervisor.

The information we collected from you in November 2018 on compensation showcased that many of you are confused and suspicious about how performance pay works in your ministry and across government.

Overall, many of you are not sure how your ministry addresses superior performance through performance pay, or how you get increases to your salary. And many of you stated that there was no clear, transparent and standardized mechanism to appeal or inquire about ways to increase salaries for excluded employees.

*Ron, not his real name, said, "All (salary) increases were the same. The rule was that if you had a letter on file, you were not eligible (for a salary increase). This process was not communicated to employees before the Performance Pay increases occurred. The increase was not based on targets or goals from what I understand."*

*The performance pay system is not well understood by excluded employees and the way it is administered across ministries is inconsistent. More than one third of the respondents said they did not know how salary increases were determined and a large proportion of respondents believed that an increase in pay was tied to either an increase in cost of living or an increase granted to all excluded employees.*

*The BC Excluded Employees' Association raised a series of issues with the BC government. These are the issues you have identified regarding compensation.*

As you know, our aim is to identify your concerns; encourage constructive dialogue with your employer to address those concerns; and report out on your collective voices. With this in mind, we are sharing some of our findings from the survey you filled out.

Despite the bad news, there is some good news! The BC Excluded Employees' Association raised a series of issues with the BC government. These are the issues you have identified regarding compensation. We are delighted that BC government leaders listened and heard your concerns and these issues are starting to be addressed.

First of all, salary compression and inversion is now being addressed.

The BC Excluded Employees' Association identified a number of issues related to the long wage freeze instituted in 2014. Wage compression (when the gap between a supervisor's salary and the subordinate's salary is too small) is now beginning to be addressed by the BC government. And significant wage inversion (when a subordinate's salary is higher than the supervisor's) is also being addressed by the BC government. However, dealing with salary compressions and inversions as one-time events does not prevent repetition of these issues occurring again in the future. We will need to keep our eyes on these two issues.

Secondly, performance-based salary inequities are being addressed by the BC government. Salaries are being adjusted for those long-term high-performing employees who are being compensated at a lower amount than employees in similar roles, in the same band, within a ministry.

These one-time adjustments are for any excluded employees in Bands 1 through 6 who have demonstrated good performance and are experiencing one of the three salary issues described above.

Lastly, we were surprised and encouraged to note that at the end of 2018, excluded management salaries showed rates of increases at, or above, those rates set for BC Government Employee Union employees. In addition, excluded employee wages tracked with changes to the consumer price index (*see definition below*). However that gain has been somewhat eroded as a result of across the board salary increases in February and April of 2019. In addition, there are still pockets within a variety of ministries where there are cumulative impacts to compensation as a result of the salary freeze implemented across government for excluded employees in 2014.

Besides the issues related to performance pay, the BC Excluded Employees' Association is looking into a potential gender pay gap for excluded managers. We will dig into this a bit more and report back in future articles.

For now, due to your overwhelming response on performance pay, we need to work with government to find a way to balance the approach that the Public Service Agency has established for performance pay and the tailored approach in which ministries are implementing performance pay. And we need to work with government to get rid of the mystery in how performance pay is being handled and communicate that information with all of you. We have met with senior government leaders to identify this confusing issue and will be providing recommendations to address it.

*Joan, not her real name, said, "I am continually working way above my level and surpassing work of those at higher levels and rates of pay. Absolutely zero recognition of this in any meaningful way (pay or time off)."*

Stay tuned. There will be more information to come.

## DEFINITIONS:

**CONSUMER PRICE INDEX** - The **Consumer Price Index (CPI)** is an indicator of changes in **consumer prices** experienced by Canadians. It is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by **consumers**. (<http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2301>)

**PERFORMANCE PAY OR PERFORMANCE BASED-IN-RANGE MOVEMENT** - Performance based in-range movement provides excluded management employees with the opportunity to increase their compensation to the top of their position's salary range over time based on an annual review of their performance in their position.

The effective dates of performance based in-range movement will be July 1 of each year, pending notification from the Deputy Minister, Public Service Agency. If the performance based in-range movement is administered after the effective date, the compensation adjustment will be made retroactive to July 1 of that year. The permissible percentage increases will be identified annually by the PSA, in consultation with PSEC, and may include varying amounts based on performance.

Performance based in-range pay increases are not an annual entitlement but are earned by demonstrating good and superior performance during the performance period. Performance based in-range movement cannot result in an employee receiving an increase that places them above the maximum salary of their band. Increases are provided to recognize employees meeting performance criteria (as identified by their executive).

### In-Range Guidelines:

- No individual can receive an increase above their position's salary band maximum.
- Increases can only be provided to recognize performance (as identified by executive).
- Ministries are required to fund these increases within their existing budgets.
- Increases are limited to up to the maximum outlined by the DM, PSA for eligible employees.
- In-range increases are not an annual entitlement but rather are based on employee performance in their role during the performance period.

### In-Range Eligibility Criteria

The eligibility criteria for performance based in-range movement are as follows:

- All full-time or part-time excluded management employees in an MCCF classified position may be eligible.
- The performance based in-range movement cannot result in an employee's salary exceeding the maximum of their position's salary range.
- The employee must normally have been in the position for at least 8 to 12 months so that performance can be adequately assessed.

Where a ministry is able to provide a performance assessment of an employee who has been absent for part of the assessment period (i.e. sick leave, maternity leave etc.), the executive must ensure that they can demonstrate that the performance of the employee was accurately assessed during the eligibility period.

**Note:** Performance based in-range movement is for regular, permanent and auxiliary excluded managers (typically auxiliary employee would meet eligibility if they have been in their excluded management position for 12 months or more). Auxiliary employees or bargaining unit employees who are on temporary assignment to an excluded management position typically for 12 months or more may be eligible for performance based in-range increases so long as they meet the eligibility criteria.

*(BC Public Service Agency's Management Classification and Compensation Framework – Compensation Rules 2011-01-17, page 10)*