

Management Compensation and Classification Framework

Compensation Rules

BC Public Service Agency

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Contents

Compensation Rules	2
1. Deputy Minister Authority	2
2. Implementation	3
2.1. Initial Classification in MCCF	3
2.2. Implementation Period	3
2.3. Initial Salary Placement in MCCF	3
2.3.1. Paid Under Management Salary Band	3
2.3.2. Paid Over Management Salary Band (Holding Rate)	4
2.4. Performance Based In-Range Movement for 2016	4
3. Post-Implementation	4
3.1. Classification	4
3.1.1. Classification of Bands 1 - 5	5
3.1.2. Classification of Band 6	5
3.2. Classification Considerations	6
3.3. Dispute of Classification Decisions for Bands 1 - 5	6
3.4. Salary Decisions.....	6
3.5. Considerations for Determining Salary for a Position.....	6
4. Promotion, Demotion or Lateral Transfer	8
4.1. Promotion	8
4.2. Lateral Transfer	8
4.3. Demotion	9
4.3.1. Voluntary Demotion.....	9
4.3.2. Involuntary Demotion	9
5. Pay Progression – Performance Based	9
5.1. Performance Based In-Range Movement.....	10
5.2. Succession Management	11
6. Temporary Change of Role or Responsibilities	11
6.1. Temporary Appointment	11
6.2. Developmental Assignment.....	12

Compensation Rules

The Management Classification and Compensation Framework (MCCF) is designed to meet a Ministry's strategic and operational needs, while also providing a consistent approach to management compensation in such a way that better differentiates the diversity of work and provides managers with clearer direction to appropriately make compensation decisions. Effective compensation decision-making will help address recruitment and retention issues and support corporate succession management. This is achieved by having a clear compensation system that is well communicated and that follows a process that ensures the integrity of decisions within both the Ministry and government as a whole and are consistent with the BC Public Service Excluded Management Terms & Conditions of Employment.

This approach is consistent with the BC public service compensation philosophy and the BC public sector common compensation philosophy, which was implemented across the public sector in 2015 and builds on our four shared principles of Performance, Differentiation, Transparency, and Accountability. This common philosophy will provide a standardized foundation for compensation decisions across broader public sector organizations.

All salary decisions must align with the current corporate approach to managing salaries and funding must be available in the approved salary budget. There will be no additional funds for salary increases. To ensure cross-Ministry consistency in the application of the MCCF, classification and salary decisions will be audited by the BC Public Service Agency (PSA) on a regular basis.

1. Deputy Minister Authority

Deputy Ministers retain the authority to determine the classification band for excluded management positions within Bands 1 - 5 of the established MCCF framework. This authority cannot be delegated to another level of authority. After the conclusion of the 6 month implementation period, Ministries will seek a classification recommendation from the PSA when excluded management positions move forward for hiring, as well as when an existing position's role changes significantly enough that it may require reclassification to a different band.

Band 6 allocations for excluded management positions must be reviewed by the Deputy Minister, BC Public Service Agency to ensure adherence to the MCCF. Band 6 allocations are presented to DMCPST for final approval. A report of Band 6 excluded management classifications/reclassifications will be provided to DMCPST on a regular basis.

Deputy Ministers retain authority to determine starting salaries for excluded management positions within the established salary ranges for Bands 1 - 6 and to assess employee performance as needed for performance based in-range salary movement. Deputy Ministers can delegate the day-to-day decision making to other levels, such as to an Assistant Deputy Minister or an excluded manager, but will retain the final authority.

2. Implementation

2.1. Initial Classification in MCCF

MCCF includes the Job Evaluation Plan for excluded management positions, which ranks positions based on their level of leadership, problem-solving and autonomy. A position's band is determined by analyzing a job's duties in its organizational context against the established Plan criteria and comparing it with existing benchmarks.

A benchmark is defined as a job profile used in a classification plan as a fixed reference to which other jobs are compared. Benchmarks represent a point-in-time snapshot of common Government jobs that are well-understood. Benchmarks were developed by the BC Public Service Agency with input from a cross-government Benchmark Steering Committee and approved by DMCPST.

Initial placement into the MCCF will be executed by each Ministry with the collaboration of the PSA.

2.2. Implementation Period

After positions have been initially placed into Bands 1 – 6 from the previous Applied Leadership, Business Leadership and Strategic Leadership bands, Ministries will not have the ability to reclassify positions for a period of **six months** after the effective date of January 2, 2017. Classification requests can only be submitted for new and/or vacant positions that require immediate hiring or positions that have undergone a re-organization, or have had significant responsibilities added to them

2.3. Initial Salary Placement in MCCF

Initial placement of excluded management positions into Bands 1 – 6 from the previous Applied Leadership, Business Leadership and Strategic Leadership bands may result in some employees' current salaries falling outside the salary range of their position's assigned band.

2.3.1. Paid Under Management Salary Band

As per guidelines established by Government through the Public Sector Employers' Council Secretariat, employees who are placed in a band where the minimum of the range is higher than their current salary will receive incremental increases of 5% of their salary every 6 months in order to bring them to the minimum salary rate of the band.

Example 1: An employee's position is currently Business Leadership with a salary of \$82,000. The position has been placed into Band 4 which has a minimum salary of \$86,000. Effective January 2, 2017, the salary will increase by \$4,000 to reach \$86,000 (difference of \$86,000 - \$82,000 = \$4,000 which is less than $5\% \times \$82,000 = \$4,100$).

Example 2: An employee's position is currently Applied Leadership with a salary of \$58,000. The position has been placed into Band 2 which has a minimum salary of \$62,000. Effective January 2, 2017, the salary will increase by \$2,900 to reach \$60,900 ($5\% \times \$58,000 = \$2,900$ which is less than the difference of $\$62,000 - \$58,000 = \$4,000$). In 6 months, the salary will increase by \$1,100 to reach \$62,000 ($\$62,000 - \$60,900 = \$1,100$ which is less than $5\% \times \$60,900 = \$3,045$).

2.3.2. Paid Over Management Salary Band (Holding Rate)

Employees who are placed in a band where the maximum of the range is lower than their current salary will have their salary held at their former rate for 12 months. The Deputy Minister will provide written notice to the employee confirming the salary rate will be maintained for the first 12 months (no wage increases during this period) and explain the process and time frame for subsequent salary reductions.

On the first anniversary of the employee's placement in their new band (i.e. start of the 13th month), their salary will be reduced by 50% of the difference between their current salary and their new salary (i.e. the maximum of the position's new salary range). On the second anniversary (i.e. start of the 25th month), the employee's salary will be reduced by the remaining 50% to their new salary rate.

For example, if a position is assigned to Band 2 (maximum salary of \$86,000) but the employee's salary is \$88,000, their salary will be held for one year at \$88,000. On the first anniversary of placement into the new band, their salary will be reduced by \$1,000 to \$87,000 ($50\% \times (\$88,000 - \$86,000) = \$1,000$). On the second anniversary, the employee's salary will be reduced by the remaining \$1,000 to \$86,000, which is the maximum of their position's new salary range.

2.4. Performance Based In-Range Movement for 2016

Performance based in-range movement is a form of variable pay. For more information on performance based in-range movement for excluded management positions, see Section 5.1.

The July 1, 2016 performance based in-range movement of up to 2% will not be processed until bands are implemented for all Ministries. This increases the potential for those currently at the maximum of some leadership bands to receive performance based in-range movement within their new band, without exceeding the maximum of the band. The performance based in-range compensation adjustment will be made retroactive to July 1, 2016.

Performance based in-range movement requires: 1) performance assessment and 2) ability for the Ministry to fund within existing budget. Employee eligibility for performance based in-range movement will be determined and finalized after placement of employees into their new bands is complete.

3. Post-Implementation

3.1. Classification

Deputy Ministers have delegated authority to determine the classification of excluded management positions. This authority cannot be delegated to another level of authority, such as to an Assistant Deputy Minister. After the 6 month moratorium, Ministries must consult with the PSA before making a reclassification decision. The BC Public Service Agency will provide classification recommendations to assist Ministries in making these determinations.

After the implementation period, excluded management positions cannot be reclassified more than once every 12 months. Exceptions can be made if there is significant organizational change (e.g., new mandate established, Ministry reorganization).

Note: Positions that are represented by benchmarks cannot be reclassified to a different band by the Ministry. Proposed changes to the band for positions represented by benchmarks must be approved by The Deputy Minister of the Public Service Agency.

A supervisor and a subordinate cannot be in the same band.

3.1.1. Classification of Bands 1 - 5

Whether you are making changes to a current excluded position or creating a new one, use the following process to classify positions at Bands 1 - 5 and ensure you have your Deputy Minister's approval:

- Step 1 – Develop the job profile, organization chart and the proposed band with supporting rationale. The supervising manager is accountable for ensuring the job profile accurately reflects the duties of the new or revised position.
- Step 2 – Submit all of the documents to AskMyHR for the PSA review process.
- Step 3 – The PSA will provide the manager with a recommended band.
- Step 4 – Submit proposed/recommended band to Deputy Minister for approval.
- Step 5 – The Manager will provide the job profile, organization chart, approved band with supporting rationale for review by the appropriate Ministry authority to determine salary (see Section 1).
- Step 6 – If you do not already have an approved exclusion from the bargaining unit, you will be required to seek approval from the union to exclude the position from the bargaining unit prior to posting the position. Once the band and salary rate have been approved, exclusion approval from the union must be requested.

3.1.2. Classification of Band 6

To classify positions at Band 6, the following process applies:

- Step 1 – Develop the job profile, organization chart and the proposed Band 6 with supporting rationale. The supervising manager is accountable for ensuring the job profile accurately reflects the duties of the new or revised position.
- Step 2 – Submit proposed Band 6 to the Ministry's Deputy Minister for consideration.
- Step 3 – The Deputy Ministry will provide the job profile, organization chart and supporting Band 6 rationale to the Deputy Minister, BC Public Service Agency for review.
- Step 4 – The Deputy Minister, BC Public Service Agency will conduct a classification review and provide a recommendation to the Deputy Minister; DMCPSI will make the final decision.
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Note: There will be periodic reporting of all Band 1 - 6 positions to Deputy Ministers' Council.

3.2. Classification Considerations

Union Exclusion Approval: BC Public Service positions belong to a union unless there is an agreement between the Province and the appropriate union that allows a position to be “excluded.” All new positions should be submitted to the union for exclusion approval prior to posting for hiring. If an existing excluded position has significantly changed, the reason for the exclusion approval from the union may no longer apply and the position should be submitted for the exclusion approval process to confirm whether exclusion from the union continues to be valid.

Principle of Merit: If there is a significant change to the primary role of an excluded management position that indicates an upward reclassification of more than one band, the position is considered to be a new role and reclassification is not an option. In order to meet the requirements of the Principle of Merit, this position will need to be posted for hiring. The PSA can provide advice on the best course of action.

3.3. Dispute of Classification Decisions for Bands 1 - 5

If an employee or supervisor disagrees with the MCCF band assignment of a position (Bands 1 – 5), they may proceed with their Ministry’s internal MCCF classification re-evaluation process. This process will vary by Ministry but may be as follows:

- Step 1 – Review the rationale for placement in the MCCF framework. Prepare reasoning for amending this rationale.
- Step 2 – Present to the Ministry’s internal executive committee (if applicable).
- Step 3 – The Ministry executive or classification committee may choose to bring the position forward to the Deputy Minister for a decision.
- Step 4 – If a decision is made to reclassify the position, the rationale must be provided to the PSA for review.

All other conditions for reclassification including union exclusion approval and principle of merit must continue to be applied.

3.4. Salary Decisions

Deputy Ministers will retain authority to set pay for excluded management positions within the established salary ranges for Bands 1 - 6 and to assess employee performance as needed for performance based in-range salary movement. This authority can be delegated to other authority levels such as to an Assistant Deputy Minister or an excluded manager.

Salaries exceeding the maximum of the salary ranges of the position’s assigned band are not permitted.

3.5. Considerations for Determining Salary for a Position

Prior to posting a position, the hiring manager should establish a realistic starting salary for the position within the position’s assigned salary range. Consider the following questions:

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- How does the proposed salary compare to the salary of the position's supervisor and the position's subordinates?
 - How does the proposed salary compare to the salaries of peers doing similar work?
 - Is there budget available to cover the proposed salary?
 - Is this position particularly difficult to fill based on skill shortages or other relevant factors?

All positions placed within any given band will have the potential to reach the maximum of the salary range, based on performance (i.e. performance based in-range movement). However, the starting salary of different jobs within each band will vary based on the degree of leadership, problem-solving and autonomy required of a position. Initial placement of an employee should not be at the top of the band so that the Ministry will have the ability to move the employee through the salary range based on performance.

Typically, new employees should be hired in the bottom quarter of their management salary band. Operation reasons for starting salary at more than the bottom quarter of the band may include differentiation from other positions classified within the same management salary band but performing a different range of duties. In these cases, positions with a wider range of duties typically start at the halfway point of the band.

For example, an Analyst and a Senior Analyst are both rated in Band 1 of the MCCF. The salary band ranges from a minimum of \$53,000 to a maximum of \$74,000. The Ministry has determined that new Analysts should receive a starting salary in the bottom quarter of the Band 1 salary range (i.e. starting salary of \$58,000), while new Senior Analysts should receive a starting salary at the halfway point of Band 1 (i.e. starting salary of \$63,000). Note: although the two positions each start at different points in the band, both will have the potential to reach the maximum of the salary range dependent on performance based in-range movement.

To determine the bottom quarter of the Band 1 salary range:

Step 1: Find the difference between the minimum and the maximum of the band:

$$\$74,000 - \$53,000 = \$21,000$$

Step 2: Divide the difference into quarters:

$$\$21,000 / 4 = \$5,250$$

Step 3: Add the quarter amount to the minimum of the band:

$$\$53,000 + \$5,250 = \$58,250$$

When a successful candidate is confirmed, the compensation offered must be within the salary range identified for that position. The offer letter should outline an initial starting salary and may include one

secondary increase after the 913 straight-time hours (six months)probationary period, subject to satisfactory performance. This probationary increase can be up to 5%.

To decide where to place the successful candidate within the salary range, consider the following questions:

- What was the person’s salary in their previous position?
- Does the successful candidate bring exceptional experience or qualifications relative to the requirements for the position? Will they hit the ground running or will they have a steep learning curve?

When the successful candidate is selected in a competition and the candidate is currently employed by the BC Public Service, the hire is considered a promotion, a voluntary demotion, or a lateral transfer.

4. Promotion, Demotion or Lateral Transfer

4.1. Promotion

A promotion is defined as a movement from one position to another position with a higher maximum salary (i.e., falls within a higher band). An employee is promoted via a competitive, merit-based staffing process and, as such, may receive an increase to their base salary.

Upon promotion, employees typically receive a minimum of 10% above their previous pay level, as long as this falls within the salary range assigned to the position and is appropriate given the considerations under Section 3.5.

One probationary increase of up to 5% is permitted based on satisfactory performance. The one probationary increase can only be provided following 913 straight-time hours (six months) in the new position. The details of the probationary increase must be outlined in the initial offer letter at the time of hire. Probationary increases are not permitted for lateral transfers (Section 4.2).

4.2. Lateral Transfer

A lateral transfer is defined as a movement from one position to another position within the same band without a competitive, merit based staffing process. A lateral transfer of an excluded manager implies the same level of work will be performed, and should not result in a salary increase. In exceptional circumstances, a Deputy Minister may approve a nominal salary increase, recommended to be no more than 5%. If a position is noticeably different or requires a much larger compensation increase, for example, 8% to 10%, then it is considered a promotion and a competitive process to fill the role is recommended.

Moving an employee to a lower or higher band is not considered a lateral transfer. The appropriate salary administration/merit rules (i.e. on demotion or promotion) must be followed in these situations.

4.3. Demotion

Demotion to a position with a lower maximum salary could occur due to either voluntary reasons (e.g. an employee applies on a lower lever position) or involuntary reasons (e.g. position reclassified downward).

4.3.1. Voluntary Demotion

An employee voluntarily moving to a position within a lower band will have their pay determined by the Deputy Minister, or a designate, using the same considerations they would use for other compensation decisions; however, the employee's new rate of pay must be within the new salary range (i.e., the employee cannot be paid above the maximum of the salary range). No exceptions can be made.

4.3.2. Involuntary Demotion

An involuntary demotion occurs when an employee, through no fault of their own, is moved to a new band that is lower than their current band. The salary rate on involuntary demotion will be determined as follows:

- Deputy Ministers will determine the employee's compensation using the same considerations they would use for other compensation decisions. If an employee's salary will be reduced as a result of the demotion, the Deputy Minister will provide written notice to the employee confirming that the salary rate will be maintained for the first 12 months (no wage increases during this period) and explain the process and time frame for subsequent salary reductions.
 - On the first anniversary of the employee's placement in their new band, their salary will be reduced by 50% of the difference between their current salary and their new salary. On the second anniversary, the employee's salary will be reduced to their current salary rate.
- If the employee initiates a move to another position, the salary will be negotiated between the employee and the employer.
- If the employer initiates a move to another position, and the employee's current protected salary (base salary plus holding rate) is greater than the new rate, the protected salary will be reduced starting on the first anniversary of the placement at the new salary rate. The protected salary may be greater than the maximum of the band until the first anniversary.

5. Pay Progression – Performance Based

Pay progression is the process by which an individual employee's salary moves incrementally higher within a MCCF salary range. Pay progression in the BC Public Service will be performance-based and will not be an annual increment entitlement.

Performance is the degree to which an employee has successfully accomplished assigned tasks and functions and exhibits desired behaviours and competencies. In the BC Public Service, performance is determined through annual performance evaluations with the employee's direct supervisor.

Potential performance ratings include:

- Exceeds Expectations - is exceeding expectations of job performance and is demonstrating exceptional corporate values.
- Achieves Expectations - is meeting expectations of job performance and is demonstrating solid corporate values.
- Developing - is currently not achieving all expectations but has the potential and the motivation to do so, or is developing an understanding of corporate values, or is new to the role.
- Not Meeting Expectations - is consistently below performance expectations in most essential areas of responsibility, and/or reasonable progress toward critical goals is not being made.

Best practices suggest the following distribution of performance ratings for a typical organization:

- Exceeds Expectations: 5% - 15%
- Achieves Expectations: 70% - 80%
- Developing: 5% - 10%
- Not Meeting Expectations: 0% - 5%

It is expected that performance ratings will be reflective of typical performance levels demonstrating variation across and within Ministries.

5.1. Performance Based In-Range Movement

Performance based in-range movement is a form of variable pay. Performance based in-range movement provides employees with the opportunity to increase their compensation to the top of the salary range assigned to their position based on their performance in the position.

The effective dates of performance based in-range movement will be July 1 of each year, pending notification from the Deputy Minister, BC 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 also be identified annually by the PSA, in consultation with PSEC, and may include varying amounts based on performance.

Performance based in-range movement cannot result in an employee receiving an increase that places them above the maximum salary of their band. Increases can be provided to: (1) correct compression and/or inversion, or (2) recognize employees meeting performance criteria (as identified by executive).

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

- The performance based in-range movement is only available for excluded managers who are regular full-time or part-time employees.
- The performance based in-range movement cannot exceed the maximum of the 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.

5.2. Succession Management

The new MCCF will be a complement to the new corporate succession management framework for the BC Public Service. It will support the Employer's corporate succession management efforts by ensuring we are best positioned to attract, retain and develop the leadership and talent we need now and in the future.

The MCCF will provide specific leadership role criteria at each band which will help to identify potential developmental opportunities and career paths for employees.

The leadership role criteria include two streams: excluded positions that supervise employees and excluded positions that are individual contributors. The criteria will also take into consideration a position's problem-solving impact, scope and complexity, as well as a position's autonomy to make decisions.

6. Temporary Change of Role or Responsibilities

An excluded management employee may be asked to take on additional duties and responsibilities of a different position for a limited period of time. Additional compensation may be provided to an excluded management employee who takes a Temporary Appointment or Developmental Assignment for greater than 4 weeks.

6.1. Temporary Appointment

A temporary appointment is when an excluded management employee is assigned into a different position for a limited period of time. Temporary appointments without a merit-based process must not exceed 7 months. Any temporary appointment that exceeds a period of 7 months must be subject to a merit-based process (competition) to fill the vacancy.

In a temporary appointment, it is likely the individual would be performing a significant portion of the overall duties of the position and, therefore, additional compensation may be provided (e.g. no more than a 5% nominal increase for a lateral TA, typically a 10% increase for a promotional TA).

Situations where a temporary appointment may be appropriate:

- Coverage for long term leaves, such as parental or deferred leave.
- Temporary geographic relocation based on the operational requirements of the employer.

If an employee is currently on temporary appointment and the position becomes vacant permanently, a merit-based process (competition) must be held to fill the vacancy if the position is in a higher band than the acting employee's base position. If the employee who has been temporarily in the position is the successful candidate, they may be eligible for an additional increase (i.e., above what they were

receiving in the temporary appointment) if the move from their base to their new position results in a promotion (see Section 4.1).

6.2. Developmental Assignment

A developmental assignment is when an excluded management employee is assigned additional duties and responsibilities, for a limited period of time, while remaining in their base position. Typically, a developmental assignment should be for a period of 4 weeks to 7 months. If a developmental assignment is for less than 4 weeks, additional compensation is typically not recommended. However, in exceptional circumstances, a Deputy Minister may approve the provision of additional compensation for a developmental assignment of less than 4 weeks duration.

For developmental assignments in excess of 4 weeks, additional compensation may be provided. The employee may receive a nominal increase, typically up to 5% but must not exceed the maximum of their current band. Typically, the increase should not exceed the rate of pay earned by peers in existing positions doing the same work. In extraordinary circumstances, a greater adjustment may be approved by the appropriate authority.

If the employee is at the top of their salary range, and the developmental assignment is for work normally carried out by employees in a higher band, then a temporary appointment is the more appropriate approach to use.

Situations where a developmental assignment may be appropriate include:

- Vacation coverage
- Short term sick leave coverage
- Assignment of a project or additional work that exceeds the scope of the employee's base position and is short term in nature
- Part of a succession management plan