



Where ideas work

Management Classification and Compensation Framework: Compensation Rules

April 1, 2024

Contents

Management Classification and Compensation Framework.....	3
Delegated Authority Model	3
Exclusions.....	5
Merit.....	6
Exclusion and Classification Process Bands 1 - 5.....	6
Classification Process Band 6.....	8
Compensation in a Broadband Salary Model.....	9
MCCF Salary Range Adjustments	10
Differentiation.....	11
Performance Based In-Range Pay Progression	12
Starting Salary Considerations	12
Salary Compression or Salary Inversion.....	14
Annual Performance Based In-Range Compensation Adjustments.....	17
Eligibility Criteria.....	19
Special Management Compensation Adjustments.....	21
Staffing Action Based Compensation Adjustments.....	23
Staffing Action Letter Tips	26
Appendix.....	28

Calculating a Salary	28
Part-time Salary Calculations	28
Salary Protection Calculations for Involuntary Moves	29
Example:	30

Management Classification and Compensation Framework

The Management Classification and Compensation Framework (MCCF) is designed to meet a Ministry's strategic and operational needs, while providing a consistent approach to management compensation that differentiates the diversity of work and provides managers with clear guidance and tools to assist making appropriate compensation decisions. MCCF applies to excluded management employees and positions covered under the Public Service Act.

These guidelines are consistent with the Public Sector Employers' Council (PSEC) Secretariat's public sector 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 provides a standardized foundation for compensation decisions across the broader public sector.

Delegated Authority Model

MCCF utilizes a delegated authority model which provides Deputy Ministers with the authority to approve classification and compensation decisions for excluded management positions within their Ministry, organization, or area of control. Under a delegated authority model, Ministries are responsible for managing excluded management classification and compensation decisions consistent with the MCCF Job Evaluation Plan and the MCCF Compensation Rules. Some of this

Management Classification and Compensation Framework: Compensation Rules

authority can be delegated further down the command structure in an organization. The following table outlines the levels that classification and compensation decisions can be delegated to.

Area of Delegation	Delegation Level	Details
Compensation – Approving salaries for excluded managers when they are hired or as the result of a staffing action or reclassification.	DM Associate DM ADM Exec Leads Excluded Mgrs	Deputy Ministers are responsible for all excluded management compensation decisions within their Ministry or organization. Compensation decisions can be delegated to ADM or senior excluded levels. Areas that delegate to the ADM level or lower are expected to adopt consistent policies and practices within their business unit or sector. Ministries must ensure excluded managers are aware of their internal practices and policies regarding compensation decisions for excluded managers.
Annual Performance Based In-Range Compensation Adjustments	DM Associate DM ADM	Annual performance based in-range movement decisions can be delegated to the ADM level only. Ministries must ensure that all performance based increases provided adhere to the MCCF Compensation Rules, the performance based in-range eligibility criteria and the four principles outlined by PSEC Secretariat.
Special Management Compensation Adjustments	DM Associate DM	Special management compensation adjustments may only be approved by a Deputy Minister or an Associate DM. Approval of special management compensation

Management Classification and Compensation Framework: Compensation Rules

Area of Delegation	Delegation Level	Details
Classification Bands 1 - 5	DM Associate DM	<p>adjustments cannot be delegated to the ADM level or lower.</p> <p>Deputy Ministers and Associate DMs have the authority to approve the MCCF band/classification for Bands 1-5 after they have received a recommendation from Classification Services, PSA. Existing positions cannot be reclassified by more than one band.</p>
Classification Band 6	DM, PSA	<p>Only the Deputy Minister of the PSA has the authority to approve Band 6 roles. Ministries should have approval of their Deputy Minister prior to submitting a Band 6 request to the PSA.</p>

Exclusions

All 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” from union membership. All new positions must be submitted to the union for exclusion approval prior to posting for hiring unless the position is statutorily excluded in the *Public Service Labour Relations Act*. As well positions must be included in the Union database for tracking prior to posting. 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 to Classification Services, PSA for the exclusion approval process to confirm whether

Management Classification and Compensation Framework: Compensation Rules

exclusion from the union continues to be valid. For further information on the exclusion process, please consult the respective collective agreement.

Merit

Hiring decisions in the BC public service are based on merit to ensure they are non-partisan and reflect competence and ability to do the job. Please refer to the *Public Service Act* for more information on merit.

To meet the requirements of the *Public Service Act*, new positions or altered vacant positions need to be classified and filled through a merit-based process. If there is a significant change to the role of an excluded management position that indicates an upward reclassification of more than one band, the position is considered a new role and reclassification is not an option. Permanent and temporary appointments over seven months are subject to the requirements under the *Public Service Act* and additional information on how to fill a vacancy is available on MyHR. The PSA can provide advice on the best course of action.

Exclusion and Classification Process Bands 1 - 5

When a new excluded position is created, or an existing excluded position is outdated, or the accountabilities and responsibilities of the role have changed, the position needs to be excluded from the bargaining unit and assessed for its classification level using the MCCF Job Evaluation Plan. The following steps outline the process for getting a position classified. Please note positions cannot be reclassified by two band levels. Any position that a Ministry considers requires a

Management Classification and Compensation Framework: Compensation Rules

two band reclassification represents a new position and must go through the classification and exclusion process. New positions that represent benchmark jobs, job store profiles that have not been altered, and well established pattern jobs in a Ministry do not need to be submitted to PSA for classification review as their band level has already been determined.

Positions cannot be reclassified more than once per 12 month period. 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.

Step 1: Develop the job profile, organization chart and the proposed band with supporting rationale. The supervisor's job profile is also required for the exclusion process unless the position reports to an ADM or higher. The supervising manager is accountable for ensuring the job profile accurately reflects the duties of the new or revised position. The org chart must include accurate information showing job titles, position numbers and classifications, and reporting relationships.

Step 2: Submit all of the documents to MyHR for the PSA exclusion and classification review process.

Step 3: The PSA will confirm if the position is viable for exclusion in accordance with the *Public Service Labour Relations Act*.

Step 4: Once exclusion viability is determined by the PSA, Classification Services will provide the Ministry with an MCCF band allocation recommendation. The position

Management Classification and Compensation Framework: Compensation Rules

will then be submitted to the union for exclusion approval/determination. If the position does not appear to meet the exclusion viability as per the *Public Service Labour Relations Act*, Classification Services will inform the Ministry of the appropriate bargaining unit classification.

Step 5: For positions with an approved exclusion, the Ministry can then seek final approval for the classification level from their Deputy Minister.

Step 6: Once a classification level has been approved by your Ministry's Deputy Minister submit a request noting DM approval to MyHR to update the position's classification level or to initiate a staffing action.

Classification Process Band 6

Band 6 classifications can only be approved by the Deputy Minister, PSA. Requests for Band 6 positions must be submitted to the Total Compensation Branch, PSA who will review the request and provide analysis and a recommendation to the Deputy Minister, PSA for consideration. Requests should be submitted via MyHR to the attention of Total Compensation Branch. The information submitted must include a job profile and an org chart. The org chart must clearly demonstrate reporting relationships and include details such as position titles, position numbers and classification levels. Ministries must have the approval of their Deputy Minister before they submit a Band 6 request to the Deputy Minister, PSA. The Deputy Minister, PSA will monitor the allocation of positions to Band 6 on an ongoing basis.

Management Classification and Compensation Framework: Compensation Rules

Existing vacant Band 6 positions cannot be repurposed by a Ministry without a formal review by the PSA. If a Band 6 role’s accountabilities and responsibilities change, the ministry human resource office should submit the position to the PSA for review. Band 6 positions that are vacant for an extended period of time may be deactivated following consultations with the ministry.

Compensation in a Broadband Salary Model

Broadband salary models provide for a range of compensation levels for each classification level. MCCF utilizes six broadbands. Positions are assigned to a band level using the MCCF Job Evaluation Plan. The full-time annual salary ranges and bi-weekly salary amounts are shown for each band, including the maximum, midpoint (50th quartile) and minimum salaries.

APRIL 1, 2024 MCCF SALARY RANGES: ANNUAL, FULL TIME

Band	Minimum	25th	50th	75th	Maximum
Band 6	\$141,800.04	\$149,725.06	\$157,650.08	\$165,575.09	\$173,500.11
Band 5	\$123,100.01	\$131,600.04	\$140,100.06	\$148,600.09	\$157,100.11
Band 4	\$105,900.12	\$114,625.10	\$123,350.08	\$132,075.06	\$140,800.04
Band 3	\$88,700.23	\$97,950.19	\$107,200.15	\$116,450.11	\$125,700.07
Band 2	\$76,500.09	\$84,400.13	\$92,300.16	\$100,200.20	\$108,100.23
Band 1	\$65,300.21	\$72,250.21	\$79,200.20	\$86,150.20	\$93,100.19

APRIL 1, 2024 MCCF SALARY RANGES: BI-WEEKLY, FULL TIME

Band	Minimum	25th	50th	75th	Maximum
Band 6	\$5,435.18	\$5,738.94	\$6,042.71	\$6,346.47	\$6,650.24
Band 5	\$4,718.41	\$5,044.21	\$5,370.02	\$5,695.82	\$6,021.63
Band 4	\$4,059.14	\$4,393.56	\$4,727.99	\$5,062.42	\$5,396.85
Band 3	\$3,399.87	\$3,754.41	\$4,108.96	\$4,463.52	\$4,818.07
Band 2	\$2,932.24	\$3,235.04	\$3,537.85	\$3,840.65	\$4,143.47
Band 1	\$2,502.95	\$2,769.33	\$3,035.73	\$3,302.12	\$3,568.52

MCCF Salary Range Adjustments

The MCCF salary ranges are typically adjusted each year up to the percentage of the negotiated general wage increase for the BCGEU, pending direction from PSEC for all public sector employers. The Deputy Minister, PSA, has the authority to adjust the MCCF salary ranges as permitted by the policies established by PSEC.

MCCF salary range adjustments do not impact the majority of employees classified under MCCF. When the band minimums of the MCCF salary ranges are increased, any MCCF classified employee who is permanently in their role and whose annual full-time salary falls below their position’s salary band minimum should have their compensation brought up to the new salary band minimum.

Management Classification and Compensation Framework: Compensation Rules

Bringing up an employee to the salary band minimum as the result of salary range adjustments is not a requirement for employees temporarily assigned into an MCCF classified position. For auxiliary and temporary appointments, ministries may move employees to the new band minimum on an individual basis. Any MCCF classified employee who is on leave on the effective date of salary range adjustments, and whose compensation now falls below their position's new salary band minimum should have their compensation adjusted to the new salary band minimum upon their return from leave.

Employees in a permanent position must be paid within their position's respective salary range. Paying more than a position's maximum salary is not permitted. Employees who are involuntarily moved into a band where the maximum of the range is lower than their current salary will enter the salary protection process. For further details on the salary protection process, see the Appendix.

Employees on a temporary appointment into an MCCF classified position and auxiliary employees in an MCCF classified position can be paid below the position's salary range minimum if the hiring manager assesses the employee as not yet qualified to perform the full scope of the role.

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

Note: Please see the Appendix for tips on calculating salaries.

Differentiation

One of the key features of the BC public service excluded management compensation framework and PSEC Secretariat's direction for the BC public sector

Management Classification and Compensation Framework: Compensation Rules

is salary differentiation. It is expected that employees within the same salary band and/or role will be compensated different amounts within their position's salary range. Salary differentiation is expected due to several factors. Employee performance, work experience and job qualifications can all factor into where an employee is placed on the salary range. It is appropriate for employees to have different rates of pay as it is unlikely they were all hired at the same time with the exact same qualifications and experience. With performance based in-range movement, all good or exceptional performing excluded managers will have the opportunity to progress through their position's salary range over time.

Performance Based In-Range Pay Progression

A second key feature of the BC public service excluded management compensation framework is performance based in-range pay progression. The intention of performance based in-range compensation adjustments is for employees to progress up through their position's salary range over time thus rewarding employees for being solid performers in their current position. MCCF employs annual performance based in-range compensation adjustments which are effective July 1 of each year based on the employee's good performance over the previous 12 months. This approach ensures excluded manager wage increases are based on an employee's performance in their most recent work history.

Starting Salary Considerations

Ministries may develop accompanying compensation tools and practices to assist hiring managers in making consistent and appropriate compensation decisions. All

Management Classification and Compensation Framework: Compensation Rules

Ministry practices must align with the MCCF Compensation Rules and PSEC Secretariat's four principles. For any conflicting interpretations that arise between Ministry practices and the MCCF Compensation Rules, the MCCF Compensation Rules will apply. Based on a Ministry's compensation strategy, ministries may identify a typical starting salary for all their excluded positions to assist hiring managers.

Each starting salary decision is unique and there is no prescribed increase that suits all cases. Typically, new employees should be hired in the bottom quarter of their management salary band. Operational 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 midpoint of the salary 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 \$65,300 to a maximum of \$93,100. The Ministry has determined that new Analysts should receive a starting salary in the bottom quarter of the Band 1 salary range (for example a starting salary of \$65,300), while new Senior Analysts should receive a starting salary at the midpoint of Band 1 (for example a starting salary of \$79,200). Although the two positions start at different points in the salary range, both will have the potential to move through their position's salary range dependent on performance based in-range movement.

Salary Compression or Salary Inversion

Salary compression occurs when a subordinate's salary is almost at the same level as their direct supervisor. Salary inversion occurs when a supervisor's compensation is lower than their direct subordinate. There is no best practice to define the appropriate pay gap between a supervisor and subordinate employee. As each supervisor-subordinate situation is unique, there is no prescribed salary gap that must be achieved or maintained in all instances. In most cases, a supervisor's compensation should be higher than their direct subordinate's. This is not feasible in all instances. The following are instances where salary compression or inversion may be acceptable:

- Instances where the supervisor is new to their role but supervises excluded staff with extensive experience. For example, a recently hired Band 4 employee could be paid in the lower quartile of Band 4, while experienced subordinates may be compensated near the top of Band 3. This could result in a small salary gap between the Band 4 supervisor and the Band 3 subordinate. This is acceptable as over time the supervisor will gain further experience and progress through their position's salary range.
- Managers that supervise salaried physicians, licensed psychologists, nurses or other specialized professional level roles. In instances like these, the subordinate may be paid close to or more than their supervisor. This is appropriate if the supervisor's role does not require similar professional expertise and knowledge that the subordinate's role requires.

- Managers that supervise high level bargaining unit jobs with significant market adjustments. For example, an IS30 with a 9.9% market adjustment receives an annual salary of \$113,950 (effective April 7, 2024). For example, to achieve a 10% salary gap, the supervisor’s salary would have to be \$125,345, which is almost at the top of Band 3. If you were hiring someone with little management experience into this Band 3 role, it would not be appropriate to start them near or at the top of the salary band, simply to achieve a predefined pay gap with the IS30, especially if the supervisor requires a different skill set.

The timing of compensation adjustments for different employee groups could result in a small degree of salary compression over the short term. Bargaining unit positions typically receive general wage increases in April. Excluded managers progress through their salary ranges based on the annual performance based in-range movement process, which is effective on July 1st. These timing issues can result in compression for a short period of time which is acceptable and does not merit an increase for the supervising excluded manager.

The following are considerations regarding the candidate for determining a starting salary.

Position on Salary Range	Considerations
Minimum to 25 th	Appropriate for staff coming from a much lower classification, or for candidates with minimal experience directly related to the role or level of work.

25 th to Midpoint	Appropriate for staff coming from a lower classification or for those with limited experience directly related to the role or level of work.
Midpoint to 75 th	Appropriate for staff with multiple years of experience or subject matter expertise directly related to responsibilities and accountabilities of the role and level of work.
75 th to Maximum	Reserved for senior experienced, high performing employees with considerable experience or expertise directly related to responsibilities and accountabilities of the role and level of work.

When determining a starting salary, the hiring manager must balance the candidate’s work experience, qualifications and salary expectations with the compensation levels of existing staff in similar roles. Initial placement of an employee should not be near or 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. The hiring manager must consider several factors:

- The successful candidate’s current level of pay
- Level of directly related work experience the candidate brings to the new role
- Salaries of existing staff
- Salaries (including market adjustments) of positions the role directly supervises

The following approaches are not recommended:

Management Classification and Compensation Framework: Compensation Rules

- The new recruit must be paid the same amount the previous employee was paid
- The employee expects to be provided a minimum of a 10% increase from their previous position regardless of where that places the employee relative to others
- The top candidate will not accept the position unless their salary demands are met

Annual Performance Based In-Range Compensation Adjustments

MCCF Compensation Rules allow for increased flexibility in rewarding good or exceptional performance for excluded managers. Performance based in-range pay increases are not an annual entitlement but are earned by demonstrating good or exceptional performance (as determined by executive) during the performance period. The performance based in-range movement is an independent process from the Performance Development Program. Performance Development Program assessments should not be used for the in-range process.

The provision of performance based in-range increases for the public service and the magnitude of these increases must be approved each year by the Deputy Minister of the PSA. In approving these adjustments, the DM, PSA considers multiple factors including the current economic conditions in BC and the

Management Classification and Compensation Framework: Compensation Rules

magnitude of the BCGEU general wage increases provided in the same calendar year.

In certain years, such as years with fiscal restraint, employees assessed as good performers and those assessed as exceptional performers may be provided with the same magnitude of increases.

In some years, the percentage increase for good performers and exceptional performers may be differentiated. In years where there is differentiation between performance levels, Ministries are expected to adhere to the expected distribution of performance ratings. The amounts and distribution of performance based in-range adjustments will be monitored and reported to the Deputy Ministers' Council.

Ministries should provide the same size increase for employees who are in the same performance category. For example, a Ministry can provide all of their employees deemed good performers with the same size of increase. Ministries cannot differentiate for employees with the same performance rating.

Performance based in-range adjustments cannot result in an employee being paid above their position's salary range maximum. Employees who have performance issues are not eligible for these adjustments. Employees who are developing in a new role may also be deemed ineligible for these adjustments by their executive. Employees going through the salary protection process are not eligible for in-range. To ensure employees are not penalized for accepting temporary appointments, it is recommended the in-range increase be applied to the base and temporary position of any eligible, well performing employee.

Management Classification and Compensation Framework: Compensation Rules

Eligibility Criteria

The eligibility criteria are reviewed and approved by the DM, PSA each year in preparation for the in-range process. The effective dates of performance based in-range adjustments is July 1 of each year, pending notification from the Deputy Minister, PSA. Increases are provided to recognize employees meeting performance criteria (as identified by their executive). The following outline the corporate eligibility criteria Ministry executives should apply:

- Increases are contingent upon an employee's performance within the previous performance cycle.
- Employees on long term temporary assignments and long term auxiliary assignments may be eligible for performance based in-range increases.
- Employees who were active on July 1st but have since retired are eligible for in-range.
- Existing offer letters can no longer be amended as a result of in-range.
- Employees whose performance **cannot** be assessed due to an extended absence from work, who would otherwise be eligible, and who are on one of the leaves listed below will receive an in-range adjustment of solid performer. If an employee has been at work long enough to assess their performance, then that rating should apply. Any adjustments will be applied following the employee's return to work if they are on leave as of July 1st.

These leaves include:

- Maternity/Parental Leave
- Compassionate Care Leave

- Leave Respecting Disappearance/Death of Child
- Jury Duty
- Critical Illness and Injury Leave
- Leave respecting domestic or sexual violence
- Education Leave with Pay
- Short term illness and injury plan (STIIP) Effective date for increase on return from STIIP is first day employee returns to perform the full scope of their duties.
- Long Term Disability. Effective date for increase on return from LTD is first day employee returns to perform the full scope of their duties after passing their rehab trial.

Special Management Compensation Adjustments

In addition to the annual performance based in-range compensation increases that occur on July 1 of each year, the MCCF Compensation Rules allow for nominal compensation adjustments to excluded staff in permanent roles in exceptional circumstances.

Effective January 1, 2024, special management compensation adjustments (SMCA) are limited to no more than 5% of a Ministry's employees classified under MCCF in a calendar year. A standard report showing your Ministry's 5% allocation and use of SMCAs within the current calendar year to date can be found in the suite of Strategic HR self service reports provided by the PSA. The Deputy Minister of the PSA can approve an exception to the 5% rule in unique circumstances. Possible reasons for requesting an exception to the 5% rule include retention challenges for smaller Ministries or the requirement of an employee to take on a significant new project or priority after a Ministry has already reached their 5% limit.

Special management compensation adjustments cannot be provided to people on temporary assignments or to those receiving a developmental assignment compensation adjustment. Special management compensation adjustments cannot result in an employee being paid above their position's salary band maximum. Effective January 1, 2024, retroactive SMCAs are typically not permitted and require approval by the DM, PSA. If approved, a retroactive SMCA cannot be backdated beyond the beginning of the current fiscal year.

Management Classification and Compensation Framework: Compensation Rules

Deputy Ministers can approve up to a 5% special management compensation adjustment under their own authority. The employee must be a good or exceptional performer with no performance issues. These increases **can only be approved by a Deputy Minister or Associate DM** and approvals cannot be delegated to the ADM level or lower. If a Deputy Minister wants to provide an increase of greater than 5%, a rationale supporting the increase needs to be submitted to Total Compensation Branch, PSA for approval by the Deputy Minister, PSA. Only a single SMCA is permitted for an individual employee in a calendar year (in addition to the annual performance based in-range process). For some adjustments, additional approvals from PSEC may be required. The PSA will assist Ministries with coordinating this approval process.

The PSA will be monitoring these compensation adjustments and reporting the results to the Deputy Minister, PSA. A template letter for special management compensation increases should be used for these types of increases and is available upon request from your Ministry HR Branch or Total Compensation Branch, PSA.

Examples where a special management compensation adjustment may be appropriate include taking on significant additional program responsibilities or a new project or initiative of significant size and scope outside of the normal scope of their current role. Other instances where this may be appropriate include:

- Addressing salary inversion (where a supervisor's salary is lower than their direct subordinate)

- Addressing severe salary compression (where a subordinate's salary is almost at the same level as their direct supervisor)
- Recognizing the assignment of significant additional duties or responsibilities
- Addressing retention and recruitment concerns

Situations where a special management compensation adjustment is not appropriate include:

- Catching up an employee who missed out on an annual performance based in-range increase
- Adjusting employees' salaries so that all individuals in similar roles are paid exactly the same
- Adjusting an employee's salary to match the salary of a recent hire in a similar role
- Adjusting an excluded manager's salary in response to bargaining unit increases
- An excluded employee is taking on new duties that would normally fall within their position's responsibilities and accountabilities
- Adjusting a newly hired employee's salary because they are a superior performer

Staffing Action Based

Compensation Adjustments

To ensure consistent practices, the following rules apply to all compensation adjustments that result from a staffing action. Merit based staffing actions allow for the greatest amount of flexibility for determining a starting salary.

Compensation adjustments based on non-merit based staffing actions are more restrictive as they do not adhere to our merit based hiring principles. In all instances, compensation increases occurring as a result of a staffing action should be calculated based on the applicant’s salary in their base position. Retroactive compensation adjustments or amendments to offer letters will only be permitted within 60 days of the effective date of the original offer letter.

MCCF STAFFING ACTION COMPENSATION RULES SUMMARY

Staffing Action	Definition	Pay Considerations	Comments
Promotion (merit based)	Movement to another position in a higher band.	Flexibility on initial increase. Maximum 5% probationary increase after 913 hours.	Initial increase depends on peer salaries and successful candidates’ salary in previous role. Probationary increase amount must be outlined in initial offer letter. Retroactive amendments to offer letters as a result of in-range are not permitted.
Lateral Transfer (merit based)	Movement to another position in the same band through a competitive process.	Flexibility on initial increase. Maximum 5% probationary increase after 913 hours.	Initial increase depends on peer salaries and successful candidate’s salary in previous role. Probationary increase amount must be outlined in initial offer letter.
Lateral Transfer (non-merit based)	Movement to another position in the same band without a	In exceptional circumstances, a DM may approve a nominal increase, strongly	A lateral transfer implies the same level of work will be performed, and should not result in a salary increase. If a position is

	competitive process.	recommended to be no more than a 5% increase. No probationary increase permitted.	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.
Voluntary Demotion	Employee initiated movement to another position with a lower maximum salary. For example, applying for a job at a lower level.	No salary increases permitted. Salary must be within new position's salary band.	Following a voluntary demotion, an employee's new rate of pay must be within the new salary range. No exceptions can be made. Salary protection is not an option for voluntary demotions.
Involuntary Demotion	Employer initiated movement to another position with a lower maximum salary.	No salary increases permitted. Salary must be within new position's salary band.	If the demotion results in the employee being paid above their new position's band maximum, they must begin the salary protection process (see salary protection calculations in the Appendix).
Temporary Assignment (merit based)	Temporary movement to another position in a higher band through a competitive process.	Flexibility on initial increase. Typically, a 10% increase for a promotional TA. Maximum 5% probationary increase after 913 hours. If a probationary increase is not provided on a merit based TA, a compensation increase can be provided if the employee is subsequently made permanent without a second merit based competition.	Compensation below the minimum of the salary band is permitted. TAs are typically not permitted for less than four weeks. No increases permitted for extensions. Long term TAs may be eligible for performance based in-range increases. Retroactive amendments to offer letters as a result of in-range are not permitted.
Temporary Assignment (non-merit based)	Temporary movement to another position in a higher band without a	Effective May 15, 2024, no more than 5% for a lateral or promotional TA under seven months, other than with Deputy Minister approval. No probationary	Compensation increases are typically not permitted for TAs for periods of less than four weeks. TAs under seven months cannot be extended other than with DM approval. No additional

Management Classification and Compensation Framework: Compensation Rules

	competitive process.	increase permitted. No additional compensation increases are permitted if the employee is made permanent without a merit based competition	compensation increases are permitted for TA extensions. Long term TAs may be eligible for the annual performance based in-range movement. Retroactive amendments to offer letters as a result of in-range are not permitted.
Developmental Assignment	When an employee is assigned significant additional responsibilities for a limited duration while remaining in their current position.	Increases permitted for taking on higher level work for an extended period of time. Typically, a nominal increase of 5% but not to exceed the maximum of the salary band.	Cannot pay above the band maximum. No increases permitted for extensions. Typically, not permitted for assignments of less than four weeks. In exceptional circumstances, a DM may approve additional compensation for a developmental assignment of less than 4 weeks. Please use the Developmental Assignment template letter found on MyHR.
Reclassification	When a position is reclassified to a higher band.	Flexibility on initial increase. No more than 10% recommended. No probationary increase.	Effective date is the date the reclassification is submitted or the date the work changed, whichever is later. No retro beyond that date.

Staffing Action Letter Tips

All staffing actions are initiated through submitting a letter to the PSA via MyHR. In order to facilitate the timely and accurate processing of staffing actions in the payroll system, managers should ensure all of the required information is included in the letter and is accurate and up to date. The letter should include the bi-weekly and/or annual salary amount, not a percentage increase. For part-time employees please include the hourly rate.

Management Classification and Compensation Framework: Compensation Rules

Please ensure the following information is included:

- Staffing action being requested (lateral transfer, in-range adjustment etc.)
- Indicate if a competition process through either a PSA posting or expression of interest was used to fill the position
- Effective date of staffing action
- Employee Name and Employee ID
- Position number, position title and position classification
- Ministry number and payroll, ministry, branch or department

Appendix

Calculating a Salary

Annual Salary = hourly rate X standard bi-weekly hours worked X 26.0893 pay periods

Example: \$100,000 = \$54.7570 X 70 Hours X 26.0893

Bi-weekly Salary = annual salary / 26.0893 pay periods

Example: \$100,000 / 26.0893 = \$3,832.99 bi-weekly

Hourly Rate = annual salary / (70 bi-weekly hours X 26.0893 pay periods)

Note: The number of pay periods per year varies between 26 and 27. The average number of pay periods per year is 26.0893. This number should be used in all salary calculations.

Part-time Salary Calculations

Annual Salary = hourly rate X actual bi-weekly hours worked X 26.0893 pay periods

Example: Employee works four 7 hour days per week or 56 hours bi-weekly.

$\$54.7570 \times 56 \text{ Hours} \times 26.0893 = \$80,000$

Note: Payroll uses four decimal points to calculate hourly rates.

Salary Protection Calculations for Involuntary Moves

Under MCCF Compensation Rules, excluded managers cannot be paid above the maximum of their position's salary band. Salary protection normally occurs when an employee involuntarily moves into a position with a lower salary band relative to their current position. The salary protection process involves the reduction of an employee's compensation to within the salary range for their new position over a period of two years.

If an employee's salary will be reduced as a result of an involuntary 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.

Once the salary protection is in place, there is no reduction in pay for one full calendar year from the effective date of the salary protection. On the first day of the second calendar year since salary protection was implemented, there is a 50% reduction in the salary protection. On the first day of the third calendar year since salary protection was initiated, the employee's salary is reduced to the maximum of the position's salary band. If an employee on salary protection voluntarily moves into another position, the salary protection ends effective the start date in the new position.

Supervisors with salary protected employees are responsible for managing the salary of their salary protected employee during the salary protection period,

Management Classification and Compensation Framework: Compensation Rules

including making adjustments that result from salary range adjustments. This requires submitting letters to MyHR updating the employee's salary based on the salary protection process.

Example:

The following is an illustration of how the salary protection process works. An excluded employee is in a Band 5 position compensated annually at \$139,000 as of May 1, 2022. Effective May 2nd, 2022, the employee is involuntarily moved into a Band 4 position which at the time had a maximum annual salary of \$128,100.03. The start date of salary protection is May 2nd, 2022.

Effective May 2nd, 2022, a salary protection add-to-pay is created based on the difference between the employee's current annual salary and the maximum of the position's salary band.

$$\$139,000 - \$128,100.03 = \$10,899.97 \text{ annual salary protection or } \$413.96 \text{ bi-weekly salary protection}$$
$$\$10,899.97 \text{ annually} / 26.0893 \text{ pay periods} = \$417.79 \text{ bi-weekly}$$

During the first year of salary protection, there is no reduction to the employee's salary. The employee is paid \$139,000 annually or \$5327.85 bi-weekly. The bi-weekly pay the employee receives consists of \$4910.06 bi-weekly (\$128,100.03 annually, Band 4 max at the time) plus the \$417.79 bi-weekly salary protection add-to-pay for a total bi-weekly pay of \$5,136.21 which equates to an annual salary of \$139,000.

Effective April 1, 2023, the MCCF salary ranges were adjusted which impacts this instance of salary protection. The Band 4 salary range was increased to \$136,700.11 annual or \$5239.70 bi-weekly. As a result of the increase to the maximum of the Band 4 salary range, the salary protection amount is reduced.

$\$139,000.00 - \$136,700.11 = \$2299.89$ annual salary protection or \$88.15 bi-weekly salary protection

$\$2299.89$ annually / 26.0893 pay periods = \$88.15 bi-weekly

Effective April 1, 2024, the MCCF salary ranges were adjusted which impacts this instance of salary protection. The Band 4 salary range was increased to \$140,800.04 annually or \$5396.85. As a result of the increase to the maximum of the Band 4 salary range, the salary protection process ends and the employee's salary remains at \$137,850.05. This example is outlined below.

Effective Date	Band 4 Salary Range Maximum	Band 4 Salary Range Maximum Bi-weekly Pay	SPP Bi-weekly Add-to-pay	Employee's Total Bi-weekly Pay	Employee's Total Annual Pay
01-May-22	\$128,100.03	\$4,910.06	\$0.00	\$5,327.85	\$139,000.00
02-May-22	\$128,100.03	\$4,910.06	\$417.79	\$5,327.85	\$139,000.00
01-Apr-23	\$136,700.11	\$5,239.70	\$88.15	\$5,327.85	\$139,000.00
02-May-23	\$136,700.11	\$5,239.70	\$44.08	\$5,283.78	\$137,850.05
01-Apr-24	\$140,800.04	\$5,396.85	\$0.00	\$5,283.78	\$137,850.05