



University of Toronto

HUMAN RESOURCES AND EQUITY

TO: Business Board

SPONSOR: Professor Angela Hildyard
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DATE: March 31, 2004

AGENDA ITEM: 7(b)

ITEM IDENTIFICATION:

Job Evaluation Program and Compensation Policy for Professional and Managerial Staff

JURISDICTIONAL INFORMATION:

Under section 5.9 of its terms of reference, the Business Board has responsibility for approval of personnel policies for non-union administrative staff and approval of changes to the process of determining salaries and benefits.

PREVIOUS ACTION TAKEN:

None

HIGHLIGHTS:

Background

The Professionals/Managers (P/M) group consists of 640 non union staff who perform a broad variety of functions. Staff in this category range from the most senior non academic administrators at the University to somewhat more junior professional and administrative roles. All were excluded from the United Steelworkers of America, Local 1988 bargaining unit due to the confidential/managerial and/or supervisory aspects of their positions.

In 2002 the University embarked on a project to develop a new job evaluation and compensation program for this group to:

- (a) ensure internal equity based on values relevant to the University and to the roles within the P/M group;
- (b) promote retention and recruitment of excellent P/M staff; and
- (c) improve the ability to link pay to performance.

Over the past 2 years we have consulted broadly and worked with academic and administrative leaders to:

- (a) develop a new Job Evaluation system;
- (b) evaluate all P/M jobs using the new system;
- (c) develop a new compensation program and policy; and
- (d) develop a new performance assessment program.

The Job Evaluation System

The job evaluation system is unique to UofT and was developed with the assistance of the Winter Group. It provides a method for ranking positions within the P/M group relative to one another based on 11 factors that reflect both the values of the University and factors important to the provision of professional and managerial services. P/M positions have been organized into 9 classification levels based on the results of the job evaluation process. These 9 levels replace the 5 broad levels and 14 sub levels existing in the current system.

The Compensation Program

Nine corresponding salary ranges have been established under the new system. The ranges were developed based on the current actual salaries - both because current salaries appear to be reasonably well placed in relation to the external market and in order to limit any additional cost.

The lower to mid-level salary ranges for the P/M group have a minimum and a maximum salary rate. The salary ranges for the senior level staff (levels 7,8 and 9) are structured with a “notional” maximum to allow continued progression for our experienced, high performing senior administrative professionals - annual increases which take salaries above this notional maximum require centralized approval.

Under the new compensation program staff in levels 1 to 6 will be eligible to receive both an annual across-the-board (ATB) increase and an adjustment based on performance. The annual adjustment for the senior levels will be determined entirely based on performance; there will be no ATB component for this group.

Extraordinary contributions and/or efforts may be rewarded by special one time only payments or through a variety of non-cash forms of recognition.

Performance Assessment Program

With the increased emphasis on career development and on performance based pay, a new performance assessment tool has also been introduced this year for the P/M group. Evaluation will be based both on accomplishments in relation to goals determined at the start of the year and on review against a set of defined behaviours or competencies important to success at UofT. The new program was designed with the assistance of Professor Maria Rotundo of the Rotman School of Business, whose academic work is in this field. Five levels of performance have been defined; merit adjustment will be determined in relation to the assigned level of performance.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The annualized cost of implementing the new salary ranges is estimated at \$80,000. The cost of the first year will be covered under the existing Salary Anomalies Fund.

RECOMMENDATION:

It is recommended

THAT the proposed revised Compensation Policy for Managerial and Professional Staff, except for senior advancement staff, item 3.01.06(a) in the *Policies for Professionals/Managers*, a copy of which is attached to Professor Hildyard's memorandum of March 31, 2004, be approved, replacing the policy approved by the Business Board on May 7, 2001.

FINAL DRAFT

POLICIES FOR PROFESSIONALS/MANAGERS

SECTION III: EMPLOYMENT CONDITIONS POLICY: COMPENSATION

CODE NUMBER: 3:01.06 (a)

INTRODUCTION

The objectives of the University's compensation program for Professionals/Managers are to:

- i) Enable the University to retain and attract highly qualified staff through a fair and competitive total compensation program;
- ii) Maintain pay equity and ensure internal equity;
- iii) Differentiate pay levels on the basis of performance as well as job content; and
- iv) Reward excellence.

JOB EVALUATION

The University's Job Evaluation Plan for Professionals/Managers 2004, is a gender-neutral comparison system, which reflects both the values of the University and factors important to the provision of professional and managerial services. The job evaluation system compares positions within the Professional/Managerial group on the basis of the following four main factors with 11 subfactors:

Skill:

- Technical & Professional Knowledge
- Interpersonal Skills

Responsibility:

- Independence of Action
- Well Being of Students and Others
- Resources
 - Complexity
 - Scope
- Supervision
- Functional Advice
- Health & Safety

Effort:

- Problem Solving

Working Conditions:

- Working Environment/Hazards
- Sensory Demands

Positions are assigned to classification levels based on the point scores determined through the job evaluation process; positions of comparable value will be assigned to the same classification level.

SALARY RANGES

There are 9 salary ranges for Professional/Managerial staff. Salary ranges for levels 1 to 6 are structured with a minimum, a breakpoint and a maximum. Generally new employees would start at the lower end of the salary range. The portion of the range above the breakpoint is generally reserved for exceptional performers and/or long service employees. Progression through the range is achieved through merit increases. The ranges are adjusted each year by the amount of the across-the-board increase.

Salary ranges for levels 7,8 and 9 are structured with a notional maximum –an upper threshold is set for each level above which centralized approval of starting salary and annual salary increase is required.

Salary ranges are published annually in the Professionals/Managers Annual Salary Increase Instructions.

FINAL DRAFT

MARKET COMPETITIVENESS

The University monitors market pay for benchmark positions through participation in surveys and conducting its own surveys, as required, to determine market pay practices and total compensation comparability and competitiveness. Positions may be paid at a higher level than the applicable salary range would otherwise indicate in response to demonstrated market pressures and skills shortages.

ANNUAL SALARY ADJUSTMENT PROGRAM

Salaries will be reviewed on an annual basis on July 1. There are two salary adjustment programs:

- 1) Staff in Levels 1 to 6
 - a) Receive an annual across-the-board (ATB) adjustment, with some exceptions as outlined in the Annual Salary Increase Instructions.
 - b) Are eligible to receive a merit increase based solely on performance up to the range maximum.
- 2) Staff in Levels 7,8 and 9
 - a) Are eligible to receive a merit increase based solely on performance. There is no ATB adjustment for this group.

Increases for individuals whose salaries are at or above the PM Senior Salary threshold shall be administered in accordance with the Senior Salary Guidelines.

SPECIAL RECOGNITION PROGRAM

A lump sum (OTO) payment may be awarded to a staff member to recognize extraordinary effort and/or contribution. A staff member whose base salary is at the maximum of the salary range for his/her position but is an exceptional performer may be awarded a lump sum merit increase. .
Note: Such payments are not part of the staff member's regular salary and are not pensionable.

Special efforts or accomplishments may also be recognized in non-monetary formats, for example educational opportunities, special educational leave and/or funding, appreciation events and other forms of recognition appropriate to the specific circumstances.

PROBATIONARY PERIODS AND INCREASES

There is no provision for merit increases during the probationary period. However, if the staff member's probationary period overlaps with the annual salary adjustment program, consideration may be given to awarding a deferred merit increase on the successful completion of the probationary period.

PROMOTIONAL INCREASES

A staff member may be eligible for a promotional increase when his/her position is re-evaluated to a higher classification level or when s/he is appointed to a position at a higher classification level. The amount of the promotional increase should reflect the higher level of responsibility and will be determined by the staff member's supervisor in consultation with Human Resources.

POLICIES FOR PROFESSIONALS/MANAGERS

**SECTION III: EMPLOYMENT CONDITIONS
POLICY: COMPENSATION**

CODE NUMBER: 3.01.06 (a)

INTRODUCTION

The objectives of the University's compensation program for Professionals/Managers staff are to enable the University to attract and retain highly qualified staff through a fair and competitive total compensation program, to maintain internal equity, to differentiate pay levels on the basis of performance as well as job content, and to reward excellence.

JOB EVALUATION

Job evaluation based on a gender neutral comparison system which reflects the values of the University and measures jobs on the basis of required skills, effort, responsibility and working conditions.

Jobs are assigned to salary ranges to reflect the point scores determined through the job evaluation process and positions of comparable value will be assigned to the same salary range.

MARKET COMPETITIVENESS

The University, on an ongoing basis, monitors market pay for benchmark jobs and conducts its own surveys, as required, to determine market pay practices and total compensation comparability and competitiveness.

Jobs may be assigned, if necessary, to higher salary ranges than the job evaluation score would otherwise indicate in response to market pressures and skill shortages.

SALARY RANGES

Salary ranges are structured with a minimum and a maximum. Compa-ratio for these ranges is defined as the ratio of the staff member's annualized salary to the minimum of the salary range.

Movement through the salary range is achieved through merit increases.

PROBATIONARY PERIODS AND INCREASES

An appropriate probationary period is established by the supervisor based on the applicant's skills and experience and the requirements of the position. (See Recruitment, Selection & Hiring Policy, 2.01.02, *Policies for Professionals/Managers Staff*)

If the staff member's probationary period overlaps with the annual salary adjustment program, consideration may be given to awarding merit at the end of the probationary period.

ANNUAL SALARY ADJUSTMENT PROGRAM

The program includes two components:

- i) An across-the-board adjustment to all salary ranges and to salaries with some exceptions (See the *Annual Salary Increase Instructions* for a complete list of exceptions);*
- ii) A merit component based solely on performance up to the range maximum.

* Note: Any staff member whose salary falls in the Senior Salary Group is not eligible for the annual across-the-board adjustment.

OTO PAYMENTS

Lump sum payments may be awarded to an employee to recognize extraordinary effort and/or contribution or to employees whose salary is at the range ceiling for the position but are superior performers. Such payments are not part of the employee's regular salary.

Lump sum payments may also be awarded to employees to recognize excessive additional hours of work that are beyond what is normally expected for Professionals/Managers.

PROMOTIONAL INCREASES

A staff member may be eligible for a promotional increase when his/her position is reclassified to the next salary range or when s/he moves to a position classified at a higher salary range. The amount of the increase in salary should reflect the higher level of responsibility and will be determined by the supervisor in consultation with Human Resources.