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| Complete Policy Title:  | <b>Protocols and Guidelines for Salary Administration for The Management Group (TMG) - Establishing Salaries</b> |
| Policy Number (if applicable):                                  |  |
| Approved by:  | <b>Senior Management Team</b>  |
| Policy in effect:   | <b>July 1, 2002</b>  |
| Revisions effective   | November 2007<br>January 2012 (title updates)  |
| Position Responsible for Developing and Maintaining the Policy: | <b>Associate Vice-President and Chief Human Resources Officer</b>  |
| Contact Department:   | <b><u>Human Resources</u></b>  |

**Purpose:**

The Protocols and Guidelines for Establishing Salaries have been developed with managers in mind and are intended to provide flexibility to aid in the administration of salaries of employees in The Management Group (TMG).

**Scope:**

The Protocols and Guidelines address:

- salaries upon hire;
- salaries for internal job change (either through transfer or re-evaluation);
- anomaly salary adjustments; and
- controls and authorizations required.

**Considerations For Determination Of Salary:**

- qualifications of candidate
- internal equity
- size of job change (if internal candidate)
- previous salary (stronger if internal candidate; market forces are drivers for external candidates)
- ratio of salary plus value of incentives to the FCM
- incentives such as signing bonus or additional vacation (the use of signing bonuses is expected to be very rare; estimated to be 1-2% of hiring)
- performance (if internal candidate)

**1.0 Establishing Salaries At Hire:**

The total of base salary plus incentives such as signing bonuses and additional vacation, etc. is to be included in the assessment of appropriate cash compensation and resultant placement within the salary range.

## **1.1 Controls and Authorizations:**

The following chart details the controls and authorizations required for establishing salaries for new hires:

| <b>Salary Plus the Value of Incentives Expressed as a % of the FCM</b> | <b>Controls and Authorizations Required</b>   |
|--|---|
| 80.0 - 89.9%   | Preferred and most common hiring range and most frequent outcome. (Estimated to be majority of hiring.)<br><br>No extraordinary justifications or authorizations required.  |
| 90.0 - 99.9%   | Less common hiring range. (Estimated to be significant minority of hiring.)<br><br>Consultation with the Senior Manager, Total Compensation or the appropriate Area Office Administrator and written justification to the appropriate Vice-President is required in advance of the offer.   |
| 100.0 - 120.0%   | Rare hiring range. (Estimated to be 5% of hiring.)<br><br>Consultation with the Chief Human Resources Officer, followed by a written request for approval to the appropriate Vice-President (cc the Chief Human Resources Officer and the Senior Manager, Total Compensation). The request must include rationale for the hiring decision, the salary recommendation, the band, the salary range and resulting compa-ratio and identification of any internal equity concerns.<br><br>Written approval from the appropriate Vice-President in consultation with the Chief Human Resources Officer is required in advance of the offer.              |
| Over 120.0%  | Very rare hiring range. (Estimated to be 1-2% of hiring.)<br><br>Consultation with the Chief Human Resources Officer, followed by a written request for approval to the President and Vice-Chancellor (cc the Chief Human Resources Officer and the Senior Manager, Total Compensation). The request must include rationale for the hiring decision the salary recommendation, the band, the salary range and resulting compa-ratio and identification of any internal equity concerns.<br><br>Written approval from the President and Vice-Chancellor, in consultation with the Chief Human Resources Officer is required in advance of the offer. |

## **2.0 Establishing Salaries for Internal Job Changes Resulting From Job Transfer or Re-evaluation:**

Existing employees who transfer to another position or have their current position re-evaluated, result in one of the following:

- i) Lateral Change: Defined as no change in band level. Typically no salary increase or a very modest salary increase is given.
- ii) Promotional Change: Defined as an increase in band level of one band or more. A promotional increase is normally indicated.
- iii) Demotional Change: Defined as a decrease in band level of one band or more. Approach to salary administration varies depending on the reason for the demotional change.

- Voluntary  
Job change at the employee=s request. Some decrease in salary is appropriate.
- Due to Poor Performance  
Poor performance may necessitate a move to a less-demanding position. Some decrease in salary is appropriate.
- Reorganization  
Decrease in band as the result of a reorganization. Salary protection which may include “red-circling” is appropriate.

**2.1 Controls and Authorizations:**

The following chart details the controls/authorizations required for establishing salaries for internal job changes resulting from job transfer or re-evaluation:

| <b>Salary Plus the Value of Incentives Expressed as a % of the FCM</b> | <b>Controls and Authorizations Required</b>   |
|--|---|
| 80.0 - 89.9%   | No extraordinary justifications or authorizations required.   |
| 90.0 - 99.9%   | Consultation with the Senior Manager, Total Compensation or the appropriate Area Office Administrator and written justification to the appropriate Vice-President is required in advance of the offer.  |
| 100.0 - 120.0%   | <p>Consultation with the Chief Human Resources Officer, followed by a written request for approval to the appropriate Vice-President (cc the Chief Human Resources Officer and the Senior Manager, Total Compensation). The request must include rationale for the decision, the salary recommendation, the amount of the increase if an internal candidate, the band, the salary range and resulting compa-ratio and identification of any internal equity concerns.</p> <p>Written approval from the appropriate Vice-President in consultation with the Chief Human Resources Officer is required in advance of the offer.</p>       |
| Over 120.0%  | <p>Consultation with the Chief Human Resources Officer, followed by a written request for approval to the President and Vice-Chancellor (cc the Chief Human Resources Officer and the Senior Manager, Total Compensation). The request must include rationale for the decision the salary recommendation, the amount of the increase if an internal candidate, the band, the salary range and resulting compa-ratio and identification of any internal equity concerns.</p> <p>Written approval from the President and Vice-Chancellor, in consultation with the Chief Human Resources Officer is required in advance of the offer.</p> |

**3.0 Anomaly Salary Adjustments:**

Salaries for existing employees are normally adjusted at job change or through the annual salary review process. There are times however, when adjustments outside the normal salary review process are necessary and/or desirable.

Situations where anomaly salary adjustments may be appropriate are:

- to adjust for measured exceptional performance (likely to be most common reason for use)
- to allow for a staged transition to a higher salary within a stated time period subject to the achievement of measured performance indicators (likely to be the second most common reason for use)
- to adjust for proven market conditions and within approved salary bands (likely to be rarely used)
- to remedy internal equity issues within the department

**3.1 Controls/Authorizations:**

The following chart details the controls/authorizations required for anomaly salary adjustments:

| <b>Salary Plus the Value of Incentives Expressed as a % of the FCM</b> | <b>Controls and Authorizations Required</b>  |
|--|--|
| 80.0 - 89.9%   | No extraordinary justifications or authorizations required.  |
| 90.0 - 99.9%   | Consultation with the Senior Manager, Total Compensation, or the appropriate Area Office Administrator and written justification to the appropriate Vice-President is required in advance of the anomaly salary adjustment.  |
| 100.0 - 120.0%   | <p>Consultation with the Chief Human Resources Officer, followed by a written request for approval to the appropriate Vice-President (cc the Chief Human Resources Officer and the Senior Manager, Total Compensation). The request must include rationale for the decision, the salary recommendation, the amount of the increase if an internal candidate, the band, the salary range and resulting compa-ratio and identification of any internal equity concerns.</p> <p>Written approval from the appropriate Vice-President in consultation with the Chief Human Resources Officer is required in advance of the anomaly salary adjustment.</p>        |
| Over 120.0%  | <p>Consultation with the Chief Human Resources Officer, followed by a written request for approval to the President and Vice-Chancellor (cc the Chief Human Resources Officer and the Senior Manager, Total Compensation). The request must include rationale for the decision, the salary recommendation, the amount of the increase if an internal candidate, the band, the salary range and resulting compa-ratio and identification of any internal equity concerns.</p> <p>Written approval from the President and Vice-Chancellor, in consultation with the Chief Human Resources Officer is required in advance of the anomaly salary adjustment.</p> |

*For further information on this policy, please contact the Senior Manager, Total Compensation at ext. 24048*