

Recommendations Concerning Pay-for-Performance Increments

November 8, 2012

Goal

Provide pay adjustments to base salary based on supervisor's annual rating of staff member's performance in order to reward those who achieve performance expectations.

History

Each year the Board sets the pay-for-performance increments based on projected increases in the cost-of-labor estimates supplied by Towers Watson. From 1999 through 2002, SEDL's pay-for-performance increments were as follows:

- 0% when the "staff member has not met the established performance expectations of the assigned tasks" (a rating of B for "below expectations");
- 2.5% when the "staff member has not consistently met the established performance expectations of the assigned tasks" (a rating of I for "improvement needed"); and
- 5% when the "staff member consistently achieved the established performance expectations of the assigned tasks" (a rating of A for "achieves expectations").

From 2003 through 2009, the Board-approved annual increases associated with these levels of performance were 0%, 2%, and 4%, respectively. From 2010 through 2012, the Board-approved annual increases were 0%, 1%, and 2%, respectively.

The following chart summarizes the ten-year history of the Towers Watson projected and actual salary increase percentages, and the SEDL Board-approved increases. The projected average industry increases in the cost-of-labor for 2013 are 3.0%.

Recommendation

Effective December 1, 2012, set the pay-for-performance increments at 0%, 1%, and 2%, for the three ratings of B, I, and A, respectively.

PERCENT SALARY INCREASE DATA - TOWERS WATSON/WATSON WYATT
ALL INDUSTRIES, ALL EMPLOYEE GROUPS

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2003-12 Average	Proposed 2013
Projected	3.7	3.7	3.7	3.6	3.6	3.8	3.7	3.7	3.0	2.8	3.5	3.0
Actual	3.6	3.6	3.5	3.7	3.7	3.7	3.2	2.6	2.6	2.8	3.3	---
SEDL ("A")	4.0	4.0	4.0	4.0	4.0	4.0	4.0	2.0	2.0	2.0	3.4	2.0
SEDL - Actual	0.4	0.4	0.5	0.3	0.3	0.3	0.8	-0.6	-0.6	-0.8	0.1	---