



## ADMINISTRATION POLICY:

### Compensation

---

Policy number:	<b>HR-TR-004 (B)</b>
ALT report:	<b>ALT2007-081, ALT2016-0004</b>
Approved by:	<b>Administrative Leadership Team (ALT)</b>
Effective date:	<b>2016 / 02 / 02</b>
Next revision due:	<b>2019 / 02 / 02</b>
Department/BU:	<b>Chief Financial Officers Department / Human Resources (Total Rewards)</b>

---

### BACKGROUND

This policy documents the responsibilities of all parties in any issues related to compensation. Questions regarding this policy should be directed to the Total Rewards Section ("Total Rewards") of the Human Resources Business Unit ("HR") of the Corporation of The City of Calgary ("The City").

### PURPOSE

The purpose of this policy is to provide guidelines to both exempt managers and employees regarding the compensation paid to employees as the result of job evaluation or various other considerations.

### DEFINITIONS

1. **Base Position** - The position that an employee regularly occupies or to which the employee retains a connection by means of the terms of a contractual agreement (e.g. reversion) or other specific Letter of Agreement (e.g. secondment); used in the context of determining pay on movement from the base position to another position.
2. **Base Rate** - The classification established for a position exclusive of any special adjustments (e.g. non-standard hours, shifts, service pay or out-of-schedule provisions).
3. **Benchmark Position** - A position with characteristics such that other positions can be compared to it; involves jobs utilized for making pay comparisons within or outside the Corporation.
4. **Class** - A collection of jobs, each of which is assigned the same pay rate or grade as every other similarly-evaluated position.

5. **Class / Job Specification** - A descriptive summary of the most important features of a job or a class of jobs.
6. **Classification** - The assignment of a position to a pay rate or grade.
7. **Compensable Factors** - The individual components or elements that characterize and contribute to the classification of a job.
8. **Compression** - Compression exists when the maximum of a supervisor's salary range is lower than the maximum of the best-paid union subordinate's pay range, including designated pay premiums.
9. **Demotion** - The movement of an employee to a position with a lower maximum salary or wage rate than the employee's base position.
10. **Employee** - A person, as outlined in the Alberta *Labour Relations Code*, employed to do work who is in receipt of, or entitled to, compensation, but does not include:
  - a person who, in the opinion of the Labour Relations Board, exercises managerial functions or is employed in a confidential capacity in matters relating to labour relations, or
  - a person who is a member of the medical, dental, architectural, engineering or legal professions qualified to practice under the laws of Alberta and employed in their professional capacity.
11. **Enhanced Base Rate** - Adjustments for non-standard hours, shift premiums, service pay, out-of-schedule provisions, etc. that are a regular part of an employee's compensation in his / her base position.
12. **Evaluation or Job Evaluation** - The appraisal of a position to determine a classification.
13. **Family / Job Family** - A collection of positions having similar job content, but differing in levels of skill (including knowledge requirements), effort, responsibility and working conditions.
14. **Green-Circling Protection** - A form of salary or wage protection whereby an employee continues to receive normal increments and general or contractual pay adjustments for a specified period of time after which the employee's salary or wage is 'red-circled'.
15. **Increment** - The difference between consecutive steps within an established pay range.
16. **Increment Date** - The date on which an employee receives, or is due to receive, a salary increment.
17. **Incumbent** - An individual occupying a position.
18. **Incumbent-Controlled** - Refers to a regular (also known as established) position with a rate of pay specific to the individual currently occupying the position.

19. **Job** - A collection of duties and responsibilities.
20. **Minimum Qualifications** - The combination of education and experience that an individual must possess in order to fulfil the responsibilities of the position and maintain a satisfactory level of performance .
21. **Peer Ranking** - A non-quantitative whole job method of job evaluation in which jobs are organized in order of rank or relative worth.
22. **Point Factor Method** - An analytical and quantitative job evaluation process in which a range of point values is assigned to each of a number of compensable factors. The total of the points assigned establishes the relative value of the position.
23. **Performance Appraisal** - A method for rating an individual's achievements.
24. **Promotion** - The movement of an employee to a position with a higher maximum salary or wage rate than the employee's base position.
25. **Reclassification** - A change in classification.
26. **Red-Circling Protection** - A form of salary or wage protection whereby an individual's rate of pay is fixed or frozen at its current level for a period of time.
27. **Re-evaluation** - A change to the current classification of a position based on significant change(s) including changes to skill (including knowledge requirements), effort, responsibility and working conditions. It should be noted that a re-evaluation might not result in a change in the current classification.
28. **Relief** - The assignment of the major duties and responsibilities of another position to a fully qualified individual for a short-term period.  
  
**Note:** Eligibility requirements for relief pay may vary depending on the applicable collective agreement.
29. **Salary Anniversary Date** - The date on which an individual is assigned a pay rate or grade and step. A new anniversary date is assigned effective the date an individual receives a salary or wage rate change other than an economic or contractual adjustment.
30. **Single Rate** - A specific pay rate for a person or position.
31. **Step** - A salary rate within a pay range established for the position and set out in the applicable collective agreement.
32. **Temporary Assignment** - The assignment of the major duties and responsibilities of another position to a fully qualified individual normally for a longer period than relief.

33. **Transfer** - The movement of an employee to a position having the same maximum salary or wage rate as the employee's base position.

34. **Underfill** - The situation where the incumbent does not possess the minimum qualifications for a position, but may qualify within twelve months.

## **POLICY**

### **1.0. Scope/Exceptions**

#### **1.1. Scope**

This policy applies to both exempt managers and employees.

#### **1.2. Exceptions**

None.

### **2.0. Consequences of Non-Compliance**

None provided.

### 3.0. Core Policy Statements

#### Table of Contents

<b>SECTION 1 INTRODUCTION</b>	<b>7</b>
<b>1.01 General Compensation Principles</b>	<b>7</b>
1. Market Strategy	7
2. Compensation Strategy	7
<b>1.02 Leadership Compensation</b>	<b>7</b>
1. Philosophy	7
2. Guiding Principles	8
3. Objectives	8
4. Classification Process - Director Positions	9
<b>1.03 Total Rewards</b>	<b>9</b>
1. Corporate Responsibility	9
2. Functional Responsibilities	10
<b>SECTION 2 DEFINITIONS</b>	<b>10</b>
<b>SECTION 3 PAY DETERMINATION</b>	<b>10</b>
<b>3.01 Job Analysis and Evaluation</b>	<b>10</b>
<b>3.02 Pay Determination</b>	<b>11</b>
1. Pay Structures	11
2. Market Surveys	11
3. Economic Adjustments	11
4. Pay for Performance	11
<b>SECTION 4 POSITION QUALIFICATIONS AND TITLES</b>	<b>12</b>
<b>4.01 Position Qualifications</b>	<b>12</b>
1. Determination	12
2. Changes to Qualifications	12
<b>4.02 Position Titles</b>	<b>12</b>
1. Determination	12
<b>SECTION 5 POSITION REVIEW AND RE-EVALUATION</b>	<b>12</b>
<b>5.01 Responsibility for Evaluations</b>	<b>12</b>
<b>5.02 Reasons for Evaluations</b>	<b>13</b>
<b>5.03 Procedures for Re-Evaluation Requests</b>	<b>13</b>
<b>5.04 Results of a Review</b>	<b>13</b>
1. General Documentation	13
2. Effective Date of a Reclassification	13
3. Retroactive Pay Adjustments	14
<b>SECTION 6 POSITION VERIFICATION POLICY</b>	<b>14</b>
<b>6.01 Introduction</b>	<b>14</b>
<b>6.02 Responsibility for Position Verifications</b>	<b>14</b>
1. Human Resources	14
2. Business Unit Management	14
<b>6.03 Reasons for Position Verification</b>	<b>15</b>
1. Audits	15
2. Classification Anomalies	15
3. Realignment of Duties and Responsibilities	15
4. Confirmation Reviews	15
<b>6.04 Administration of Position Verifications</b>	<b>15</b>

1. Human Resources-Initiated .....	15
2. Management-Initiated .....	16
<b>6.05 Position Verification - Salary or Wage Protection.....</b>	<b>16</b>
<b>SECTION 7 ORGANIZATIONAL CHANGE: SALARY PROTECTION .....</b>	<b>16</b>
<b>7.01 Types of Salary Protection .....</b>	<b>16</b>
1. Union Employees .....	16
2. Exempt Employees .....	17
<b>7.02 Staff Deployment / Redeployment.....</b>	<b>17</b>
<b>7.03 Demotion .....</b>	<b>17</b>
<b>SECTION 8 ADMINISTRATION .....</b>	<b>18</b>
<b>8.01 Position Control Records .....</b>	<b>18</b>
1. PeopleSoft (HCM).....	18
2. Position Numbers .....	18
3. Employee Changes .....	18
<b>8.02 Creation of Positions .....</b>	<b>18</b>
1. General Principles .....	18
2. New Positions .....	19
3. Temporary Positions.....	19
<b>8.03 Rates of Pay - New Personnel .....</b>	<b>20</b>
1. New Employees .....	20
2. Underfills .....	20
3. Conclusion of an Underfill .....	20
4. Pool Positions .....	21
5. Part Time or On-Call Employment.....	21
6. Non-Standard Hours of Work .....	21
<b>8.04 Pay Adjustments - Existing Personnel .....</b>	<b>21</b>
1. Pay Rate on Promotion – Union and Exempt .....	21
2. Pay Rate on Demotion – Union and Exempt.....	22
3. Pay Rate on Transfer – Union and Exempt.....	22
4. Base Rate – Union and Exempt .....	23
5. Pay Rate on Temporary Assignment or Relief – Union and Exempt .....	23
6. Increments/Steps and Salary Progression – Union Employees.....	23
7. Salary Progression – Exempt Employees .....	23
8. Exceptional Circumstance Pay Adjustments - Exempt Employees.....	23
9. Compression.....	23
10. Effective Date of Reclassification .....	24
11. Reclassification - Union Employees .....	24
12. Reclassification - Exempt Employees.....	24
13. Regrading .....	25
14. Premiums – Union and Exempt .....	25
<b>8.05 Salary Anniversary Date .....</b>	<b>25</b>
1. Change in Salary .....	25
2. No Change in Salary .....	25
<b>8.06 Pay In Lieu of Vacation .....</b>	<b>26</b>
<b>8.07 Benefits Protection for Retiring Employees.....</b>	<b>26</b>
<b>8.08 Retirement Allowance for Retiring Employees .....</b>	<b>26</b>
<b>SECTION 9 REVISION HISTORY .....</b>	<b>29</b>

# **SECTION 1 - INTRODUCTION**

## **1.01 GENERAL COMPENSATION PRINCIPLES**

### **1. Market Strategy**

- The City offers compensation that will enable it to attract and retain well-qualified employees to pursue and achieve corporate objectives.
- It is not intended that The City will be a market leader; however, pay structures will be responsive to prevailing market conditions with a particular focus on the public sector and, as required, on local, regional and national market conditions.

### **2. Compensation Strategy**

Compensation will be established in a manner which:

- recognizes The City's responsibility as a public sector employer and is consistent with the Corporation's ability to pay;
- is neither arbitrary nor discriminatory. Rates will be determined on the basis of the relative worth and value of individual positions, premised on consideration of relevant and objective job-related factors; and
- allows The City to recognize individual performance and contributions, taking into account the relative progress and development of employees. This will be accomplished through the use of probationary appointments of varying periods and formalized performance appraisals, as well as performance development processes for exempt employees.

## **1.02 LEADERSHIP COMPENSATION**

### **1. Philosophy**

- The City endeavours to provide its leaders with the opportunity to gain fulfilment in important and rewarding careers, and recognizes that the City operates in a competitive environment where skilled leaders are valued by many organizations.
- The City recognizes that a compensation philosophy needs to consider all elements of a total compensation program and believes that it is important to consider both internal and external factors when making compensation decisions.
- Internally, importance is placed on recognition of job value / content through a formal job evaluation methodology, as well as regular assessments of individual leaders' demonstrated competencies and performance.
- Externally, The City monitors public and private sector labour markets to assess market compensation trends and levels, with a focus on those organizations with which we compete for leadership talent.

## 2. Guiding Principles

The City's leadership compensation practices encompass six guiding principles:

- **Openness** - Refers to The City's willingness to continually communicate the basic principles and 'mechanics' of the leadership compensation program in an open, honest and direct manner. This principle does not involve the distribution of specific market survey data or making public any personal compensation information.
- **Simplicity** - Emphasizes the design of leadership compensation programs that are uncomplicated and result in leaders understanding the various elements of their compensation program. This principle should also facilitate the efficient and timely administration of the compensation program.
- **Flexibility** - Within a broad framework, leadership compensation systems should provide leaders with the necessary flexibility to make pragmatic and timely compensation decisions.
- **Externally competitive** - The City uses market comparisons / benchmarks to assess relevant market sectors in order to obtain appropriate and defensible compensation information (broad public sector and private sector, different geographic labour markets and specific job families).
- **Innovativeness** - The City strives to consider all elements of the leadership total compensation program and, whenever possible, to introduce innovative 'rewards' such as The City's self-funded leave program and flexible spending accounts.
- **Performance-related** - The City's performance management process and its linkage to the base salary program are examples of how performance contributions are regarded.

## 3. Objectives

- Overall, The City's leadership compensation program is intended to assist in the recruitment, motivation and retention of a qualified leadership group, by providing tangible rewards to its leadership group and enabling the Corporation to attain its corporate goals and objectives.
- The City's leadership compensation program strives to achieve the following specific objectives:
  - ◆ to enable the attraction of competent and capable leaders that share a passion for public service;
  - ◆ to assist in retaining the services of a high quality leadership group;
  - ◆ to provide rewards that recognize the contributions of the leadership group and that encourage superior performance;
  - ◆ to promote individual and team performance and the overall achievement of The City's strategic plan;



- ◆ to provide fair and equitable compensation in accordance with the authority and accountability for a leader's position;
- ◆ to assist The City in reinforcing its longer term leadership development initiatives; and,
- ◆ to recognize external market forces, while balancing such forces against The City's need to be fiscally responsible (i.e., 'ability to pay').

#### 4. Classification Process - Director Positions

- Effective 2004 October 1, classification decisions affecting the hierarchy of director positions will be handled by an external management consulting firm in cooperation with Human Resources.
- As new positions are created, Human Resources will assist the General Manager to create a job profile.
- An incumbent director or his / her general manager may initiate a review based on substantive change to a position. By signing the job profile, the General Manager will confirm that substantive position change has occurred.
- The external consultant will evaluate and place the new position into the director classification hierarchy and provide the results to the responsible general manager, who will advise the affected director.
- In the case where a new position is so unusual as to require creation of a new level in the director classification structure, consensus from the Administrative Leadership Team (ALT) will be required.
- Where required, salary protection will be provided to those incumbents who are over-ranged following a review.

### 1.03 TOTAL REWARDS

#### 1. Corporate Responsibility

- Total Rewards is the corporate process owner for compensation, pension and benefits design, and ensures that the principles and philosophy underlying total compensation policies are applied in a consistent and equitable manner throughout the Corporation.
- Human Resources staff are available on a consultative basis to business units to ensure practices conform to the intent of policies.
- Any concerns regarding the application of any total rewards-related policies should be discussed with Human Resources before commitments are made to employees.

## 2. Functional Responsibilities

Total Rewards' responsibilities are as follows:

- **Policy Development** - develop, recommend and apply strategies and policies, which determine compensation, pension and benefit programs within The City.
- **Systems Design and Maintenance** - develop and implement objective job evaluation systems used in the evaluation and classification of positions.
- **Market Surveys** - conduct and participate in market surveys designed to assist in the determination of total compensation components that include salary and pay structures, economic and market adjustments, pensions and benefits, and any other perquisites and rewards.
- **Salary Structure Design** – design of executive, senior management, exempt and union salary structures.
- **Job Evaluation** – in partnership with Business Advisory Services (BAS), conduct job evaluation and review position classifications.
- **Total Compensation Management** – provide advice and guidance to management and Human Resources staff on the appropriate application and administration of total compensation policies.

## SECTION 2 DEFINITIONS

See "[Definitions](#)" section above.

## SECTION 3 - PAY DETERMINATION

Determination of legitimate and defensible rates of pay is a function of two separate and distinct processes:

- job analysis and evaluation, and
- pay determination.

### 3.01 JOB ANALYSIS AND EVALUATION

- Job analysis or evaluation is a systematic process whereby the value of a position is determined in relation to other positions.
- A variety of approaches to job analysis and evaluation have been developed in response to the multi-industry nature of The City, the diversity of job responsibilities being performed and the collective bargaining process.
- Job analysis and evaluation methods differ among the bargaining units and may be outlined in the respective collective agreements.
- Job analysis and evaluation for exempt positions is outlined in the Exempt Staff Policy Statement, Section 7 – Position Evaluation.

## 3.02 PAY DETERMINATION

### 1. Pay Structures

- Pay structures are determined after the hierarchy of job responsibilities has been confirmed through the job analysis and evaluation process.
- Compensation is determined after careful consideration of the market, the salary practices of other employers and internal relativities.

### 2. Market Surveys

- The City conducts and participates in surveys that provide information on compensation rates for selected benchmark positions. Analysis of this information and an assessment of The City's relative position in the marketplace assist in establishing pay structures as well as determining appropriate market and economic adjustments.
- Total Rewards coordinates market surveys on behalf of The City. In addition, in consultation with other Human Resource staff, Total Rewards responds to surveys from other employers.
- Survey methodology is formalized to ensure that compensation data and information gathered are valid for the purpose of developing pay structures.

### 3. Economic Adjustments

- In the case of positions within bargaining units, economic adjustments are bargained collectively.

### 4. Pay for Performance

- Pay increases for exempt employees are based on annual performance. There are no automatic economic adjustments to base pay. Pay for Performance guidelines are outlined in the Exempt Staff Policy Statement, Section 8.03 – Salary Administration, Pay for Performance Increases and other documents available from Human Resources.

**Note:** For further information on Pay for Performance for Exempt employees, refer to the “Pay for Performance” HR intranet website or the Exempt Staff Policy Statement (Administration Policy HR0LR-006).

## **SECTION 4 - POSITION QUALIFICATIONS AND TITLES**

### **4.01 POSITION QUALIFICATIONS**

#### **1. Determination**

- Qualifications are to be established at a level consistent with comparable positions within the Corporation.
- Qualifications will not be arbitrary or discriminatory.
- The business unit in consultation with their assigned Human Resources Advisor determines qualifications for a position. If the employing business unit and Human Resources cannot agree, the matter will be referred to the business unit director for resolution.

#### **2. Changes to Qualifications**

- It is recognized that, as a result of organizational change and / or technological advances, the qualifications of a position may change.
- If the incumbent no longer meets the amended qualifications of the position, he / she will not be penalized (i.e., designated as an underfill). In most instances, the incumbent has acquired a comparable level of knowledge and skill through directly-related work experience.
- Future incumbents must possess the new qualifications.

### **4.02 POSITION TITLES**

#### **1. Determination**

- Titles should reflect both the duties assigned to the position and the level of responsibility within the organization.
- Use of titles will be consistent throughout the Corporation.
- The employing business unit manager in consultation with their assigned Human Resources Advisor will determine titles.
- In instances of disagreement, the matter will be referred to the business unit director for resolution.

## **SECTION 5 - POSITION REVIEW AND RE-EVALUATION**

### **5.01 RESPONSIBILITY FOR EVALUATIONS**

- Human Resources conducts job evaluation and oversees all job evaluation processes.
- Job classification reviews are to be concluded within contractual guidelines from the date of receipt of an approved request and Job Evaluation Questionnaire (JEQ).
- Normal Review Period - Job evaluation reviews are to be concluded by Human Resources in accordance with the applicable collective agreement or within six months of the date of receipt of an approved request and JEQ.

## **5.02 REASONS FOR EVALUATIONS**

Job evaluations are conducted in order to assess the impact on classification levels of the following:

- introduction of new work or procedures;
- reorganization or new service delivery methods;
- technological improvements or innovation;
- upgrading of knowledge and skills requirements;
- introduction of new programs or services; or
- changes in legislative requirements.

## **5.03 PROCEDURES FOR RE-EVALUATION REQUESTS**

- Procedures for initiating and processing requests for re-evaluation are outlined in the respective collective agreements and in the Exempt Staff Policy Statement, Section 7.03 – Position Evaluation, Request to Review Job Evaluation Results.
- Where it has been determined that the nature of the changes warrant a formal review, managers and employees are jointly responsible for submitting an approved JEQ and a current organizational chart to Human Resources.
- Human Resources may conduct an interview with the incumbent and management in order to verify and confirm the information provided.
- Human Resources or the appropriate Job Evaluation Committee, as applicable, will conduct the evaluation review using the information supplied by the incumbent and confirmed by management. Any questions will be directed to the business unit concerned (i.e., incumbent, management or both) before finalizing the evaluation of the position.

## **5.04 RESULTS OF A REVIEW**

### **1. General Documentation**

Upon completion of a review, including any appeals, Human Resources will document the results for the corporate records (i.e., position and employee files) and PeopleSoft (HCM).

### **2. Effective Date of a Reclassification**

The effective date of reclassification adjustments will normally be either:

- the identifiable date when the position is known to have changed, or
- the date on which the formal request for review was signed by the employee(s) and confirmed by the work unit manager. This date is used when the changes have evolved over an extended period of time.

### 3. Retroactive Pay Adjustments

- **Normal Maximum** - Retroactivity for job reclassification adjustments without formal director or general manager approval is limited to a maximum of 12 months.
- **Adjustments within 12 to 18 Months** - Proposed retroactive adjustments extending beyond 12 months but not exceeding 18 months may be approved under extenuating circumstances by the business unit director, in consultation with their assigned Human Resources Advisor.
- **Adjustments over 18 Months** - Proposed retroactive reclassification adjustments extending beyond 18 months will be referred on an “exception only basis” to the business unit’s general manager, who may approve retroactivity beyond 18 months after consultation with their assigned Human Resources Advisor.

## SECTION 6 - POSITION VERIFICATION POLICY

### 6.01 INTRODUCTION

- The integrity of classification structures is dependent upon the accuracy and appropriateness of the job classification levels assigned to positions.
- Human Resources has a corporate responsibility to ensure that the classifications of all positions within the civic establishment are fair and equitable.
- Business unit management also has a responsibility to ensure the appropriateness and accuracy of job classifications within their work areas.

### 6.02 Responsibility for Position Verifications

#### 1. Human Resources

Human Resources has a responsibility to determine if position verification is required, given its corporate responsibility to maintain fair and equitable systems.

#### 2. Business Unit Management

- Business unit management has a responsibility to bring to Human Resources’ attention, in a timely manner, either:
  - ◆ positions that require review; or
  - ◆ organizational changes that will affect the current duties and responsibilities of positions.
- Such changes may also be identified when a business unit:
  - ◆ requests that Human Resources conduct or assist with an organizational review; or
  - ◆ processes documents (e.g., Transfer Job Data Forms) to implement structural changes.

- Job descriptions, organization charts and PeopleSoft (HCM) listings must be updated when organizational or structural changes occur.

### **6.03 REASONS FOR POSITION VERIFICATION**

Position verifications may occur under the following circumstances:

#### **1. Audits**

If an audit significantly impacts position assignments or duties, the affected positions will be reviewed to verify their classifications.

#### **2. Classification Anomalies**

Either Human Resources or business unit management may identify individual positions or whole groups of positions that are inappropriately classified in relation to similar positions.

#### **3. Realignment of Duties and Responsibilities**

Positions may gradually increase or decrease in duties and responsibilities over time, to the extent that their classification levels no longer accurately reflect their relative worth. Such changes may be identified through other position reviews and Human Resources or business unit management must then ensure that all affected positions are reviewed.

#### **4. Confirmation Reviews**

The need for a future review may be included in the initial assessment of a position; particularly where the position is not yet fully developed or where special pay rates for individuals are involved.

### **6.04 ADMINISTRATION OF POSITION VERIFICATIONS**

#### **1. Human Resources-Initiated**

- When it has been determined that position verification is warranted, Human Resources will notify management of the reasons for the review and request that the required documents be provided within a specified timeframe.
- Human Resources will review the information supplied and determine whether sufficient change has occurred to warrant a full evaluation review:
  - ◆ If the change does not warrant a full review, the amended position description will be used to update the job specifications, postings, etc.
  - ◆ If a full evaluation is warranted, the position will be evaluated in accordance with the procedures outlined in this chapter, the Exempt Staff Policy Statement, Section 7 – Position Evaluation, or the respective collective agreement.

## 2. Management-Initiated

Where management initiates a request, it should be directed to Human Resources along with the required documentation and an explanation of the reason for the review.

### 6.05 POSITION VERIFICATION - SALARY OR WAGE PROTECTION

- Where a position verification results in the reclassification of a position, the effective date of the change (i.e., upwards or downwards) and the pay adjustment, or protection available to the incumbent will be in accordance with:
  - ◆ Section 8.04 of this policy which deals with Pay Adjustments - Existing Personnel; and
  - ◆ the applicable collective agreement.
- Normally, an employee affected by position verification that results in a lower wage or salary level would be eligible for salary protection in accordance with the applicable collective agreement or the provisions of the Exempt Staff Policy Statement, Section 8.02.02 – Salary Adjustments, Downward Position Reclassification (Normal Protection).

## SECTION 7 - ORGANIZATIONAL CHANGE: SALARY PROTECTION

### 7.01 TYPES OF SALARY PROTECTION

#### 1. Union Employees

##### a. Green-Circling

Normally applies when an employee's position has been reclassified to a lower pay level as a result of a management-initiated organizational change.

- Does not apply to a demotion for cause;
- Applies only to the employee who occupies the position at the time the reclassification occurred; and
- The employee is eligible to receive:
  - ◆ the applicable negotiated increases or economic adjustments; and
  - ◆ normal salary incrementsat the former job classification and pay level for three years, after which the employee's salary or wage rate will be frozen (i.e., red circled), all subject to satisfactory job performance.

##### b. Red-Circling

Normally applies when an employee-initiated request for a position review results in a downward reclassification, or upon the expiry of 'green-circling' in the case of a management-initiated review.



- When red-circled, the employee's rate of pay is frozen at its existing rate (i.e., the employee's pay rate remains frozen until the maximum of the rate at which the employee's position is now classified either equals or exceeds the employee's rate).
- Applies only to the employee who occupies the position at the time the reclassification occurred.

## 2. Exempt Employees

Red circling applies when an employee-initiated request for an exempt position review results in a downward reclassification.

An exempt employee whose salary is red-circled will not be eligible for a Pay for Performance increase until the range maximum of their pay grade either equals or exceeds their current rate of pay.

## 3. Special Considerations

- A general manager may extend other forms of salary protection on a "without prejudice" and exceptional basis by establishing special rates for employees within their department.
- Special consideration rates are limited to situations where it has been determined that an employee's expertise could be more effectively utilized in a different capacity and he / she is requested by management to assume a new or altered role.
- A general manager will consider "special" rates upon the recommendation of the responsible business unit director and upon consultation with Human Resources.

## 7.02 STAFF DEPLOYMENT / REDEPLOYMENT

- The City will endeavour, wherever practicable and in accordance with collective agreements (where applicable), to place employees impacted by position redundancies in suitable alternative positions.
- Employees subject to deployment or redeployment will be compensated in accordance with the approved salary or wage rate for the position to which they have been reassigned.

## 7.03 DEMOTION

- There is no salary protection available to employees who have been demoted.
- An employee will be paid at the appropriate step of the established pay rate for the position regardless of whether he / she:
  - ♦ was reassigned to a position at a lower classification as a result of job performance below acceptable standards;
  - ♦ requested a reassignment; or

- ♦ successfully applied for the position.

## **SECTION 8 - ADMINISTRATION**

### **8.01 POSITION CONTROL RECORDS**

#### **1. PeopleSoft (HCM)**

Human Resources maintains a computerized management information system for the purpose of establishment and classification control.

#### **2. Position Numbers**

- Human Resources is responsible for:
  - ♦ assigning a number to each regular (also known as established) position; and
  - ♦ maintaining current lists of position numbers by business unit.
- The position number will be used on all documents related to the position, (e.g., see "Position Change Request" HR intranet website).

#### **3. Employee Changes**

Business units are responsible for notifying Human Resources, on a timely basis, whenever an employee is moved from one regular (also known as established) position to another or is the subject of a promotion, demotion, temporary assignment, name change, merit acceleration, leave of absence, etc.

### **8.02 CREATION OF POSITIONS**

**Note:** For an explanation of the different types of positions, see Employment Policy (Administration Policy HR-031), Section 1.06 - Definitions.

#### **1. General Principles**

- Positions are assigned a position number and job classification.
  - Directors / managers must know what work is assigned to each and every job in their respective division(s).
  - Duties and responsibilities may only be altered at management's initiative.
  - Duties are not interchangeable between positions except for those initiated by management and reviewed by Human Resources for evaluation purposes.
  - Human Resources must be advised of significant changes to a position, including changes to responsibilities, qualifications and reporting relationships.
- 
- Human Resources must be advised when positions are transferred between work units.

- Human Resources must be advised immediately of any changes to an employee's employment status.
- Management is responsible for the accuracy of the position records maintained by Human Resources.

## 2. New Positions

- Requests for the creation of new positions are to be submitted to Human Resources, which will arrange for the necessary reviews and documentation.
  - ♦ **Positions Not Covered by a Job Evaluation Committee** - Following an evaluation review by Human Resources, the position will be set up at the appropriate classification and pay level.
  - ♦ **Positions Covered by a Job Evaluation Committee** - Following an evaluation review by Human Resources, the position will be set up with a provisional classification and salary level. The position may be subject to further review and evaluation by the appropriate Job Evaluation Committee.
- Normally, the effective date for an approved budget addition will be the date the request to create the new position is received by Human Resources. Exceptions to this date will be at the discretion of the business unit director.

## 3. Temporary Positions

- Temporary positions (also known as limited term positions) are usually required for a six-month duration or less.
- A JEQ and evaluation rating are required before filling the job if:
  - ♦ no other regular (also known as established) identical job already exists within the same organization; or
  - ♦ the position is expected to be needed for more than six months; or
  - ♦ the position was initially expected to last less than 6 months and is now being extended beyond six months.
- A JEQ and evaluation rating may not be required if an identical regular (also known as established) position, already evaluated by Human Resources and/or the appropriate Job Evaluation Committee, exists.
- Business units creating a temporary position for longer than six months must provide Human Resources with the following information:
  - ♦ the number of positions required;
  - ♦ a JEQ describing the duties, or a statement that the position is "identical" in all respects to an existing regular (also known as established) position that has been evaluated;
  - ♦ the start dates and expected termination dates of the positions; and
  - ♦ confirmation that funds are available to pay for the positions (e.g. the budget program number).
- Temporary positions that are filled by temporary employees will not be used as an unauthorized means of increasing business unit establishments or extending probationary periods.

## 8.03 RATES OF PAY - NEW PERSONNEL

### 1. New Employees

- A new employee hired from outside the City will be paid the rate applicable to the position, providing the employee has all the required qualifications.
- Normally, an exempt employee will start within the first third of the applicable salary range.

**Note:** For more information on exempt new hire rates, refer to the Exempt Staff Policy Statement (Administration Policy HR-LR-006), Section 8 - Salary Administration.

- Prior approval of the employing business unit manager is required before starting an employee above Step 3 in a unionized position.

### 2. Underfills

- Underfills occur in exceptional situations, only after it has been determined by the hiring Manager within the business unit that there are no fully qualified and suitable internal or external candidates.
- When a qualified applicant is not available to fill a position, an under qualified applicant may be employed at a single rate, usually 5% below the minimum of the pay range or a rate established for the position for a period not to exceed one year.
- During this time, the employee must qualify for the position, transfer to a position for which he / she is qualified or be red-circled until he / she meets the minimum required qualifications.
- Exceptions beyond one year are possible only if completion of formal qualification is delayed through no fault of the employee.

**Note:** If a position must be underfilled, a note must indicate that the minimum qualifications and / or pay rate are no longer appropriate and the position should be reviewed.

### 3. Conclusion of an Underfill

The effective date for any salary adjustment will be the date the employee meets the minimum required qualifications.

#### a) Union Employees

Once qualified, the employee will be placed at the normal minimum of the classification.

**Note:** Further steps may be approved by the employing business unit director if the reason for underfilling was a lack of qualifications and if previous related experience warrants movement within the range.

#### **b) Exempt Employees**

- Once qualified, the employee will be placed at an appropriate salary within the evaluated range. The employing manager will, after consultation with their assigned Human Resources Advisor, determine salary placement taking into consideration qualifications and experience.
- Once the qualifications have been achieved, if the incumbent has sufficient prior experience to be placed above the range minimum, the business unit and Human Resources may agree to placement within the first third of the range.

#### **4. Pool Positions**

It is the responsibility of supervisors and divisional managers to ensure that employees receiving wages in labourer or foreman pool positions are paid:

- at the range established for the type of work performed; and
- only for the hours so worked.

#### **5. Part-time or On-Call Employment**

- Pay will be the rate established for the position, prorated for the hours worked.
- Subject to the provisions of the applicable collective agreement, individuals working part-time or on-call must accumulate hours of work equivalent to a full time position in the same classification to be eligible to receive an increment.

#### **6. Non-Standard Hours of Work**

Compensation for employees occupying positions that do not conform to standard daily schedules or total weekly hours of work is outlined in the applicable collective agreement or in the Exempt Staff Policy Statement (Administration Policy HR-LR-006), Section 2.01 – Working Conditions, Hours of Work for Full-Time Employees.

### **8.04 PAY ADJUSTMENTS - EXISTING PERSONNEL**

#### **1. Pay Rate on Promotion – Union and Exempt**

##### **a) Union Employees**

- Upon promotion to a higher rated union position, an employee will normally receive the hourly rate for the classification or the greater of:
  - ◆ one clear step; or
  - ◆ the minimum of the salary range.
- Promoted employees are to be treated no less favourably than new employees possessing the same qualifications and experience.

- In calculating promotional salary, an increment will first be granted on the date of promotion if the employee is within:
  - ◆ one month of receiving a six-month increment; or
  - ◆ three months of receiving a one-year increment.
- After the increment in the previous paragraph has been granted, the promotional increase will be calculated in accordance with the first paragraph above.
- If promotion is from one union jurisdiction to another, where standard hours of work differ, the calculation will be based on the hourly rate of the base position.
- No employee will receive a salary greater than the maximum for the range.
- Rates of pay for promoted employees, other than as outlined above (e.g., use of an enhanced base rate), will be authorized by the hiring manager, after consultation with their assigned Human Resources Advisor.

#### **b) Exempt Employees**

The policies regarding salary upon promotion to an exempt position are detailed in the Exempt Staff Policy Statement (Administration Policy HR-LR-006), Section 8.02 – Salary Administration, Salary Adjustments.

### **2. Pay Rate on Demotion – Union and Exempt**

#### **a) Union Employees**

Upon demotion, the employee shall be at either:

- an appropriate step within the pay range of the lower classification, or
- the hourly rate of pay applicable to the lower classification.

#### **b) Exempt Employees**

The policies relating to salary upon demotion to an exempt position are detailed in the Exempt Staff Policy Statement, Section 8.02.08 – Demotion (Normal Salary Adjustment).

#### **c) Special Circumstances**

Rates of pay for demoted individuals (i.e., union or exempt), other than as outlined above, will be determined by the business unit director after consultation with their assigned Human Resources Advisor.

### **3. Pay Rate on Transfer – Union and Exempt**

- In the event of transfer, the employee may continue to receive the same rate of pay as previously received provided the type of work is substantially similar.
- Based on substantially different duties and responsibilities, an employee who is transferring may be paid in accordance with Section 8.04.1 – Pay Rate on Promotion – Union and Exempt, of this policy. Each situation will be reviewed on

its own merits by the business unit director, in consultation with their assigned Human Resources Advisor.

#### 4. Base Rate – Union and Exempt

The base rate of the former position is the basis for calculating a pay adjustment on promotion, demotion or transfer. This normally excludes any premiums.

#### 5. Pay Rate on Temporary Assignment or Relief – Union and Exempt

- Upon being temporarily assigned the major duties of a higher rated position, the employee is entitled to extra pay as set out in the applicable collective agreement or in the Exempt Staff Policy Statement (Administration Policy HR-LR-006), Section 8.04 – Relief Pay for Exempt Positions.
- To assume the major duties of a higher rated position, the employee must possess all of the minimum required qualifications of the higher rated position.

#### 6. Increments / Steps and Salary Progression – Union Employees

- Where salary ranges exist for union positions, the employee's salary will progress through the range to the maximum at the rate specified in the applicable collective agreement.
- Absences under the provisions of Short-Term Sickness and Accident policy of the Municipal Employees Benefit Association of Calgary (MEBAC) do not affect increment entitlement.
- Subject to the provisions of the applicable collective agreement, employees receiving Long-Term Disability Benefits do not accrue time towards increment entitlement.

#### 7. Salary Progression – Exempt Employees

Exempt staff will progress to the salary range maximum subject to their job performance. The rate of progression through the range is outlined in the Exempt Staff Policy Statement.

#### 8. Exceptional Circumstance Pay Adjustments - Exempt Employees

Refer to the Exempt Staff Policy Statement, Section 8.07 - Exceptional Circumstance Adjustments.

#### 9. Compression

- Compression exists when the maximum of a supervisor's salary range is lower than the maximum of the best-paid union subordinate's pay range, including designated pay premiums.
- Business unit management will resolve any concerns about compression on a case-by-case basis after a compression analysis has been completed by Compensation & Total Rewards. The analysis will include a review of rates of pay, hours of work, and designated premiums.

- The method of calculating the compressed rate of pay for an exempt supervisor is outlined in the Exempt Staff Policy Statement (Administration Policy HR-LR-006), Section 8.02.12 – Salary Adjustments, Compression Pay.
- A compression issue for a non-exempt supervisor will be dealt with on an individual basis with the employing business unit, after consultation with their assigned Human Resources Advisor.

#### 10. Effective Date of Reclassification

- When the changes that led to the reclassification occurred on an identifiable date, the reclassification will be effective on that date.
- If the changes evolved over time, the reclassification will be effective the date that the employee and the manager completed the formal request (i.e., the signed JEQ) for the review that led to the reclassification.

#### 11. Reclassification - Union Employees

##### **a) Upward Reclassification**

- When upward reclassification results from change(s) that occurred on an identifiable date, the reclassification is considered as a promotion with the incumbent receiving a new rate of pay as outlined in the promotion policy.
- When upward reclassification results from the changes having evolved over a period of time, the salary of the employee will be moved on a step-to-step basis on the effective date of the reclassification.
- Subsequent increments, if applicable, will be granted in accordance with the appropriate collective agreement.

##### **b) Downward Reclassification**

Salary or wage protection for the incumbent will be implemented as outlined in the applicable collective agreement.

#### 12. Reclassification - Exempt Employees

##### **a) Upward Reclassification**

When an upward reclassification occurs, the reclassification is considered as a promotion with the incumbent receiving a new rate of pay as outlined in the promotion policy.

##### **b) Downward Reclassification**

Salary protection, if any, will be implemented in accordance with the provisions of the Exempt Staff Policy Statement (Administration Policy HR-LR-006), Section 8.02.02 – Salary Adjustments, Downward Position Reclassification (Normal Protection).



### 13. Regrading

#### a) Union Employees

When an entire class of positions is regraded, the salary of affected incumbents will be moved on a step-to-step basis (i.e. from the current step number to the same step number in the new pay range) effective the date of the regrading.

#### b) Exempt Employees

When an entire class of positions is regraded, the salaries of the affected incumbents will be adjusted at the direction of the general manager responsible for Human Resources.

### 14. Premiums – Union and Exempt

Pay premiums (e.g. shift differentials, call outs, stand-by pay, non-standard hours of work, etc.) will be implemented as outlined in the applicable collective agreement. For exempt employees, refer to the Exempt Staff Policy Statement (Administration Policy HR-LR-006), Sections 8.04 – Relief Pay for Exempt Employees and 8.05 – Standby Duty.

## 8.05 SALARY ANNIVERSARY DATE

### 1. Change in Salary

An employee's salary anniversary date will change whenever the employee's salary changes as a result of:

- **Promotion** - The date of the promotion will become the employee's new salary anniversary date. All subsequent increments will be calculated from the new salary anniversary date.
- **Demotion** - The employee's salary anniversary date may change to the date of demotion, at management's discretion.
- **Reclassification Resulting From New or Additional Duties** - The employee's salary anniversary date will change provided there is a change in the rate of pay.
- **Temporary Assignment to a Higher Classification** - The employee's salary anniversary date will change to the date of the new assignment. When the employee returns to his / her base position, the employee's salary anniversary date will change back to the original date.

### 2. No Change in Salary

An employee's salary anniversary date will not change as a result of:

- **Transfer** to a position with the same maximum rates providing an increase in salary is not awarded as a result of the transfer.
- **Regrading of an Entire Class of Positions** if the employees' salaries are moved on a step-to-step basis.
- **Suspension** unless specifically directed by the Manager, Labour Relations.
- **Sickness and Accident** absences, under the provisions of the Municipal Employees Benefit Association of Calgary (MEBAC) or the Firefighters' Benefit Plan.
- **Economic or Contractual Pay Adjustments.**

## 8.06 PAY IN LIEU OF VACATION

As part of our focus on employee wellness and well-being, The City encourages employees to take their vacation entitlements as time off. Pay in lieu of vacation is not normally available and will only be considered on an exceptional basis for the following reasons:

- To respond to extraordinary personal circumstances;
- To accommodate employees who are retiring, or have been designated as “totally disabled” and are eligible to receive pay in lieu for both banked and current entitlements;
- To accommodate those employees who have been requested to defer or cancel their scheduled vacations because of operational necessity.

Business Unit Directors can consider vacation payout requests for vacation entitlement that is over and above legislated annual vacation minimums AND that meet the above criteria.

Requests for payout of vacation entitlement that includes the minimum legislated vacation entitlement must be sent to the appropriate General Manager for consideration.

## 8.07 BENEFITS PROTECTION FOR RETIRING EMPLOYEES

To ensure that employees have full benefits protection up to the day of their retirement, an employee will not be transferred from permanent to temporary or casual status for the last few weeks of employment.

## 8.08 RETIREMENT ALLOWANCE FOR RETIRING EMPLOYEES

At the Combined Meeting of Council held December 17, 2019, Council made the decision to end the Retirement Allowance.

The following outlines the eligibility of current and new employees following that decision:

- Effective December 17, 2019, newly hired Exempt employees will not be eligible to receive the Retirement Allowance.
- The Retirement Allowance will be discontinued for existing Exempt employees as of December 31, 2021.
- For Unionized employees, the Unions were served notice on December 20, 2019 of the discontinuance of the retirement allowance. This change shall take effect the later of either December 31, 2021, or in the event the Union/Association tables a bargaining proposal related to this matter, as of the ratification date of a new collective agreement.
- Newly hired Unionized employees will continue to be eligible for the Retirement Allowance until its discontinuance takes effect the later of either December 31, 2021, or in the event the Union/Association tables a bargaining proposal related to this matter, as of the ratification date of a new collective agreement.

To be eligible for the retirement allowance, employees must elect to retire, with a retirement date before December 31, 2021, and meet the following requirements:

Employees who:

a) retire on a monthly pension commencing the day after the last paid day, taken separately or in combination, from:

- the Local Authorities Pension Plan (LAPP);
- the Special Forces Pension Plan;
- the Calgary Firefighters' Supplementary Pension Plan (FSPP); or
- the Supplementary Pension Plan and Overcap Pension Plan.

**OR**

b) are vested in the LAPP and submit their resignation within the six months prior to reaching age 55 with the intention to immediately retire and collect their LAPP retirement income in the form of a commuted value payment;

**OR**

c) are a member of the Calgary Firefighters' Supplementary Pension plan with 25 years or more of service who takes their commuted value payment from both LAPP and FSPP, will receive a retirement allowance equivalent to their annual vacation entitlement at the time of retirement.

## **SECTION 9 – REVISION HISTORY**

See “Revision History” section below.

## **SUPPORTING REFERENCES AND RESOURCES**

Please note that some of the items listed below may not be publicly available.

### **References to related corporate-wide procedures, forms and resources**

- [My HR](#) intranet website
- [Pay for Performance](#) HR intranet website
- [Position Change Request](#) HR intranet website

### **References to related [Council policies](#), bylaws and [administration policies](#)**

- Employment Policy (Administration Policy HR-031)
- Exempt Staff Policy Statement (Administration Policy HR-LR-006)

### **Other references and resources**

- [Alberta – Employment Standards](#)
- [Alberta Labour Relations Code](#)
- [Municipal Employees Benefit Association of Calgary \(MEBAC\)](#)

## REVISION HISTORY

Review Date	Description
2020 October 28	Updated section 5.04.03
2019 December 17	Updated section 8.08 per recommendations by Council's direction.
2016 August 11	Updated section 8.06 per recommendations by Audit Committee.
2007 12 11	<p>Updated to better reflect the responsibilities of decision-makers with respect to compensation issues. The intent is to move decision-making authority closer to the business units, with advice being available from Human Resources.</p> <p>Changes in decision making accountability</p> <p>4.01 Position Qualifications</p> <p>4.02 Position Titles</p> <p>5.04.3 Retroactive Pay Adjustments</p> <p>7.01.2 Types of Salary Protection – Exempt Employees</p> <p>8.02.2 Creation of Positions – New Positions</p> <p>8.03 Rates of Pay – New Personnel</p> <p>8.04 Pay Adjustments – Existing Personnel</p> <p>8.08 Retirement Allowance for Retiring Employees</p> <p>Add c. are a member of the Calgary Firefighters' Supplementary Pension Plan with 25 or more years of service.</p>
2005 01 30	New Policy

1986 03 27	Chapter 34: Wage and Salary Policy (in the hard-copy-based editions of the Administration Manual)
------------	---