

# Performance Incentive Pay Plan

## Scope

The following Performance Incentive Pay Plan is applicable to all employees of the CSAC Excess Insurance Authority except the General Manager/Secretary/Treasurer. The Executive Committee reserves the right to modify this Pay Plan as appropriate including the exemption of other employees from the provisions herein.

## Goals

- A. Reward good performance...  
Partially reward average performance...  
Do not reward unsatisfactory performance.
- B. Provide motivation to all employees to improve performance and maintain superior performance.
- C. Maintain a competitive compensation system designed to retain valuable employees.

## Pay Ranges and Market Range Adjustments

Employees will have an established pay range consisting of a minimum and maximum. The minimum will be set 20% below the maximum. Annually, the Executive Committee will consider whether a market range adjustment is warranted, and if declared, a percentage increase will be applied to the top of the range and the bottom of the range will be set at 20% below the top. A market range adjustment does not increase an employee's pay unless the employee's base salary would otherwise be below the established minimum for the range. Approximately every three years, the Authority shall conduct a salary survey and, subject to approval of the Executive Committee, adjust pay ranges for all employees based upon internal and external compensation comparisons. In years in which a salary survey is not conducted, the Executive Committee shall use an appropriate cost of living index as a guide in determining market range adjustments.

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## **Base Salary**

The minimum amount of salary that an employee actually receives is identified as “*Base Salary*”. *Base Salary* of an employee will not decrease except for cause. *Base Salary* must be at least at the bottom of an employee’s pay range and may not exceed the top of the range. *Base Salary* increases may be granted at the discretion of the General Manager based upon performance. Generally, *Base Salary* increases will be effective at the beginning of each fiscal year. Exceptions will be made for new employees with less than one year experience in their current position.

## **Performance Incentive Pay**

In addition to *Base Salary* increases, employees may earn *Performance Incentive (PI) pay*. *PI pay* is an amount of salary above and beyond *Base Salary* that is paid to employees in recognition of superior performance. Unlike *Base Salary*, *PI pay* that is earned is payable in quarterly or semi-annual payments and only for the fiscal year in which it is granted. *PI pay* does not carry-over to subsequent fiscal years. Superior performing employees may earn a level of *PI pay* annually, however, the amount of *PI pay* plus *Base Salary* can not exceed 105% of the top of the employee’s pay range. The amount of *PI Pay* granted will be determined by the General Manager and will be dependent upon the individual performance of the employee and the overall amount of money available as determined by the Executive Committee. Employees earning *PI pay* will be given the option to receive the *PI* portion of their salary in quarterly installments paid on calendar quarters beginning 9/30 and ending 6/30, or in semi-annual installments on 12/30 and 6/30 of each fiscal year. *PI pay* increases will normally be considered at the same time as *Base Salary* adjustments – July 1<sup>st</sup> of each year.

## **Base Salary and PI Pay Parameters**

- There will be a pool of money in an amount to be determined annually, from which raises can be allocated to all employees. This pool covers both *Base Salary* increases and *PI pay*.

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- The amount of salary adjustment any employee may receive including *Base* and *PI pay* will range from 0% to 10%.
- Base Pay can not exceed the top of an employee's pay range.
- PI Pay may exceed the top of the employee's pay range by a maximum of 5%.
- The market range adjustment, if any, is first applied prior to consideration of merit pay increases. If by application of the market range adjustment, an employee's base pay falls below the bottom of the range, the employee's base pay shall be adjusted to the bottom of the range prior to consideration of a base salary adjustment and/or PI Pay.

## **Executive Committee's Role**

Based upon recommendations from the Personnel Sub-Committee, the Executive Committee will do the following:

- Annually, the Executive Committee will consider market range adjustments that, if declared, will adjust the minimum and maximum points of salary ranges. A market range adjustment does not automatically increase an employee's *Base Salary* unless the minimum range is higher than the *Base Salary*. Approximately every third year, the pay range adjustments will be based upon internal and external comparisons. In years in which internal and external comparisons are not made, the Executive Committee will use an appropriate cost of living index as a guide.
- Annually, the Executive Committee will determine a set dollar amount from which the General Manager may allocate *Base Salary* adjustments and *PI pay* to all employees.

## **General Manager's Role**

- Annually, the General Manager shall determine the amount, if any, of each employee's base salary adjustment and/or PI Pay. The combination of base salary adjustment and PI Pay for each employee will be based upon individual merit and will be between 0% and 10%.

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## New Employees

New employees or employees promoted to new positions that have a probationary period are not eligible for *Base Salary* adjustments nor *PI pay* until completion of their probationary period. *Base Salary* may be adjusted during the probationary period due to a market range adjustment in order to keep the *Base Salary* at the bottom of the range. Upon successful completion of the one-year probation, the General Manager may consider both *Base* and *PI* adjustments that may be effective as of completion of the probationary period. Employees would also be eligible for *Base* and *PI* adjustments the following July 1<sup>st</sup> and annually thereafter.

In the discretion of the General Manager, newly hired employees may have their *Base Salary* placed above the bottom of the salary range up to the mid-point of the range.