

## Staff recommendations on implementing the pay for performance system

This year, Colorado College will be transitioning to a pay for performance system. In October, staff on the compensation committee met with Staff Council to discuss the new system and have the following recommendations regarding how it should be implemented.

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We have a number of recommendations, so we have prioritized the five we feel are most important and listed some others we have discussed. We haven't had time to talk about everything, and so future development of these items is needed.

We ask for an official response on each of the numbered priorities stating what CC will do regarding each by January 11<sup>th</sup>, 2013. If CC will not be going in the direction we recommend, please include an explanation of why a different direction was chosen.

**Priority 1:** Goals should **not** be rated on the same 1-4 scale as all other sections of the evaluation. They should still be a strong component of the activities and discussions between supervisor and employee, but they should not be scored or taken into account in the overall score. This could potentially change over time, but will allow us to get some practice with the new goals system first, and avoid the danger of incentivizing the wrong behavior (people simply setting a minimal number of easy to achieve goals, for example).

**Priority 2:** In addition to the merit pay system and market gap adjustments, we want to see a system in place to support career advancement at Colorado College. This could be a system of levels within a job – a method that is built into the structure to allow advancement to higher levels of job responsibility within the same position, and which comes with a substantial base pay increase. Advancing in one's career is related to but a separate issue from performance, and we want to see such a system at Colorado College to support our compensation philosophy.

**Priority 3:** Because performance evaluations will now have a significant impact on base salary, the evaluations should be conducted with more attention and rigor. Specifically, we would like to see components of best practices around assessment be implemented with the new system. Some specific examples we have discussed and want added:

- 1) A rubric for core and job specific competencies (to help ensure fairness and communicate expectations)
- 2) Review of each job description should be involved and more attention needs to be given to making sure it is updated
- 3) A self-assessment component
- 4) Peer review / 360 review components

**Priority 4:** The new performance evaluation system must include an appeals process.

**Priority 5:** The new system should include a component to make sure that employees with low base salaries see a significant increase for excellent performance. This means there needs to be some nuance to how money is distributed beyond simply percentage-based raises. To illustrate the point, we offer two possible methods of how this could be accomplished:

- 1) Employees who score a 2, 3, or 4 (assuming a scale of 1-4 on overall ratings) would receive a minimum of 2 components to their raise:
  - a. The flat-dollar cost of basic goods and services amount
  - b. A percentage of their base salary according to their score

Example: Jon, who makes \$25,000 annually, earns a “3” on his evaluation.

Jon would receive a raise including the flat dollar CoBGS + 2%

\$594 (CoBGS) + \$500 (2%) = **\$1,094 (4.4%)**

Joy, who makes \$100,000 annually, earns a “3” on her evaluation.

Joy would receive a raise including the flat dollar CoBGS + 2%

\$594 (CoBGS) + \$2,000 (2%) = **\$2,594 (2.6%)**

- 2) A minimum dollar amount could be set for each level of performance, and employees would receive either that dollar amount or a percentage of their base salary, whichever is greater. For example, a score of 4 might be a \$1,000 raise in base pay or a 4% raise in base pay, whichever is greater.

***Other considerations which are important but are either prioritized lower or need more discussion***

- It would be nice to have an introductory philosophy statement about this new system and rewarding excellent performers.
- Everyone needs to use the same form; we think it is important to the integrity of the system.
- Evaluations should reflect assessments of employee competencies and talents and performance of duties described in the job description.
- There should be market gap adjustments as well as the performance system.
- Supervisors’ supervisors must review and approve all performance evaluations to ensure uniformity and consistency of evaluations across departments and within divisions.
- More supervisor training and culture shift needs to happen
  - How to write a performance plan
  - How to conduct a performance evaluation (in depth)
  - How to create evidence / documentation to back up scores
  - What does it mean to be a supervisor? What is your role, how does that translate into actions you need to do?
- Out of date job descriptions must be addressed.