



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(2)

Date: June 22, 2016
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Revised Variable Pay Policy

This resolution would authorize Tacoma Housing Authority to revise the current Variable Pay policy to extend the program to maintenance personnel and to make minor program alterations.

Background

Our most recent Trades Council contract allows us to add a section to extend THA's existing Variable Pay program to its maintenance personnel.

We created the Variable Pay Program in 2013 to serve THA's non-represented and Office and Professional Employees International Union (OPEIU) staff. That program has been in place every year since. The policy allows supervisors and department directors and the Executive Director to recognize top performers through either a merit salary increase and/or a lump sum recognition award. Supervisors, department directors and the Executive Director recommend staff for such increases and awards. A Compensation Committee receives the recommendations and makes the final decision. Departments each have their own budget for these purposes.

The Variable Pay accomplishes several important Agency objectives:

1. It first serves our vital objective of providing a workplace that attracts, develops and retains motivated and talented employees;
2. This is an important part of the agency's response to requests from the Employee Opinion Surveys to include variable pay in our Total Rewards program;
3. It makes excellent performance financially worthwhile to the staff. This creates a climate in which excellent performers are encouraged to sustain their performance;
4. It communicates to satisfactory performers the importance of improved performance. This creates a climate in which employees understand that superior performance is financially worthwhile and provides encouragement for them to improve their performance where possible to earn financial rewards; and
5. It provides a pay system that encourages excellence and not mediocrity.

Recommendation

Approve this resolution.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(2) Revised Variable Pay Policy

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

WHEREAS, THA Policy HR-20.35 establishes THA's Variable Pay Policy; and

WHEREAS, the most recent collective bargaining agreement that the Board approved with the Trades Council allows THA to extend this policy to the Maintenance staff making them eligible to receive incentives for excellent job performance; and

WHEREAS, the Variable Pay policy sets forth the criteria and process for such incentives; and

WHEREAS, THA and the Trades Council recognize that this policy covers mandatory subjects of bargaining and thus the content or application of this policy to Trades Council represented employees may be re-opened for bargaining as permitted by applicable law; and

WHEREAS, THA should implement the extension of the Variable Pay program to maintenance staff. Doing so will reinforce the culture, climate and work performance that THA needs in order to be effective; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

The Board authorizes the revision to THA Policy HR-20.35 Variable Pay in substantially the form set forth in the attached redlined version.

Approved: June 22, 2016


Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

Policy No.	HR-20.35
Policy	Variable Pay
Date	May 16, 2016

1. Purpose

It is the policy of the Agency to maintain a Total Rewards plan designed to pay salaries that provide incentives for excellent job performance. Recognizing the critical role that pay plays in a high-performing workplace culture, Tacoma Housing Authority identified the necessity of developing pay programs to support and reinforce the Agency's culture, climate, and behaviors needed for the organization to be effective. The purpose of the Variable Pay plan is to provide a strategic tool to assist the Agency in achieving its goals of providing responsive, innovative housing services in the most efficient and cost effective manner.

The plan has been designed to reward all Agency employees for exceptional performance of assigned responsibilities and outcomes, and exceptional performance in the completion of special projects. THA, OPEIU and the Trades Council have bargained over the terms of this policy and have agreed on the content of this policy.

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2. Sources for Policy

- ▶ OPEIU Collective Bargaining Agreement
- ▶ THA-Trades Council Collective Bargaining Agreement
- ▶ Washington State Minimum Wage Act, Chap. 49.46 RCW
- ▶ Fair Labor Standards Act of 1938, 29 U.S.C. § 201 *et seq*

3. Scope of Policy

This policy applies to all eligible employees.

Deleted: represented by THA Office and Professional Employees International Union, Local 23 and non-represented employees

4. Who is Responsible for Implementing Policy

Who	Responsibilities
Office of Human Resources	<ul style="list-style-type: none">• Provide guidelines regarding reward program• Monitor compliance with this policy• Serve as consultants to supervisors and directors in implementing program• Oversee the use of reward programs
Supervisors/Directors	<ul style="list-style-type: none">• Recommend employees for a variable pay award• Ensure consistent implementation of reward programs within their department in a manner that is consistent with the written guidelines• Help staff understand this policy
THA Compensation Committee	<ul style="list-style-type: none">• Final approval or denial of variable pay award request• Ensure consistent application of this policy
All <u>Agency staff</u>	<ul style="list-style-type: none">• Responsible for being acquainted with this policy

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5. Definitions		
	Merit Award	A salary increase award of 2% or 2.5% percent of the annual base salary for any eligible employee whose annual performance evaluation has been documented at a level that the Director determines to be excellent work and worthy of recognition
	Special Recognition Award (SRA)	One-time cash or non-cash award for significant outstanding performance.

Deleted: Increase for Annual Evaluation (MIAE)

6. Forms Associated with this Policy		
	THA Form HR 20.35(1) Variable Pay Nomination	

7. Policy

7.1 Variable Pay Guidelines

In order to recognize and promote excellence, two methods of providing variable pay awards will be available. Eligible employees may be nominated for and awarded a Merit ~~Award~~ based on their performance evaluation score and/or a Special Recognition Award (SRA) based on extraordinary effort and/or results.

Deleted: Increase for Annual Evaluation (MIAE)

The Variable Pay accomplishes several important Agency objectives:

- It first serves our vital objective of providing a workplace that attracts, develops and retains motivated and talented employees;
- This is an important part of the agency's response to requests from the Employee Opinion Surveys to include variable pay in our Total Rewards program;
- It makes excellent performance financially worthwhile to the staff. This creates a climate in which excellent performers are encouraged to sustain their performance;
- It communicates to satisfactory performers the importance of improved performance. This creates a climate in which employees understand that superior performance is financially worthwhile and provides encouragement for them to improve their performance where possible to earn financial rewards; and
- It provides a pay system that encourages excellence and not mediocrity.

7.2 Variable Pay Options

7.2.1 Basic Program Eligibility Criteria

To be eligible for either a Merit Award or an SRA, an employee must meet all the following criteria at the time of the nomination and award payment:

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- must have successfully passed Probation; and
- must be a currently employed, regular status employee. Temporary and probationary employees are not eligible; and
- must not have received a formal Disciplinary notice in the past six months.

7.2.2 Merit Awards

Deleted: Increase for Annual Evaluation (MIAE)

(a) Nomination

The Executive Director, Department Director or supervisor may recommend a salary increase award of 2% or 2.5% percent of the annual base salary for any eligible employee within their department whose performance on their annual performance evaluation has been documented at a level that the Director determines to be excellent work.

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Merit Awards must be proposed on the basis of the completed annual performance evaluation form. The annual performance evaluation must have been discussed with and signed by the employee.

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Performance evaluations are used to implement THA's Variable Pay program. THA will endeavor to complete all evaluations within 60 days from the end of the due month. An employee's compensation for a time period after the evaluation due date is intended to include any compensation adjustment based on the evaluation and thus agree that any compensation adjustment as a result of the evaluation will be effective with the start of the second pay period in the month in which the evaluation is due, regardless of when the evaluation is competed.

(b) Eligibility Date Change

The date for Merit Award eligibility for an employee will change only if the employee is promoted or otherwise assigned to another position and is required to serve a probationary period; or the employee receives an off-cycle adjustment as authorized by the Compensation Committee.

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(c) Merit Award Limits

The Merit Award will be paid as an increase in the base salary rate up to the maximum rate for the position, except as provided herein. That portion of a Merit Award that would exceed the maximum rate for the position will be awarded as a one-time lump sum payment paid in lieu of a future increase.

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Merit Awards must be funded from the department's Variable Pay budget.

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In no event will an employee receive more than one Merit Award in a calendar year.

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7.2.3 *Special Recognition Award (SRA)*

(a) Nomination

The Executive Director, ~~the~~ the Department Director or the supervisor may recommend a lump sum Special Recognition Award to recognize employees who have demonstrated outstanding individual and/or team performance in contribution to agency goals and objectives. An employee may be recommended for such an award for:

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- **Outstanding Performance:** Demonstrated and sustained outstanding performance that consistently exceeds goals and job expectations in quantity and quality;
- **Teamwork:** Acting as an exceptionally effective and cooperative team member in carrying out goals of the department/division, demonstrating superior interactions with and a positive influence on managers, peers, supervisors, subordinates, and the client population served;
- **Creativity:** One-time innovation or creation that results in time/dollar savings or benefit, or ongoing innovative/creative activities that benefit agency systems and/or procedures;
- **Organizational Abilities:** Extraordinary individual skills or leadership skills resulting in the accomplishment of significant departmental/division goals and objectives; project management without which the project or program results would not have been achieved, and which are beyond what is normally expected for the position; and/or,
- **Dedication/Commitment:** Following a period of excess work demands that was far above and beyond what would typically be required of that position.

The recommendation for any eligible employee may be at one of four levels:

- Level 1 - \$750
- Level 2 - \$1000
- Level 3 - \$1250
- Level 4 - \$1500

This SRA will not be incorporated into an employee's base pay for the purposes of computing overtime. The SRA will remain a separate, one-time recognition of contribution.

The Director or supervisor may request Special Recognition Awards for staff within their department, either individually or as a group, in a manner that outlines the circumstances and the performance that merits the award. Working together, multiple departments/divisions may nominate awards for the joint efforts of an interdepartmental team.

Eligibility for this SRA program is part of the Total Rewards plan for each eligible employee during the applicable period of service. An employee who receives an SRA has thereby satisfied this portion of the Total Rewards plan by the employee's extraordinary work or effort during that period.

The following are not reasons to give a Special Recognition Award:

- *Labor market issues*
- *Longevity*
- *An employee in an acting status*

An SRA under this section shall be added to the employee's paycheck at the next possible payroll cycle following approval of the award by the Compensation Committee.

Lump sum SRA's may be given to an eligible employee any time during the year.

(b) SRA Limits

Special Recognition Awards must be funded from the department's Variable Pay budget.

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In no event will an employee receive more than two SRA's in a calendar year.

(c) Special Executive Director SRA's

At her/ his discretion, the Executive Director may nominate employees for Special Recognition Awards (SRA). These awards may be outside of the guidelines for implementing SRA's in that s/he may nominate any otherwise eligible employee for any dollar amount up to and including the top level for SRA's. In addition, these nominations are not limited by 7.2.3(b) and do not impact the two SRA's per year limit of any nominated employee(s).

7.2.4 Compensation Committee

The Compensation Committee will approve or deny all Merit ~~Awards~~ and Special Recognition Awards proposed by directors. The decision to approve or deny is ineligible for appeal or grievance. In addition to the performance criteria defined above, the Compensation Committee's decision to approve or deny will consider:

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- 1) The department's ability to fund the award within the department's established budget;
- 2) The total number and cost of performance based salary awards given or contemplated by the department during the year;
- 3) Equity between departments;
- 4) Fairness to employees; and
- 5) The overall fiscal status of the Agency.

7.2.5 *HR and Executive Director Oversight*

The HR Director or the Executive Director may overturn or modify a decision of the Compensation Committee.

7.3 **No Right to ~~Merit Award~~ or SRA.**

There is no right to either an ~~Merit Award~~ or a SRA. The awarding or withholding of either is within the discretion of THA. An award also does not guarantee continued employment, further awards, or other consideration.

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While THA intends the plan will become an integral part of its Total Rewards plan for ~~Agency~~ employees, the Agency reserves the right to terminate, suspend, or amend the plan, in whole or in part, from time to time as conditions warrant.

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8. Administration

8.1 **Administration**

The plan will be administered by the Compensation Committee under the supervision of the HR Director. The plan is designed to be flexible in response to changing competitive environments and the Agency's financial status.

8.2 **Fiscal Impact**

The Variable Pay plan's net cost to payroll will be evaluated and established annually as part of the budget process. The Variable Pay plan's net cost of the OPEIU ~~and Trades Council's~~ payroll is negotiated through the collective bargaining process. The percentage amount established is based on projected base salaries for the calendar year.

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8.3 **Leave and Lay-Off Considerations**

An employee returning from a leave of absence without pay for one month or more will have their eligibility date extended by the same length of time (to the nearest whole month) that the employee was on leave without pay. An employee reinstated to the same position or a position in the same grade following layoff from employment will have their eligibility period extended by the same length of

time (to the nearest whole month) as the duration of their layoff, to a twelve month maximum. An employee who has an involuntary downward job movement will have their eligibility date changed based on the effective date of the new job.

8.4 Collective Bargaining

THA, ~~OPEIU and the Trades Council~~ have agreed on the terms of this variable pay policy. The parties recognize that this policy covers mandatory subjects of bargaining and thus the content or application of this policy to OPEIU ~~or Trades Council~~ represented employees may be re-open for bargaining as permitted by applicable law.

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