

INTRODUCTION

During the summer of 2002 the Management Advisory Council surveyed the state managers on a variety of topics. The results of the survey were discussed with the Deputy Commissioner of DAS and the Deputy Secretary of OPM. Based on these discussions, it was determined that several topics needed further investigation and study. One of those topics, undertaken by MAC, was to evaluate and formulate a recommendation for improving the way that PARS is used to distribute raises and bonuses. That was the purpose of the PARS survey of 2003.

There were over two hundred responses to the survey of 2003. The return rate is very high considering that the managers, as a group, are still coping with the effects of layoffs and early retirements. The 200 responses represent an adequate sample to establish statistical significance.

The survey consisted of three questions, which are discussed below.

Question 1

1.) Do you think PARS should be used without regard to increases or bonuses? Strictly a performance monitoring tool.

YES

NO

(A yes answer would require DAS to reissue/restate/reinforce the PARS guidelines.)

A majority, 53% answered "NO" to this question. The remaining 47% of the respondents thought that having and using a performance-monitoring tool was a worthwhile endeavor. All of the respondents indicated that PARS is to be used as performance-monitoring tool with the majority indicating that the results are to be used to distribute increases and bonuses.

Question 2

2.) Would you support the elimination of the minimum and/or the maximum amount of dollars to be awarded to the manager that "Exceeds Expectations"?

A. Eliminate the maximum (\$1500)

B. Eliminate the minimum (\$750)

C. Eliminate both the maximum and the minimum

D. Make no changes

E. Eliminate all bonuses associated with "Exceeds Expectations"

The largest percentage of respondents, 47% selected "E" indicating that bonuses awarded for "Exceeds Expectations" should be eliminated. The next largest group of respondents, 24%, chose "C" which would eliminate the maximum and the minimum bonus that could be awarded to the manager that " Exceeds Expectations". The third largest group, 21%, chose "D", to make no change to the current practice, as their response. The remaining 8% of respondents were almost evenly divided between eliminating either the maximum or the minimum. In summary, 79% of the respondents think that there should be a change in the way that the results of a PARS evaluation are used to distribute bonuses.

Question 3

3.) Would you like to see the performance bonus for "Exceeds Expectations" changed to the following:

From the current:

Exceeds Expectations A lump sum bonus, which is determined by the agency between the minimum and maximum and is not counted as salary.

To proposal A

Exceeds Expectations In addition to the annual increment, 25% of the annual increment - paid over the entire year and counted as salary.

To proposal B

Exceeds Expectations No bonus, but the funds previously allocated for the bonus would be directed to increasing the annual increment for all participating managers rated "Meets Expectations" or above.

To proposal C

Exceeds Expectations No bonus, annual increment to continue, as funds are available.

The vast majority of the respondents, 88%, want to retain - at least in principle - the monies that were available in the past, but want to see the method of and rationale for distribution changed. Almost a quarter of the respondents selected proposal "A". Twelve percent of the respondents chose proposal C. Almost 64% of the respondents selected "B" indicating that they want to do away with the bonus for "Exceeds Expectations", but see PARS as the vehicle to distribute raises.

Summary

The survey of 2003 yielded the following results:

- PARS as a tool to monitor performance and to distribute increases should remain as currently structured.
- The bonus for "Exceeds Expectations" should be eliminated
- The pool of money that was set aside for the bonuses should be co-mingled with the monies available for increases - managers, as a group, should not lose because of the recommended changes

Proposal

That the MAC Executive Board meet with the Deputy Commissioner of DAS and the Deputy Secretary of OPM to discuss the results of this survey. Specifically:

- Encourage DAS to republish the PARS guidelines
- Propose that the bonus for "Exceeds Expectations" be eliminated. The Commissioner of DAS has the authority under Section 5-210 of the statutes.
- Propose that the monies that were previously set aside for the bonus pool be used to augment the monies allocated for annual increments
- Propose that annual increments be computed according to the following model
 - Unsatisfactory/Below Threshold - No increase (No change proposed)
 - Needs Improvement/Threshold - 50% of the annual increment (No change proposed)
 - Meets Expectations/Target - Annual increment plus the \$250 from the bonus pool all treated as salary for the entire year. (Currently, the annual increment treated as salary for the entire year)

MAC Survey August 2003

- Exceeds Expectation/Exceeds Target - Annual increment plus the \$250 from the bonus pool, treated as salary for the entire year (Currently, the annual increment treated as salary plus a lump sum bonus that is not treated as salary)

In addition, the Executive Board will discuss the status of the other subjects brought up at the first meeting. These are:

- Salary Compression - How has DAS progressed in its study of salary structures and how the managerial compensation plan can be restructured to maintain parity with unionized employees. Specifically, what must be done to increase the upper limit of each grade?
- Pension Erosion - Both Tier I and Tier II benefits have suffered as a result of obsolete statutes. However, our interest and emphasis will be solely on Tier II. How can the statutes be changed and who will take the lead in proposing the legislation?
- Pay Raises for Managers - What can we expect from the current budget and how will that impact the managers?
- Cross Training/Partial Jobs/Gaps - How has DAS progressed in addressing the realignment of job functions resulting from the layoffs and the retirements?