The following letter was written to respond to many of the frequently asked questions regarding the purpose and key features of the process involved in nominating a **CLASSIFIED MANAGERIAL EMPLOYEE** for a **Merit Award**.

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**Office of the Vice Chancellor for Faculty and Staff Relations**

**533 East 80th Street, New York, N.Y. 10021**

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August 21, 1992

**To:** Vice Presidents and Deans of Administration

**From:** Samuel T. Phillips

**Re:** Merit Pay for Chief Administrative Superintendents and for Administrative Superintendents of Campus Buildings and Grounds

I write to remind you of the deadline of September 1, 1992, now extended to September 15, 1992, for the submission of nominations for this year's base salary merit increases for the Classified Service employees listed above. Please refer to Personnel Policy Bulletin (PPB) 6/90 for details. Your Personnel Officer has a copy. The next opportunity for you to make a merit award will be the lump sum (non-base salary) award which may be made between January 1, 1993, and May 1993. PPB 6/90 also explains the procedures for these awards.

Because several Vice Presidents and Deans may be new to this system of merit awards for this very important group of managers, I want to take this opportunity to answer some frequently asked questions regarding the purpose and key features of this process.

**Q 1. How does this group of managers differ from other managers in the University?**

Superintendents (and a limited number of managers in other classified titles) are part of the Classified Service of the University. They, unlike HEO and Executive Pay Plan managers, are subject to all the laws governing the Classified Service of the State of New York and to the Rules and Regulations of the CUNY Civil Service Commission. Also, unlike some HEO managers, they are excluded from collective bargaining.

**Q 2. How is base pay set for this group of managers?**

For Superintendents, the base pay salary range applicable to a position is limited by two factors: (1) the level at which the job is classified (one of four levels of complexity and supervisory responsibility) and (2) the classification of the college based, in large part, on the size and complexity of its physical plant. The managerial position classification
(initial and future revisions) and the college classification are done by the University Personnel Office in response to requests made by the colleges and using established classification standards. The title of the person to whom the Superintendent reports is one factor that may affect the position classification, depending on the degree of responsibility given to the Superintendent. Chiefs, for example, generally report to Vice Presidents or Deans of Administration, though not always.

Within an approved base pay range for a specific position at a college, college decisions about individual base pay are also limited by University Personnel Policy, depending on the nature of the appointment: for example, initial appointment from outside CUNY, promotion from a CUNY submanagerial position, assignment to a higher level within the managerial pay plan, etc. All these policies are spelled out in Personnel Policy Bulletins available from the college's Personnel Officer.

Q 3. How can a college increase a manager's base pay when there is no change in duties or scope of responsibility?

Unlike the HEO series into which many college managers and administrators fall, the managerial pay plan for the classified service has no automatic "pay steps." Superintendents generally receive "across the board" increases of approximately the same size as white and blue collar Classified Service Staff. The exact amount for managers is determined by a directive of the Vice Chancellor for Faculty and Staff Relations, generally issued shortly after the signing of the white and blue collar agreements. Usually, but not always, these increases occur annually. This is the most common form of base pay increase in a situation in which there is no increase in duties.

A second way in which a base pay adjustment can be made, absent a change in duties or job/college complexity, is through the college's nominating the Superintendent for a base salary merit award. Nominations for these awards are accepted by the University Personnel Office between July 1 and September 1 of each year. It is that award deadline that prompted this memorandum. An Award Committee at Central Office reviews these nominations and determines the recipients of these awards. The number of such awards is small judging by the experience of the past few years. There is, however, no arbitrary limit on the number of such awards. The standards used by the Committee are, nevertheless, high and usually relate to some contribution made by the Superintendent that can be expected to benefit Buildings and Grounds operations throughout the University, not just at that college.
Q 4. What other forms of pay recognition are available?

The principle form of pay recognition for Superintendents is the lump sum (non-base salary) merit award. Such awards are governed in their size by University Personnel Policy, and may be made between December 15 and May 15 of each year, following review and approval of the University Personnel Office. The awards are based on an extensive performance evaluation document. University Personnel has designed a basic document which includes most of the critical performance elements of the job. You are encouraged to amend and expand it annually as needed; and at review time it must be signed by the supervisor, who in many cases will be the Vice President or Dean of Administration.

Performance expectations ideally are set by the supervisor in advance for the coming year, though the vast majority of performance elements remain fairly constant over time and require less of the supervisor's time to specify than he or she may at first think, given the size of the performance evaluation form. Colleges may designate awards for Superintendents whose performance for the past year falls within the top two performance categories (out of five). Because Superintendents are generally well trained and operate at a high level of productivity, it is not unusual for a substantial number to receive lump sum merit awards of as much as 5% of base pay. A list of awards made since the inception of these merits will be provided soon for your information.

Q 5. Why does the University utilize an award that is not part of base pay?

The University decided about six years ago to revise the pay system for the managers in the Classified Service. The intent was to create a pay system which would permit greater rewards for performance. In the public service where performance-linked pay systems are less well established, this was a rare opportunity to introduce a substantial degree of reliance on awards tied directly to the Superintendent's year-to-year accomplishments.

A well-designed pay system, especially for managers, will take into account a number of different organizational objectives. For example, initial pay must be set at a rate that is competitive in the market. Thereafter, the University's pay system for Superintendents addresses such concerns as:

-- general retention and acknowledgement of acceptable levels of performance (through across the board, base pay increases);

-- rewards for taking on additional duties or for operating successfully in a more complex environment
(through base pay increases tied to reclassifications, assignment level changes, or promotions to a higher title);

-- rewards for performing in any given year at a high level of productivity and motivating continued performance at similar levels in subsequent years (through lump-sum, non-base pay, merit awards); and

-- rewards for singular, truly exceptional, and possibly lasting contributions to the Buildings and Grounds operations of the University (through base salary merit awards).

Prior to this system the University relied on a single form of pay increment to achieve all its goals for Superintendents. This simply does not conform to all we know about the relation between pay and performance. The important factor in designing a performance linked pay system is to achieve a reasonable balance between the major forms of pay advancements: expected increments that create a certain level of assurance and comfort (e.g. across the board, etc.), enhancement increments that acknowledge additional responsibility (e.g. promotion increases) and earned increments that relate directly to performance for a given period (e.g. lump sum awards) and serve to sustain higher accomplishments each year in the present position.

Of these, the earned increments represent the college’s strongest opportunity to directly impact immediate performance and to send a message about expectations. The fact that these awards are not added to base salary also means that the college does not have to pay in future years for past successes that did not continue to produce results. A decision not to give a lump sum award does not mean that a Superintendent’s performance was unacceptable. There are other forms of pay recognition than merit awards, which serve other purposes, and which will reinforce overall acceptable, consistent performance.

Q 6. What are some pitfalls to watch out for?

- Anytime a new set of pay assumptions is introduced into an organization, many employees, including managers, will feel a certain degree of discomfort and suspicion. Experts advise that five or more years of consistent attention and revision are needed for a new performance and pay system to take root. By that time people have the experience of the system doing or not doing what it purported to do. Even after such long lead times, many long term employees continue to keep "two sets of books" on their pay and express dissatisfaction, especially if they happen to be among those who did not receive the new awards. Sharing information on the operation of the
system and on the awards that are made, attention to employee concerns about performance standards and ratings, and efforts to increase perceptions of the system as fair will substantially reduce complaints.

Despite the general satisfaction that University Personnel has with the progress of this new system over the past six years, University Personnel has not had the time and resources to train employees and support this system as much as is probably needed. It is our intent to renew our effort in the coming year.

- Employees want different things from a pay system depending on their situations. For example, persons nearing retirement and who have a pension plan that is based on the final salary may not greatly value cash awards, even substantial ones. Still, the obligation of management is to weigh the various purposes served by the design of the pay system and not allow the overall system to be contorted by the needs of particular individuals.

- Research shows that where lump sum awards are perceived as substantial, the effect of awards on improving performance is significant. Similarly, perceptions that awards are insignificant diminish the impact on improving performance. For the public sector, a lump sum award of as much as five percent of annual base salary is unusual and can be considered a very significant award. For a public pay system, CUNY's design for Superintendent merit pay permits substantial differentiation in recognizing levels of performance with lump sum pay awards up to as much as five percent. With tightening college budgets, there may be a temptation to reduce the amount of the lump sum merit pay awards that are given to even the best performing Superintendents. This may be a counter-productive way for the college to achieve necessary savings in the Buildings and Grounds operations, given the likely impact on the performance of these key managers who have come to rely, as we intended, on lump sum merit awards as the principal source of pay recognition in the new pay system. Other cost cutting solutions may be more effective for the college.

- Over the past six years University Personnel has observed that, with each passing year, fewer colleges submit incomplete and inadequate performance review documents. Also more and more colleges are making tough distinctions in the levels of performance among their Superintendents. This is encouraging. The availability of such awards is a valuable management tool, and a rare one in the public sector, and will be used most effectively by those who see the opportunity to improve performance in an area of the University where dwindling resources require greater productivity.
I would welcome your suggestions for ways this office can support you more in evaluating and rewarding excellence by Superintendents in the important administration of your physical plant. If you or your staff have specific questions on the administration of merit awards, please call Rosemarie O’Rourke, Deputy University Personnel Director, at (212) 794-5345.

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10/19/92