

**CONFIDENTIAL
ISSUES NOTE**

Ministry of Social Development
Date: Oct. 20, 2011; Updated Apr. 4, 2012,
May 9, 2012
Minister Responsible: Hon. Stephanie Cadieux

**CLBC Executive Compensation -
Incentives**

KEY FACTS REGARDING THE ISSUE:

- Effective April 1, 2012, Community Living BC has a new compensation package including changes for variable pay.
- CLBC and the Ministry of Social Development reached an agreement on the new package and it has been approved by the Public Sector Employers' Council (PSEC).
- In October 2011, CLBC agreed to terminate its variable compensation system as quickly as possible at the request of the Minister of Social Development Stephanie Cadieux.
- The new compensation package will take an average of the variable pay for the last three years at each compensation level to come up with a number that will be rolled into the base. This is a similar approach used by other organizations.
- Currently, CLBC and Social Development are developing an implementation plan.
- This has not yet been communicated externally, or internally at CLBC.

Background

In October 2011, Advocacy Group Moms on the Move posted on their blog about CLBC Executive compensation and incentives saying that CLBC Executives received their full incentives while “cutting services and turning away families in crisis”. Three CLBC executives received a bonus averaging \$13,800 each in last year (fiscal 2010/11).

CLBC had a performance-based rewards program. At CLBC's inception in July 2005, compensation was based on a structure proposed by the Ministry of Children and Family Development (MCFD) and approved by PSEC.

Previously, both salary increases and incentive payments were tied to performance as measured by the achievement of goals set out in an executive's annual performance plan.

The annual performance plan is established at the beginning of the fiscal year and is directly linked to the CLBC Operational Plan formulated jointly by the Board and senior management team. Weights were assigned to goals to differentiate goals by organizational priority and thereby obtain an adjusted performance rating.

CLBC's incentive plan performance targets and measures were captured in the organization's Operational Plan which is derived from the Strategic and Service Plan key directions. All three documents are accessible to the public on CLBC's web site. The Operational Plan includes sections on:

- Connecting individuals and families with supports, services and community opportunities to advance their vision of a good life.
- Supporting the development of welcoming communities to enable citizenship and contribution.
- Improving services through strengthened relationships and partnerships.
- Developing a culture of service excellence provided by exceptional staff.
- Demonstrating effective governance, leadership and fiscal responsibility.
- Developing data and information management systems that support the work of CLBC and its partners.

Operational goals within each category are assigned to CLBC executives and performance measures are assigned to each operational goal. The executive's progress towards the achievement of stated goals is regularly monitored throughout the year and assessed at fiscal year-end. The annual review provides the basis for the performance-related variable pay calculation.

ADVICE AND RECOMMENDED RESPONSE - MINISTER:

- **Effectively April 1, 2012, Community Living BC has a new compensation package. This new package has been agreed to by government and CLBC and has been approved by the Public Sector Employers' Council (PSEC).**
- **Both government and CLBC agree that in a people-first organization like CLBC - performance based targets and measures are not appropriate.**
- **In October 2011, Minister of Social Development Stephanie Cadieux requested that the variable pay compensation system at CLBC be terminated as quickly as possible.**
- **By ending CLBC's variable pay compensation system, this government is demonstrating our commitment to ensuring that CLBC provides the best possible services and supports to individuals with developmental disabilities and their families.**
- **CLBC and the ministry are currently working on an implementation plan for the roll-out of the new compensation package, and will be releasing details once the plan is completed in June.**

ADVICE AND RECOMMENDED RESPONSE – CLBC:

- **Effectively April 1, 2012, Community Living BC has a new compensation package. This new package has been agreed to by government and CLBC and has been approved by the Public Sector Employers' Council (PSEC).**
- **The Minister and the Board agreed to make this change seven months into fiscal 2011/12.**
- **The former compensation plan remained in place for fiscal 2011/12 with a proactive change for the new fiscal year. This is the same approach used by other government organizations undergoing changes for staff compensation.**

Ministry of Social Development

Date: June 15, 2012

Minister Responsible: Hon. Stephanie Cadieux

Title of Issues Note

CLBC Executive Compensation – Incentives

KEY FACTS REGARDING THE ISSUE:

- Effective April 1, 2012, Community Living BC has a new compensation package including changes for variable pay.
- CLBC and the Ministry of Social Development reached an agreement on the new package and it has been approved by the Public Sector Employers' Council (PSEC).
- In October 2011, CLBC agreed to terminate its variable compensation system as quickly as possible at the request of the Minister of Social Development Stephanie Cadieux.
- The new compensation package will take an average of the variable pay for the last three years at each compensation level to come up with a number that will be rolled into the base. This is a similar approach used by other organizations.
- The new approach has done away with the previous practice of withholding a portion of VPs' and managers' salaries until year end.
- It will not result in any increased expenditures to CLBC and will ensure CLBC salaries are comparable with the private sector.
- Currently, CLBC and Social Development are developing an implementation plan.
- This has not yet been communicated externally or internally at CLBC.

BACKGROUND:

In October 2011, Advocacy Group Moms on the Move posted on their blog about CLBC Executive compensation and incentives saying that CLBC Executives received their full incentives while “cutting services and turning away families in crisis”. Three CLBC executives received a bonus averaging \$13,800 each in last year (fiscal 2010/11).

CLBC had a performance-based rewards program. At CLBC's inception in July 2005, compensation was based on a structure proposed by the Ministry of Children and Family Development (MCFD) and approved by PSEC.

Previously, both salary increases and incentive payments were tied to performance as measured by the achievement of goals set out in an executive's annual performance plan.

The annual performance plan is established at the beginning of the fiscal year and is directly linked to the CLBC Operational Plan formulated jointly by the Board and senior management team. Weights were assigned to goals to differentiate goals by organizational priority and thereby obtain an adjusted performance rating.

CLBC's incentive plan performance targets and measures were captured in the organization's Operational Plan which is derived from the Strategic and Service Plan key directions. All three documents are accessible to the public on CLBC's website. The Operational Plan includes sections on:

- Connecting individuals and families with supports, services and community opportunities to advance their vision of a good life.
- Supporting the development of welcoming communities to enable citizenship and contribution.
- Improving services through strengthened relationships and partnerships.
- Developing a culture of service excellence provided by exceptional staff.
- Demonstrating effective governance, leadership and fiscal responsibility.
- Developing data and information management systems that support the work of CLBC and its partners.

Operational goals within each category are assigned to CLBC executives and performance measures are assigned to each operational goal. The executive's progress towards the achievement of stated goals is regularly monitored throughout the year and assessed at fiscal year-end. The annual review provides the basis for the performance-related variable pay calculation.

ADVICE AND RECOMMENDED RESPONSE - MINISTER RESPONSE:

- **Effectively April 1, 2012, Community Living BC has a new compensation package. This new package has been agreed to by government and CLBC and has been approved by the Public Sector Employers' Council (PSEC).**
- **Both government and CLBC agree that, in a people-first organization like CLBC, performance-based targets and measures are not appropriate.**
- **In October 2011, Minister of Social Development Stephanie Cadieux requested that the variable pay compensation system at CLBC be terminated as quickly as possible.**
- **By ending CLBC's variable pay compensation system, this government is demonstrating our commitment to ensuring that CLBC provides the best possible services and supports to individuals with developmental disabilities and their families.**
- **CLBC and the ministry are currently working on an implementation plan for the roll-out of the new compensation package, and will be releasing details once the plan is completed in June.**

ADVICE AND RECOMMENDED RESPONSE - CLBC RESPONSE:

- **Effectively April 1, 2012, Community Living BC has a new compensation package. This new package has been agreed to by government and CLBC and has been approved by the Public Sector Employers' Council (PSEC).**

- **The Minister and the Board agreed to make this change seven months into fiscal 2011/12.**
- **The former compensation plan remained in place for fiscal 2011/12, with a proactive change for the new fiscal year. This is the same approach used by other government organizations undergoing changes for staff compensation.**

Ministry of Social Development

Date: June 18, 2012, Updated June 19, 2012

Minister Responsible: Hon. Stephanie Cadieux

Update - CLBC Executive Compensation - Incentives

KEY FACTS REGARDING THE ISSUE:

- Effective April 1, 2012, Community Living BC has a new compensation package including changes for variable pay. The former plan was applied until March 31.
- CLBC and the Ministry of Social Development reached an agreement on the new package and it has been approved by the Public Sector Employers' Council (PSEC).
- The new compensation package takes an average of the variable pay for the last three years at each compensation level to come up with a number that will be rolled into the base. This is a similar approach used by other organizations.
- Including the pension contribution, the pay increase is 9.66 per cent for two vice presidents (2), 4.96 per cent for directors (9) and 4.93 per cent for managers (49).
- Including the pension contribution, the total cost to CLBC is \$300,478.
- There are 61 impacted employees.
- An internal note was sent to staff outlining the changes on June 19 at 7:53 am. In the next few weeks, staff will receive the pay retroactively (by early July).
- In October 2011, CLBC agreed to terminate its variable compensation system as quickly as possible at the request of the Minister of Social Development Stephanie Cadieux.

BACKGROUND

- In October 2011, Advocacy Group Moms on the Move posted on their blog about CLBC Executive compensation and incentives saying that CLBC Executives received their full incentives while “cutting services and turning away families in crisis”. Three CLBC executives received a bonus averaging \$13,800 each in last year (fiscal 2010/11).
- CLBC had a performance-based rewards program. At CLBC's inception in July 2005, compensation was based on a structure proposed by the Ministry of Children and Family Development (MCFD) and approved by PSEC.
- Previously, both salary increases and incentive payments were tied to performance as measured by the achievement of goals set out in an executive's annual performance plan.
- The annual performance plan is established at the beginning of the fiscal year and is directly linked to the CLBC Operational Plan formulated jointly by the Board and senior management team. Weights were assigned to goals to differentiate goals by organizational priority and thereby obtain an adjusted performance rating.
- CLBC's incentive plan performance targets and measures were captured in the organization's Operational Plan which is derived from the Strategic and Service Plan key directions. All three documents are accessible to the public on CLBC's web site. The Operational Plan includes sections on:
 - Connecting individuals and families with supports, services and community opportunities to advance their vision of a good life.
 - Supporting the development of welcoming communities to enable citizenship and contribution.
 - Improving services through strengthened relationships and partnerships.

- Developing a culture of service excellence provided by exceptional staff.
 - Demonstrating effective governance, leadership and fiscal responsibility.
 - Developing data and information management systems that support the work of CLBC and its partners.
- Operational goals within each category are assigned to CLBC executives and performance measures are assigned to each operational goal. The executive's progress towards the achievement of stated goals is regularly monitored throughout the year and assessed at fiscal year-end. The annual review provides the basis for the performance-related variable pay calculation.

ADVICE AND RECOMMENDED RESPONSE - MINISTER:

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Details:

- Effective April 1, 2012, Community Living BC has a new compensation package in place. The new package has been agreed to by the B.C. government and CLBC, and has been approved by the Public Sector Employers' Council (PSEC).
- The new approach has done away with the previous practice of withholding a portion of VPs' and managers' salaries until year end.

- Ending the incentive pay will ensure there is no opportunity for employees to make more money based on performance or results. Moving to a flat salary with no bonus will ensure people are paid for work that is in the best interest of the individuals and their families they support and nothing else.
- While incentives or expectations for achievement were supposedly set to reward productivity, everyone almost always received the maximum payment.
- In addition, the Comptroller's review of CLBC's compensation found that incentive pay was inappropriate for this type of organization, which prompted the Board and the Minister to request approval to restructure the variable pay plan to a new, more transparent compensation system be put into place.
- By taking the three year average, it allows government to set the base salary lower than simply basing it on last year's total package.
- Instead, the new compensation package will take an average of the variable pay for the last three years, at each compensation level, to come up with a number that will be rolled into base salaries.
- This will result in less compensation to senior management than what they received, and what they were eligible for, under the previous system.
- Terminating the variable pay compensation necessitates an adjustment to base salary for most senior management. With the pension contribution, it is 9.66 per cent increase for vice presidents, 4.96 per cent for directors and 4.93 per cent for managers. This will not result in any increased expenditures to CLBC.