

# Salary Compression

Original Implementation Date:	March 2011	Approved by:	
Date of Last Revision:	August 23, 2021	Approved by:	Caroline Blair-Smith, A/CAO John MacPherson, A/DCAO
Effective Date of Last Revision:	June 26, 2022	Approved by:	Caroline Blair-Smith, A/CAO John MacPherson, A/DCAO

## 1 – Policy Name

Salary Compression

## 2 – Purpose

Halifax Regional Municipality recognizes that situations can occur where a non-union supervisor’s salary is very close to the salary received by a direct report. This Policy provides a mechanism for resolving inequities between supervisor and direct report salaries.

## 3 – Objectives

- To reduce salary inequities and increase job satisfaction.

## 4 – Scope

This applies to all non-union Halifax Regional Municipality employees.

## 5 – Definitions

In the context of this document:

**Individual Salary Adjustment (ISA)** means modifications made to an employee’s salary based on performance. Salary increases are awarded to non-union employees based on their success in achieving the previous year’s performance objectives of their position. Increases are awarded for future service in recognition of the employees’ increased value to the organization.

**Salary compression** means the base salary of a non-union supervisor is less than 5% greater than the earnings (including premiums, but excluding overtime) of a direct report.

**Salary range** means the minimum and maximum salary, for non-union positions, based on grade and level.

## 6 – Roles and Responsibilities

### Business Unit Management

Business Unit Management is responsible for:

- Identifying when a salary compression situation exists.
- Assessing employee performance in relation to salary compression eligibility.
- Completing a *Salary Recommendation Request* form.

### Human Resources

Human Resources is responsible for:

- Assisting business units with the salary compression process.
- Approving the application of a temporary compression premium.

## 7 – Policy Regulations

Salary Compression exists when the base salary of a non-union supervisor is less than 5% greater than the earnings (including premiums, but excluding overtime) of a direct report.

Salary Compression may require an adjustment to the supervisor's base salary through the application of a temporary compression premium that will increase the supervisor's earnings to a level that is 5% greater than the applicable employee's earnings (including premiums, but excluding overtime). The temporary compression premium may be applied even if it takes earnings over the maximum of the salary range.

The temporary compression premium will be monitored and will be adjusted as required as a result of changes to the earnings of the direct report or increases to the supervisor's base salary. The premium will be immediately removed if it is determined that Salary Compression no longer exists. Any non-union Individual Salary Adjustment (ISA) is calculated on the annual salary excluding the temporary compression adjustment.

It is important to note that there are some circumstances where Salary Compression does not require an adjustment to the supervisor's salary (e.g., performance issues).

Application of a temporary compression premium must be approved by the Director of Total Rewards, Human Resources.

It is important to note that the costs associated with a temporary compression premium must be funded out of the applicable business unit's existing annual budget.

## **8 – Repeal**

N/A

## **9 – Effective Date**

June 26, 2022

## **10 – Related Policies and Practices**

Non-Union Compensation Toolkit

## **11 – Policy Review**

Review every 3 years.

## **12 – Contact**

Director, Total Rewards, People, Communications & IT.

## **13 – Attachments**

[Non-Union Salary Requisition Form](#) (for Salary Recommendation Request)