



October 11, 2002

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
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TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER *RS*

FROM: CAROLYN FLOWERS *CF*
EXECUTIVE OFFICER OF ADMINISTRATION

SUBJECT: PERFORMANCE BASED COMPENSATION SURVEY

ISSUE

The Executive Management Committee of the Board of Directors requested a progress report on the implementation of the Performance Based Compensation (PBC) program, as well as requesting that after two years, staff return with an independent evaluation of the PBC program and a summary of employee feedback.

BACKGROUND

In January 2001, the Board of Directors authorized the implementation of the Performance Based Compensation Program for non-represented employees. The purpose of this program was to reward employees for better work performance and efficiency by tying merit increases to attainment of employees' annual performance goals and objectives. The individual and departmental goals and objectives are to be supportive of agency-wide goals and objectives. The performance system identified rating categories (communication, customer service, productivity, etc) that are applicable to all employees to be reviewed in conjunction with attainment of specific goals and objectives.

The Human Resources department conducted an extensive training program in June and July 2001 for managers and supervisors who would be preparing the evaluations for non-represented staff. Additionally, several Brown Bag luncheon sessions were held for non-represented employees in May 2001 to explain how the PBC program would work. The program's first year merit increases were awarded in July 2001, approximately six months after the program was authorized by the Board.

In order to measure employee satisfaction with the PBC program, a baseline survey was conducted in April 2002 after the first year implementation. The instrument was distributed to all 1,100 non-represented employees and 54% of the surveys were returned. Overall, the survey found that almost 60% of the respondents felt the PBC program fairly and equitably reflected their individual performance. There were a variety of satisfaction levels with the actual processes included in the system, such as training, committee participation and other aspects of implementation. However,

33.7% stated they were not satisfied with the overall PBC process. When staff gives the comprehensive report to the Board, they will more fully explore the data related to satisfaction levels.

Implementation of the second-year cycle of merit increases under the Performance Based Compensation program for all non-represented employees occurred in July 2002. The overall implementation process appeared to run much smoother than the initial FY01 rollout of the program.

NEXT STEPS

The Organizational Development & Training department will conduct another employee survey in December 2002 to measure employee reaction at the two-year mark after implementation of the PBC program. These survey results will be examined as part of an overall evaluation of the program which will be submitted to the Board after the second survey is completed.

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