



Space Florida

Executive Summary

Of Proposed

Compensation and Performance Management Guidelines

Prepared for Review by



Harrington & Associates, Inc.

Rewards Consulting - 630 Wickham Road - W. Melbourne, FL 32904 - 321-733-3331

Purpose:

The purpose of this Executive Summary is to provide Board and Committee Members with information regarding the proposed Compensation and Performance Management Guidelines proposed for implementation at the beginning of the Space Florida, Inc (SPACE FLORIDA) 2015-2016 fiscal year.

Guidelines Purpose:

The Guidelines have been developed to document policy and provide guidance to management as to SPACE FLORIDA'S Salary Ranges and Pay Grades, Salary Administration, and Performance Planning, Review and Reward programs. The Guidelines explain the purpose, policy, procedures, and responsibility authorities for each of the programs and their various elements.

Salary Ranges and Pay Grades:

This segment of the document includes tables depicting the grades and ranges currently in place for each of three position groups; Nonexempt, Exempt, and Executive. The ranges are depicted by grade with the minimum, control point (mid-point) and maximum pay range values defined. These tables are intended to be updated as SPACE FLORIDA makes adjustments to their ranges to account for market movement.

Salary Administration:

The Salary Administration segments of the Guidelines are separated into sections that provide purpose, policy, and procedure, as documentation and guidance to management, for many of the areas of salary consideration that arise over the course of an employee's tenure with SPACE FLORIDA. These sections include information regarding:

- Determination of Starting Salary for New Employees
- Maximum Salary
- Adjustments to Base Salary
- Salary Increases for Promotions
- Salary in Relation to Transfers and Demotions
- Special or Out-of-Cycle Compensation Increase

Performance Planning, Review and Reward:

This section of the Guidelines states the purpose and the policy relating to SPACE FLORIDA'S performance management process (Performance Planning and Review). In addition, as this plan is being revised and the process of rewarding employees based on their job performance is being developed, the following processes are called out specifically in this segment of the Guidelines:

- Establishing Measures
- Eligibility
- Awarding Performance Pay
- Target Award Levels

- Performance Pay Opportunity Levels By Grade (Table)

Compensation and Performance Management Glossary:

With the development of these Guidelines, it became apparent that many terms that are widely used in relation to compensating employees and in planning, reviewing and rewarding performance, are not widely used or understood in other areas of business. Therefore, we have included a Glossary that defines these terms that will become more familiar to managers in all areas of SPACE FLORIDA moving forward.

Discussion of Performance Management:

SPACE FLORIDA is adopting a performance management approach called the Performance Planning and Review Program. It is documented in the Compensation and Performance Management Guidelines. This program will provide the linkage between individual, departmental, and corporate performance, and the delivery of rewards.

The purpose of the Program is to motivate performance that is consistent with company goals and objectives; specifically to attract, retain, and motivate qualified, competent talent, and facilitate a high performance culture.

The Policy

The policy covering the Program explains that rewards under the program are discretionary and that the rewards portion of the Program is contingent upon the availability of funds. The rewards portion of the Program provides an opportunity for employees of SPACE FLORIDA to be awarded a lump sum bonus reflective of the organization's performance, the employee's individual performance, and their contribution to the organization.

Relevant, aligned performance goals set with specific measures or metrics at appropriate levels drive the Program's success. **The Program year runs from July 1 to June 30; SPACE FLORIDA's fiscal year.**

The guidelines explain why the program is discretionary and contingent on available funds and further, indicate the specific minimum performance levels that must be achieved before employees may receive an award under the Program. The Guidelines explain that the Board of Directors is responsible to declare if an award pool will be established based on the availability of non-appropriated funds and the corporate performance against plan. Further, the Guidelines specify a means of limiting the award pool should non-appropriated funds be limited:

“If non-appropriated funds fall below \$1.4 million, 30% of non-appropriated funds will be the maximum aggregate award pool covering all employees except the CEO, whose performance award is calculated separately and defined by the Board of Directors.”

The Process

The Program is cyclical in nature and follows a proven business process model:



- Plan
- Implement
- Monitor
- Review
- Revise the Plan

Planning - Establishing Measures

The Guidelines for the Program indicate that all employees have three categories under which success will be expected and measured at SPACE FLORIDA;

- Corporate
- Departmental, and
- Individual

The SPACE FLORIDA Business Plan provides the roadmap for establishing performance measures. The Business Plan identifies corporate and department goals and objectives. Measures established at the corporate level reflect metrics pertaining to the overall success of SPACE FLORIDA, such as achievement of Department of Economic Opportunity (DEO) contract deliverables, financial viability and client/partner satisfaction.

Department goals are aligned with the corporate goals and set by the department heads. Department Heads also convey those goals to team members in their departments and together they establish individual goals, measures, and/or behaviors that align with and support corporate and department goals.

Eligibility

The Guidelines indicate that all regular and permanent part-time employees actively employed at the time of the performance compensation declaration by the Board of Directors are eligible to be considered for reward. In addition, those having retired after working at least six months of the plan year will be included as eligible in the plan. Other stipulations include the following:

- a. Employee must be in good standing without any pending or current disciplinary actions or investigative procedures.
- b. Employees must have at least a 3.0 (Meets Expectations) rating on their individual year-end performance evaluation to participate in the performance pay for the year.

- c. Top 15% of staff grading over “3” and meeting 100% of corporate and department goals will be placed in an additional exceptional performance pool with a target award to each participant of 6% of base salary. Participation in the exceptional performance pool must be approved by the CEO and CFO as an audit to ensure compliance with guidelines.
- d. Employees must be employed a minimum of six (6) months of the plan year, and must be employed on the award date, unless the employee meets the retirement criteria for award. Full credit will be given for the month if employee is employed by the 15th.
- e. Methods are specified in the Guidelines for calculating the pro-rated level of performance awards provided to those working less than a full year and for determining the level of award for those being promoted during the “plan year”.

Target Award Levels

The Guidelines stipulate that award levels are defined by the grade to which the employee’s current job is assigned. The tables provided indicate the proposed performance award maximum opportunity levels, though awards may be lower, based on performance:

PERFORMANCE PAY OPPORTUNITY LEVELS BY GRADE

NONEXEMPT GRADE	MAXIMUM AWARD OPPORTUNITY % OF BASE PAY
3	5%
4	5%
5	5%
6	5%
7	5%
8	5%
9	5%
10	5%

EXEMPT GRADE	MAXIMUM AWARD OPPORTUNITY % OF BASE PAY
9	10%
10	10%
11	10%
12	10%
13	10%
14	15%
15	15%
16	20%
17	20%

EXECUTIVE GRADE	MAXIMUM AWARD OPPORTUNITY % OF BASE PAY
18	30%
19	30%
20	30%
21	40%
22	40%
23	40%
24	50%

The Guidelines include a matrix as an example of a means to determining the actual award distribution in consideration of Award Opportunity Level versus Performance Evaluation Score.