



## CITY ADMINISTRATOR

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### Pay Plan and Performance Evaluation System Glossary

**Base Pay:** The rate paid by the hour, week, month, or year to an individual for the job performed. This does not include overtime, incentives, benefits, or any other pay element other than base pay.

**Benchmarking:** Measuring progress toward a goal at intervals prior to the anticipated attainment of the goal.

**Benchmarks:** A standard against which results are measured.

**Best Practices:** Methods, approaches, and tools that have been demonstrated to be effective, useful, and replicable.

**Bonus:** A one-time payment that is not a part of the employee's base pay. Bonuses can be used to recognize employees for acquiring new skills, demonstrating outstanding performance, or achieving specific project target results.

**Competencies:** Competencies are measurable characteristics of a person that relate to success at work.

**Effectiveness:** Ability to achieve stated goals or objectives, judged in terms of both output and impact.

**Efficiency:** The degree to which outputs are achieved in terms of productivity and input (resources allocated). Efficiency is a measure of performance in terms of which management may set objectives and plan schedules and for which staff members may be held accountable.

**External Equity:** A measure of an organization's pay levels or salary ranges compared to that of its labor market competitors. External equity implies that the employer pays wages that are competitive with prevailing external market pay rates.

**Goal:** A desired state of affairs that outlines the ultimate purpose of a program. This is the end toward which program efforts are directed. FOR EXAMPLE, the goal of many criminal justice programs is a reduction in criminal activity.

**Objective:** Specific results or effects of a program's activities that must be achieved in pursuing the program's ultimate goals. FOR EXAMPLE, a treatment program may expect to change offender attitudes (objective) in order to ultimately reduce recidivism (goal).

**Performance appraisal:** Also known as performance reviews and employee appraisals, are processes designed to evaluate and improve job performance. They form part of career development, particularly when future training needs are considered during the process.

**Pay for Performance System:** A compensation program designed to link employee pay with job performance. Pay-for-performance programs recognize employees with pay for their individual contributions to the organization or department. Conversely, pay increases are held for employees that do not perform as a mechanism to improve their contribution to the organization.



**Promotion:** The assignment of an employee to a job in a higher job classification or pay grade.

**Merit Increase:** An adjustment to an individual's pay that is based on performance as measured through a performance appraisal.

**Merit Pay System:** Used interchangeably with a pay-for-performance system. A compensation program designed to link employee pay with job performance.

**Self-evaluation:** The evaluation of oneself in the context of a work environment.

**Step Pay Plan:** A pay plan that defines increases in pay as movement through a pay range on the basis of time served in a position and in some cases a satisfactory performance review.