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EBAP/85/323
Correction 1

December 31, 1985

To: Members of the Executive Board

From: The Acting Secretary

Subject: Staff Association Committee - Job Grading in the Fund -
Use of the Amounts Set Aside in Connection with the 1984
and 1985 Compensation Reviews

The attached page 3 of EBAP/85/323 (12/30/85) is reissued to include the first line, which was inadvertently omitted.

Att: (1)

Other Distribution:
Department Heads

the following: $\mathcal{H}_1 = \{H_1, \dots, H_n\}$ and $\mathcal{H}_2 = \{H_1, \dots, H_n\}$.

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on a change in the salary structure itself. In addition, the methodology of the 1984 Compensation Review was endorsed by the Board and accepted by the staff, and restoring the structure of Fund salaries to that level indicated by it is a matter of basic fairness and of urgent concern. It would be unfair for the Fund to disregard the existing system of compensation, which has guided compensation practices since 1979. In this connection, the SAC wishes to place on record its strong disagreement with any views that the 1984 Compensation Review indicated that the Fund's pay line was incorrectly pitched against the market. Such was not the case. What the Review did show was a wide range of salaries around the pay line, an anomaly that the Job Evaluation Exercise was intended to correct.

The third principle indicates that the amounts set aside should be distributed to bring those individuals deemed to have been underpaid by the Job Evaluation Exercise up to their new pay levels and to provide the increase indicated by the 1984 Compensation Review to all individuals not deemed to have been overpaid. On the basis of these three principles, the SAC believes that the amounts set aside should be used to bring individuals whose positions have been upgraded to the minimum of their new ranges and that the remaining amount should be used to provide a general salary increase to all staff whose current salaries are not above the new maxima of their new grade.

We would stress again, however, that the distribution of the set-aside should not be discriminatory. EBAP/85/312 defines (on p. 7) staff who are not overpaid as being those who "are not above the maxima" of their new ranges, yet in the proposals (p. 10) it recommends the distribution of the set-aside to those staff whose salaries are "below the maxima." In effect, those staff at the top of their ranges will be judged not overpaid, yet will not receive the set-aside. Thus they will fare worse than any other Fund employee who has not been downgraded, for the rest of the staff will receive their full general salary increase. This group of individuals at the top of their salary ranges, which includes many outstanding performers, would find themselves treated worse than more average performers who happen to be lower down in their ranges. As we have noted earlier, we strongly believe that the salary structure must be modified to preclude such an anomaly. We therefore strongly urge the Executive Directors to approve option 2 of the proposed Board decision in EBAP/85/312, and distribute the full amount of the setaside by increasing the range minima and maxima specified in the present interim salary structure by the same percentage applicable to those individuals who are at range minima, or by any other method.

III. Conclusion

The full distribution of the set-aside and corresponding adjustment of the salary structure would end a major source of staff discontent--the unilateral withholding of part of its salary over the past two years. It would enable some degree of market competitiveness of Fund salaries to be maintained, and it would be consistent with the understanding of the

staff of the objectives of the Job Evaluation Exercise. It should be noted, however, that by not disbursing funds from the set-aside to individuals who have been downgraded, these individuals have been forced to accept a lower salary than they otherwise would have received in the last two years, and which they could reasonably have expected to have been grandfathered under an alternative system. In the view of the SAC, this underscores the importance of adequate provisions for protection of individual staff members whose positions have been downgraded, and we would urge the Executive Board to consider favorably the proposals that we have made elsewhere in this regard.

In summary, the SAC would stress that the staff attaches great importance to a full and immediate distribution of the amounts set aside from the 1984 and 1985 Compensation Reviews. The SAC therefore urges Executive Directors to act promptly to restore the salary structure to the levels of market comparators in 1985. This would require that the modalities adopted for distribution of the set-aside amounts should ensure that all staff members not shown to be overpaid by the Job Evaluation Exercise receive the full amount of the adjustments that they would have received in 1984 and 1985 if the amounts had not been set aside.