

**CITY OF RICHARDSON
INTERDEPARTMENTAL POLICY AND PROCEDURE
COMPENSATION PLAN ADMINISTRATION**

POLICY:

It is the policy of the City of Richardson to maintain a competitive Compensation Plan that allows the City to attract and retain qualified employees. For a Compensation Plan to be an effective tool and serve the purposes for which it is designed, periodic modifications are necessary. The City's Human Resources Department conducts numerous and continuing market analyses and internal equity studies in order to maintain the Compensation Plan as a competitive tool for the City. All provisions of the City's Compensation Plan are governed by the financial condition of the City of Richardson, subject to annual review and authorization by the City Manager and City Council.

PROCEDURES:

I. GENERAL INFORMATION

Each authorized position in the City of Richardson has an authorized level of compensation established for it. All positions are shown on the Compensation Plan in dollars per month.

The majority of the City's positions have pay ranges that allow for meritorious growth. Non-public safety positions have open salary ranges (e.g. a range with a minimum and maximum salary). *Some management positions are single pay positions*, with no salary ranges (See section VI). All public safety (Police/Fire Department) positions have step plan ranges.

The City's Human Resources Department conducts numerous and continual market analyses and internal equity studies in order to maintain the Compensation Plan as a competitive tool for the City. Changes or modifications to position ranges may result from periodic market analyses, internal studies, and/or economic conditions. Pay range changes for positions may also result from *significant changes* in job duties or essential functions. Pay ranges may be increased or decreased due to any or all of the factors listed above.

II. SALARY RANGES AND INDIVIDUAL SALARY PROGRESSION

Each position's pay range is designed with the following factors in mind:

- A salary range that allows for individual salary growth strictly based on his/her job performance;
- A minimum and maximum pay that is competitive in the local market, based on periodic compensation market studies;
- Public safety (Police and Fire Department) positions have step pay ranges which are designed differently than open ranges, to accommodate market comparability parameters and internal equity.
- All full time employee salary increases must be approved by the department head. When hiring candidates above the starting salary thresholds outlined below, these salary offers must be approved by the City Manager, or designee.

A. STARTING SALARIES (PAY)

Most new employees are hired at the beginning of the pay range for their positions. If additional relevant experience, education, certifications and/or other circumstances warrant, department heads may authorize hiring the individual within the first 15% of the salary range. To hire above the first 15% of the range, written approval from the City Manager or designee is required.

When warranted, Public Safety departments may hire up to the C step. To hire above the C-step, written approval from the City Manager or designee is required.

Before extending an offer **above** a position's **minimum** salary, a New Hire Salary Approval form must be completed by the hiring department. This form will provide justification that only job related reasons were considered for hiring an individual above the minimum of the range. In addition, this form can be utilized to receive approval from the City Manager's Office when hiring a candidate above the C-step (for Public Safety employees) or above 15% from the minimum (for non-public safety employees).

B. ANNUAL MERIT INCREASES

For open range and single pay positions, the maximum for annual merit increases will be determined by the City Council through the City approved annual budget each fiscal year. Public Safety department pay plan changes and merit increase movement will also be determined by the City Council's City approved annual budget each fiscal year. **ALL employee pay increases are based on merit.** If the length of time (or an individual's anniversary date) since the last pay increase dictates that an annual merit increase is possible, **the decision on whether that increase will be given (as well as the amount) will be based on individual merit**, as shown on the most recent Efficiency Reports (for Civil Service employees), annual/periodic performance reviews (for non-civil service employees), and/or documented performance since the last department recognized Efficiency Report or performance review.

*NOTE: Absences due to events protected by law, e.g., Family Medical Leave Act [FMLA] will **not** be counted against an employee.* Questions regarding absences possibly falling in these categories should be reviewed with the Assistant Director or Director of Human Resources. A significant period of continued absences may warrant a delay of one's performance review date as well as the annual merit increase date. Contact Human Resources to seek assistance if this occurs.

Regarding merit anniversary dates, Public Safety departments should follow the step timing within their classifications' salary ranges as appropriate (e.g. if a classification has a salary range with a B-step, this step is a 6-month step. All other steps are an annual step). Providing an employee with a merit increase percentage that does not equate to the next step is allowed, if warranted by that employee's performance. Employees merit increases may be paid between zero and the maximum amount to the next step, if not due to performance, then due to previously approved budgeted amounts for annual merit compensation.

In non-Public Safety departments, department heads may grant increases of any amount between zero and the maximum merit amount approved in the City's annual budget each fiscal year. If computing employee monthly wage amounts on the Status Change form, round to the next higher dollar amount for amounts of \$ 0.50 and above; round down for amounts falling below \$ 0.50.

Pay plan maintenance may result in changes to position ranges (e.g., lengthening of ranges, increases or decreases to the entire salary range, etc.). Periodically, the entire pay plan (*for full time positions only*) may be adjusted due to market and economic factors, as approved by the City's annual approved budget. **Such pay plan changes will NOT result in automatic pay increases for incumbents in affected positions. Any increases considered will be based on merit, as discussed in the preceding paragraphs.**

Lump Sum Merit Payment: Employees at the top of a pay range may earn a merit increase as a one-time lump sum payment that does not change the employee's pay range. An individual's base pay is not affected by such lump sum merit amount. Payment of a one-time lump sum amount is not an indicator of any such future payment(s). One-time lump sum merit payments are subject to withholding for TMRS, FICA, etc. Lump sum merit payments may be paid within the normal pay period disbursement or paid in a separate payment. However, if the lump sum amount is paid in a separate payment, deductions for insurance, deferred compensation, etc. will not be made. Lump sum merit payments are not allowed for employees on step pay ranges, unless approved by the City Manager's Office. As approved by the City Manager's Office, lump sum merit payments may also be provided to individuals as exceptional service increases or in place of regular annual merit increases.

III. ANNIVERSARY DATES

An employee's anniversary date is the effective date of his/her merit increase, if warranted by his/her performance. In general, when an employee's pay changes, the effective date of the change will become the employee's new anniversary date for annual merit increases. An employee's date of hire will initially be the anniversary date.

If the department determines that an exceptional service increase is warranted, the effective date of the exceptional service/merit increase will be the employee's new anniversary date. In addition, date(s) of promotion and demotion will establish new anniversary dates for merit increases. It is at the department head's discretion, if a lateral move changes an employee's anniversary date. Salary changes do not occur with lateral moves. Any employee merit increases that are due to market adjustments to the minimum of a salary range will not change the employee's previous anniversary date.

For incumbents at the top of their position's pay range for more than twelve (12) months: if the pay range is adjusted, the effective date of the range change will become the annual anniversary date for those incumbents. (For example, an incumbent has been at the top of his/her pay range for two years; the pay range is adjusted as of January 1, making that incumbent eligible for a merit increase as of the effective date of that change, until the incumbent reaches the new top of that range, his/her annual anniversary date will now be January 1.)

IV. EXCEPTIONAL SERVICE AWARDS

Department heads who wish to provide an employee with a merit increase that is not in line with the employee's anniversary date or if it is beyond the annual maximum merit increase amount that was previously approved by the City's annual budget, must obtain written approval from the City Manager (or designee), and forward it to Human Resources with the prepared Status Change Request form. Such increases are coded as **Exceptional Service Award** increases. For those employees who are at the top of their salary range, and who are approved to receive an Exceptional Service Award, will only receive that award as a one-time lump sum payment. To provide a merit increase for any full time employee who does not have a salary range, see Section VI below. Approved Exceptional Service Awards change an employee's anniversary date.

V. SALARY RANGE CEILINGS

Under NO circumstances can any employee's base pay exceed the salary range maximum of his/her position's authorized pay range. Employees who are qualified for positions with higher salary ranges should be encouraged to promote to such positions through the City's Civil Service system. **("Promotion" is defined as moving to a position with a pay range maximum which is higher than that of the employee's current pay range maximum.)**

Merit payments given in one-time lump sum payments do not change pay ranges, but it does change an employee's anniversary date for future pay increases. Base pay is not affected by such lump sum merit payments. Payment of a one-time lump sum amount is not an indicator of any such future payment(s).

VI. PAY INCREASES FOR POSITIONS WITHOUT A PAY RANGE

Annual merit increases for positions below the department head not assigned a pay range are approved by the department head. All positions at the department head level and above are approved by the City Manager or designee. For positions that do not have a pay range, merit increases must be coded as **Exceptional Service Award** increases. As approved by the City Manager's Office, annual merit or Exceptional Service Award increases for classifications without a salary range, may, or may not, be included in one's base pay.

VII. EMPLOYEE PAY CONSIDERATIONS

Management staff must always consider the internal equity within the department when determining employees' initial starting salaries and promotional increases. (e.g. consider salaries of more tenured individuals as compared to new hires or consider if a supervisor should be hired at a base salary that is above their highest paid subordinate

employee. In addition, new hires initially hired above the minimum of the range should be justified by the candidate's specific experience, education, certification, etc.) The New Hire Salary Approval form is a good tool to assist a hiring department account for all pertinent factors.

Questions regarding content or application of these procedures should be referred to the Director or Assistant Director of Human Resources.

Original Signed by Dan Johnson

09/13/2017

Dan Johnson, City Manager

Date