

CITY OF PLANO POLICIES AND PROCEDURES

205.000

Department Name: Human Resources Manual

Procedure: Compensation and Salary Administration

Effective Date: 11/01/96

Revision Date(s): 01/04/99, 05/01/04, 08/01/05, 07/01/06, 01/01/09, 04/01/09,
01/01/10, 10/01/12

I. Purpose

The purpose of the City's salary administration program is to support the City's goals of attracting and retaining top quality talent through an effective pay system. It is the City's policy to provide a compensation program that is competitive with the external labor market.

II. Definitions

A. New Position

A creation of a position that does not exist in the City's pay structure.

B. Reclassification

Movement of an existing classification from one salary grade and job title to another as a result of documented significant change in complexity of duties, responsibilities, knowledge level required, impact on City operations, accountability, and/or other relevant factors.

C. Career Ladder

Differentiation of defined levels within a particular discipline or job family.

D. Reorganization

Simultaneous changes to duties and responsibilities of one or more positions or classifications within a section, division, or department to gain operational efficiencies or in response to changes required by business necessity. Results may require change in job description and/or job title.

E. Promotion

The movement of an employee to a job in a higher grade than the employee's present grade.

F. Demotion or Reassignment

The movement of an employee to a job in a lower pay grade.

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G. Job Title Change

A change in official job title for a specific classification without a change in assigned pay grade.

H. Merit Increase

A percentage increase to salary based on individual performance level.

I. Market Adjustment

A percentage increase in salary based on documented attainment of specified levels of skill and performance; position in salary range in the lower third; availability of funds; and the established matrix for each budget year maintained in Human Resources.

J. Lateral Transfer

The movement of an employee to another position within the same pay grade as his or her present position.

K. Salary Structure Adjustment

Adjustment to the salary structure based on market review and availability of budgeted funds. Salary range adjustments that occur at the beginning of the fiscal year coincident with application of merit increases will have merit applied first.

L. Step Increase

An increase to the next higher step in a pay grade according to availability of budgeted funds and eligibility for advancement to the next step. (The Step Advancement schedule is applicable to Labor Maintenance Skilled Craft positions only.)

III. Policies & Procedures

These guidelines provide defined methodology to support the consistent and uniform application of City policies regarding classification and compensation. This policy pertains to non-Civil Service positions.

A. New Hires

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1. Pay Rates at Hire – General Compensation Plan

In establishing hiring rates, consideration will be given to rates paid to similarly qualified and more experienced employees in the job or department.

The first third of a salary grade is generally considered the range of fair market value for a newly hired employee meeting the standard specifications of the job.

The middle third of a salary range is generally considered the market pay area for a newly hired employee exceeding the minimum qualifications due to some experience in the job.

The upper third of a salary range is generally considered above the market pay area for a newly hired employee significantly exceeding the minimum qualifications due to significant experience in the job.

The following factors shall be considered in determining a new hire rate:

- Salaries paid to incumbents in the position within the hiring department and City-wide;
- Qualifications of selected individuals as compared to qualifications of incumbents in the same classification both in the hiring department and across the City;
- Budget considerations.

Departmental director/managers may consult with Human Resources in structuring an appropriate hiring offer. To hire a new employee at a rate of pay that exceeds the first third of the range, the following approval process will apply:

- For pay in the middle third of the range, approval will be required by Human Resources and by the Department Director;
- For pay in the top third of the range, approval will be required by Human Resources and by the Deputy City Manager or City Manager.

2. Pay Rates at Hire – Step Plan (Applicable to Labor Maintenance Skilled Craft positions only.)

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New employees typically begin employment in Step 1 of the pay grades assigned to their job titles. New employees having significant recent and relevant experience may be hired at Step 2 or Step 3 of the pay grade assigned to their job titles with Department Director approval. Hiring employees above Step 3 of the pay grade requires both Department Director and Human Resources approval based on documentation indicating that the applicant's qualifications correlate to the eligibility requirements of the proposed hiring step.

B. Market Adjustments

An employee hired in the first third of the salary range may be eligible for a market increase at the 6-month, 12-month, and 18-month anniversary (until base pay moves out of the first third of salary range). The following are considerations:

- Salary being within the first third of the salary range
- Availability of funds as determined by the Budget department
- Documented attainment of specified levels of skill and performance

Department Directors will have discretion regarding the application of market adjustments which are not guaranteed.

An employee hired within the middle and upper third of the range is considered to be at or above market pay and may receive other compensation adjustments as eligible (see "H" below).

Human Resources and the Department Director will determine the employee's market adjustment based upon an established matrix maintained in Human Resources and approved each budget year. Performance documentation will be maintained in the employee's permanent employment file in Human Resources.

C. Lateral Transfers

A lateral transfer may be accomplished without an increase in salary. Human Resources and the Department Director will determine the appropriate salary.

A six-month probationary review will apply to all transferred employees. The six-month period begins on the effective date of the transfer. Market

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adjustments may apply under the same guidelines as specified for New Hires (see "A" above)

D. Promotions

1. General Compensation Plan

Promotions should be accompanied by a pay increase not to exceed ten percent except as approved by Human Resources, a Deputy City Manager, or the City Manager. A promoted employee will be paid at least the minimum of the new salary grade.

Promoted employees may be eligible for market adjustments under the same guidelines as specified for New Hires (see "A" above).

2. Step Plan (Applicable to Labor Maintenance Skilled Craft positions only.)

Promoted employees will be placed on the step within the promotion grade which results in an increase not to exceed ten percent except as approved by Human Resources, a Deputy City Manager, or the City Manager. A promoted employee will be paid at least the minimum of the new salary grade.

Sections B (Market Adjustments) and H (Merit Increases) do not apply to step plans.

E. Temporary Promotions

Eligibility for temporary promotion pay increase requires that an employee must have worked, or be scheduled to work, a minimum of 30 consecutive calendar days in the new position. Pay increases will be effective at (or retroactive to) the start of the temporary promotion period. Pay increases for temporary assignments shall be removed at the conclusion of temporary assignments.

The amount of increase will be determined using the promotion policy (see "D" above).

F. Demotions/Reassignments

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A demotion or reassignment is the movement of an employee to a job in a lower grade. A demotion or reassignment may occur for the following reasons:

- Reassignment to a job at a lower grade based on organizational changes;
- Performance-based demotion due to inadequate performance;
- Voluntary (employee-initiated demotion, and approved by supervisor).

Treatment of base pay due to demotion is as follows:

- For reassignment, pay will be grandfathered. If the employee is paid above the maximum of the new grade, the salary will be frozen until the salary range maximum exceeds the employee's salary;
- A performance-based demotion will result in the employee's base pay being reduced. Human Resources and the Department Director will determine the employee's new salary;
- A voluntary demotion or reassignment may result in the employee's base pay being reduced. Human Resources and the Department Director will determine the employee's new salary.

G. New Job Titles

A new job title may be established when a position is created or evolves which cannot appropriately be classified into any existing job title, or when existing positions change so substantially that they must be divided and evaluated separately. A new job title is not a promotion or demotion. Department Director approval is required to accompany the request for a job title change.

To maintain the integrity of the classification system, official job titles must be in accordance with the City's Titling Guidelines, a copy of which is maintained in the Human Resources Department. Employees may use working titles as approved by their Department Directors except that working titles used may not be the same as official titles of other classifications.

If an employee's job title is changed without substantial change in essential responsibilities or minimum qualifications, no pay increase will be given.

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If the employee's responsibilities and/or minimum qualifications change substantially, the position must be evaluated by Human Resources (see "N" - Reclassifications) prior to a job title change.

H. Merit Increases

The City has a pay-for-performance philosophy for merit increases based upon individual performance levels when funds are available. The City's performance management process is designed to evaluate performance and to provide a basis for merit increase decisions.

Once approved by City management and the City Council, the merit increases will be distributed to employees based on individual performance levels. It will be the responsibility of supervisors to complete the performance management process with employees in their work group. It will be the responsibility of Department Directors to ensure the performance management system is applied in a consistent manner within their departments.

Lump sum increases will be utilized for employees whose pay is at or above the maximum of their salary range. Such increases will also be used for any portion of a merit increase that would cause the employee's pay to exceed the maximum.

I. Salary Structure Adjustments

The City is committed to market competitiveness and, as such, will conduct a periodic review of the external market compensation. Based on this review and subject to budget availability, adjustments to the salary structure may occur.

Salary range adjustments that occur at the beginning of a fiscal year with merit will result in the merit increase being applied first to employees' base pay. Employees whose salaries after merit are below their new range minimums will have their base pay raised to the new range minimums of their assigned pay grades. These adjustments are made to comply with minimum pay assignments and are unrelated to performance

J. Step Advancements (Applicable to Labor Maintenance Skilled Craft positions only.)

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Employees hired at Step 1 may advance to Step 2 on their six-month anniversary date from date of hire. Thereafter step advancements occur on anniversary date in position as eligible and as funded.

Employees hired at Step 2 or Step 3 are not eligible for step advancement at six months. Step advancements occur on annual anniversary date in position as eligible and as funded.

2. Step Maximum

Employees' base pay may not exceed the maximum of the grade assigned to their job title.

K. New Classifications

1. Additional positions for existing classifications must be made through the Budget department.
2. Proposing a classification which does not currently exist in the City's classification structure during the budget process requires the department to coordinate through Human Resources prior to the budget process to determine appropriate assignment of salary grade and funding level.
3. After final budget approval, the Department Director shall send to Human Resources (Compensation) a completed Job Task Analysis. When required documentation is provided, Human Resources will activate the new position.

L. Longevity Pay

All regular, full-time employees who have completed 12 full calendar months of service by September 30 of each year shall be eligible to receive longevity pay in November of that year in the amount of \$4 for each month of regular full-time service up to twenty-five years or \$1,200. To receive longevity pay, non civil service employees must be employed by the City at the time the checks are issued. Civil Service employees shall be eligible to receive longevity pay on a prorated basis and will be paid as allowed by law.

Calculation of longevity pay for non-civil service employees and Fire Department civil service employees is based on most recent hire date to a full time position with the City of Plano. Calculation of longevity pay for Police civil service employees is based on all regular full-time service with the City of

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Plano. Service for police civil service employees does not have to be consecutive.

M. Reorganizations

1. Proposed changes that alter job titles, pay grades, minimum qualifications, and/or essential job responsibilities as a result of the reorganization are reclassifications. Reclassification procedures (see "N" below) apply to each position so affected.
2. Proposed changes that alter reporting relationships without affecting job title, pay grade, minimum qualifications, or essential job responsibilities as a result of the reorganization are not reclassifications.
3. Department Directors implementing reorganizations shall provide to Human Resources both current and proposed organization charts showing the work unit as it currently exists and as it will be upon implementation of the reorganization.

N. Reclassifications

1. Reasons for Reclassifications

Examples of reasons that are eligible for reclassification include but are not limited to:

- a. A position's responsibility level has increased or decreased significantly;
- b. Job duties of an existing position are being combined with a vacant position of another classification;
- c. Additional programs, facilities, or requirements are assigned that are not part of the job responsibilities as currently performed and/or as stated in the existing job description, resulting in increased responsibility;
- d. Other business necessity reasons.

Examples of reasons for reclassification requests that will not be addressed by the Human Resources review process include but are not limited to:

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- a. Changes that occur in local, state, or federal law which require title changes in certifications but do not change certification levels or substantially change requirements.
- b. Volume increases in work load;
- c. Rewarding personal achievements of employees that are not required by the employee's job description (i.e., obtaining degrees, certificates, skills, etc. above those required by the job);
- d. Rewarding performance;
- e. Rewarding length of service;
- f. Attempting to increase range maximums for employees because their salaries are at or near their current range maximums;
- g. Creating jobs to accommodate or reward specific skill sets, personal preferences, or individual interests of employees that are not required by their jobs;
- h. Requesting higher grade assignments for vacant positions without accompanying changes in assigned job responsibilities;
- i. Requesting higher grade assignments to placate dissatisfied employees without valid job-related reasons;
- j. Requesting review repetitively without accompanying changes in responsibilities or job duties.

2. Responsibilities

Department Directors have the following responsibilities:

- a. Evaluating requested reclassifications brought forward in their departments to determine whether they fall within policy guidelines (see "N.1" above) prior to forwarding to Human Resources;
- b. Providing Human Resources with documentation providing the reason(s) for the requested reclassification;
- c. Ensuring that all other documentation required for review is provided and is complete;

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- d. Ensuring that employees subject to reclassification review are available for consultation and desk audits.

Human Resources has the following responsibilities:

- a. Accurately evaluating and appropriately classifying new and reclassified position(s) according to standard compensation procedures and City guidelines;
- b. Ensuring the consistency and integrity of the City's classification structure;
- c. Initiating studies of individual positions, series of positions, career ladders, classes, occupational groupings, and/or organization units as required to maintain the integrity of the classification and compensation programs;
- d. Reviewing classification of positions ancillary to those reclassified if job responsibilities have transferred from them to determine if current grade placement is still appropriate due to lessened responsibility levels.

Reclassifications that have been determined to be valid by the Department Director and brought forward to Human Resources are processed in the order received.

3. Changes to Base Pay – All Schedules

Employees whose positions are reclassified do not receive pay increases as a result of the reclassification if their pay at the effective date of the reclassification is within the salary grade of the reclassified position. If pay at the effective date of the reclassification is below the grade minimum of the reclassified position, pay will be adjusted to the minimum of the grade of the reclassified position.

O. Career Ladders

- 1. Career ladders may be used by departments to recognize and reward employees for technical and professional growth within a particular discipline or job family. Career ladders may serve to motivate employees to achieve higher levels of experience, education, certification, and/or attainment of additional training or skills that enhance their value to the City and prepare them for advancement.

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2. Departments using career ladders other than those currently in the City's Titling Guidelines must identify the criteria required for progression within the career ladder and coordinate the implementation of the ladder with Human Resources (Compensation).
3. Eligibility for advancement through the career ladder will be based on documented attainment of the requirements by the employee as identified in the relevant job description for the next level.
4. Advancements within career ladders are promotions. Determining whether employees meet required qualifications for advancement is Department Director responsibility.

IV. Appendices

None referenced.