

# Section 3: Compensation & Performance

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## Policy #1: Classification & Compensation

Effective Date: July 1, 2011

### I. Purpose

The purpose of the Town's classification and compensation program is to support the Town's goals of attracting and retaining top quality talent through an effective pay system.

### II. Scope

This policy shall apply to all persons holding a paid position as an employee of the Town, except the Town Manager, Town Attorney, a member of any appointed or volunteer board or committee, or any others that may be hired or appointed by the Town Board. For this purpose, and subject to the exceptions set out herein, Town employees shall be defined as those employees in departments and offices for which the Town Board serves as the final budget authority.

### III. Background

None

### IV. Definitions

- A. New Position - The creation of a position that does not exist in the Town's pay and classification system.
- B. Reclassification - Movement of an existing classification from one salary grade and job title to another as a result of a documented significant change in complexity of duties, responsibilities, knowledge level required, impact on Town operations, accountability, 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 or job title.
- E. Promotion - The movement of an employee to a position in a higher pay grade than the employee's present pay grade.

- F. Demotion/Reassignment - The movement of an employee to a position in a lower pay grade.
- 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; 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 same time as merit increases will have the merit increase applied first.
- L. Trainee – An employee who does not meet the minimum qualifications for their position and is being trained for possible retention as a fully qualified employee.

**V. Legislation**

None

**VI. Policy**

It is the Town of Mooresville's policy to provide a compensation program that is competitive both internally and externally.

**VII. Provisions**

**A. New Hires**

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 pay grade is generally considered the range of fair market value for a newly hired employee meeting the qualifications 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:

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

B. New Hire Salary Approval

- 1) Department Directors and Managers should consult with Human Resources in structuring an appropriate hiring offer.
- 2) To hire an employee at a rate that exceeds 15% of the minimum requires approval by the Town Manager

C. Trainees

In the event there are no qualified applicants for certain vacancies, the Town may designate an employee as a Trainee. During the training period, a Trainee shall be paid 5% below the minimum of the fully classified position pay grade.

D. Lateral Transfers

A lateral transfer is usually 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.

E. Promotions

Promotions may be accompanied by a pay increase of five percent or movement to the minimum of the new pay grade, whichever is higher, provided that the new salary may not exceed the maximum rate of the new salary range. Exceptions may be approved by the Town Manager.

F. Temporary Promotions

Eligibility for a temporary promotional pay increase requires that an employee must have worked, or be scheduled to work, a minimum of 30 consecutive calendared work days in a vacant 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 criteria above.

#### G. Demotions/Reassignments

- 1) A demotion or reassignment is the movement of an employee to a position in a lower pay grade. A demotion or reassignment may occur for the following reasons:
  - a. Reassignment to a job at a lower grade based on organizational changes;
  - b. Disciplinary-based demotion due to inadequate job performance or personal conduct;
  - c. Voluntary (employee-initiated demotion and approved by supervisor).
  
- 2) Treatment of base pay due to demotion is as follows:
  - a. For reassignment, pay may or may not be reduced. Human Resources and the Department Director and/or the Town Manager will determine the employee's new salary. The employee's salary will not exceed the new pay grade maximum;
  - b. A disciplinary-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;
  - c. 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.

#### H. 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. Town Board approval is required for a job title change. 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.

#### I. Merit Increases

The Town has a pay-for-performance philosophy for merit increases based upon individual performance levels when funds are available. The Town's performance management process is designed to evaluate performance and to provide a basis for merit increase decisions. Once approved by the Town Manager and budgeted by the Town Board, the appropriate 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.

J. Merit Bonus/Increase

At the discretion of the Town Manager, an employee may be given a lump sum bonus up to a maximum of \$1,000 or a merit increase up to the maximum percentage allowed by the current Merit Pay Raise Chart at any time for exceptional performance, for recognition of a one-time special project, for a significant effort that resulted in a substantial improvement to a process or outcome, or for other significant contributions for the good of the Town.

K. Salary Range Adjustments

The Town 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 range 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.

L. New Classifications

Requests for additional positions for existing classifications must be made through the Finance Department. Proposing a classification which does not currently exist in the Town's Pay and Classification System during the budget process requires the department to coordinate through Human Resources prior to the budget process to determine appropriate assignment of pay grade and funding level. After final budget approval, the Department Director shall send to Human Resources a completed Job Task Analysis. When required documentation is provided, Human Resources will activate the new position.

M. Longevity Pay

Subject to budget availability, all regular full-time and regular part-time employees who receive a performance evaluation score of "meets expectations" or above are recognized for their consecutive years of service to the Town by the payment of a longevity supplement based upon the following table:

<b>Years of Service</b>	<b>Longevity Amount Lump Sum Payment</b>
< 1	\$0
1 to 5	\$250
6 to 10	\$500
11 to 15	\$1,000
16 to 19	\$1,500
≥ 20	\$2,000

Years of service are calculated on a calendar year basis. An employee who retires with sufficient service to receive a retirement benefit check from the North Carolina Local Government Employees Retirement System before December 1 of the current year shall receive a final longevity payment at the rate of one twelfth the annual amount for each full month worked from December 31 of the prior year to their retirement date. Longevity pay will be issued on the first Friday in December or on a date in December designated by the Town Manager.

**N. Reorganizations**

Reorganization occurs when there are changes that alter reporting relationships without affecting job title, pay grade, minimum qualifications, or essential job responsibilities. Department Directors proposing a reorganization 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. Reorganizations must be approved by the Town Manager.

**O. Reclassifications**

Proposed changes that alter an employee's job title, pay grade, minimum qualifications, and/or essential job responsibilities as a result of reorganization are considered reclassifications.

**1) Reasons for Reclassifications**

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

- A position's responsibility level has increased or decreased significantly;
- Job duties of an existing position are being combined with a vacant position of another classification;
- 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;

- 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:

- 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;
- Volume increases in work load;
- Rewarding personal achievements of employees that are not required by the employee's classification description (i.e., obtaining degrees, certificates, skills, etc. above those required by the job);
- Rewarding performance;
- Rewarding length of service;
- Attempting to increase range maximums for employees because their salaries are at or near their current range maximums;
- Creating jobs to accommodate or reward specific skill sets, personal preferences, or individual interests of employees that are not required by their jobs;
- Requesting higher grade assignments for vacant positions without accompanying changes in assigned job responsibilities;
- Requesting higher grade assignments to placate dissatisfied employees without valid job-related reasons; or
- Requesting review repetitively without accompanying changes in responsibilities or job duties.

## 2) Responsibilities

Department Directors have the following responsibilities:

- Evaluating requested reclassifications brought forward in their departments to determine whether they fall within policy guidelines prior to forwarding to Human Resources;
- Providing Human Resources with documentation providing the reason(s) for the requested reclassification;
- Ensuring that all other documentation required for review is provided and is complete;
- Ensuring that employees subject to reclassification review are available for consultation and desk audits.

Human Resources has the following responsibilities:

- Accurately evaluating and appropriately classifying new and reclassified position(s) according to standard compensation procedures and Town guidelines;
- Ensuring the consistency and integrity of the Town's classification structure;
- Initiating studies of individual positions, series of positions, career ladders, classes, and/or organization units as required to maintain the integrity of the classification and compensation program;
- 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) Impact on Pay

An employee whose position is reclassified to a class having a higher pay grade may or may not receive a salary increase depending upon internal and external equity. The employee will be paid at least the minimum of the new pay grade. An employee whose position is reclassified to a class having a lower pay grade will retain his/her current salary. If the employee's salary is at the maximum established for the new range, the salary of that employee shall be maintained at the current level until the range is increased above the employee's salary.

## P. 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 Town and prepare them for advancement.
- 2) Departments using career ladders other than those currently in the Pay and Classification Plan must identify the criteria required for progression within the career ladder and coordinate the implementation of the ladder with Human Resources.

- 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 classification description for the next level.
- 4) Eligibility for progression requires a performance rating score of "Meets Expectation" or above for the most recent review period.
- 5) Advancements within career ladders are considered promotions.
- 6) Determining whether employees meet required qualifications for advancement is the Department Director's responsibility.

**VIII. Authorization**

Approved by:

Erskine Smith  
Town Manager

July 1, 2011  
Date