

## SDCRAA HUMAN RESOURCES STANDARDS AND PROCEDURES

Section:	<b>Compensation and Benefits</b>
Standard:	<b>COMPENSATION ADMINISTRATION</b>
Section #:	<b>C-3</b>
Effective:	June 24, 2008

See Also: Performance Planning and Evaluations; Base Compensation Program; Service and Anniversary Dates; Corrective Action; Promotion and Transfer; Recruitment and Selection (All)

### GENERAL STANDARD

To assist in attracting and retaining a highly committed and competent workforce, the Authority in its discretion maintains and administers a market-competitive compensation program.

### SPECIFIC STANDARDS

- ❑ Each Authority position (within a class) is assigned to a compensation range or grade based on consistently applied and objective methods such as comparing Authority positions to similar positions in the labor market and relating Authority positions to one another to determine the hierarchical relationships with regard to job duties and responsibilities.
- ❑ Human Resources Department staff review salary ranges and general pay practices periodically to ensure that both ranges/grades and employee compensation are appropriately market-competitive and that internal equity throughout the Authority is maintained. Prior to extending an employment offer, Human Resources staff also reviews compensation of all Authority employees holding positions in that specific class.
- ❑ All employees shall receive periodic performance evaluations and may be eligible for pay increases based upon their performance level in accordance with merit increase guidelines.

- ❑ Individual employees may be considered for a compensation increase within the salary range/grade for their designated position class and an increase commensurate with their quality of work performance.
- ❑ Annual merit increase consideration generally takes place on a twelve month anniversary cycle. Exceptions may be made with the approval of the Director, Human Resources, appropriate Vice President, and manager.
- ❑ Every manager is responsible for ensuring employees are informed fully of the particulars of the salary program, the applicable salary ranges/grades, and current job responsibilities. The manager also is responsible to ensure employees have a copy of their position class specification and that the *class spec* is maintained as “current.”
- ❑ Managers may recommend merit increases for individual employees only on the basis of competent performance that “consistently meets expectations.” It is not the Authority’s intent to grant automatic annual salary increases, adjustments, or compensate employees for reasons other than quality of performance.
- ❑ The compensation program is designed as a tool for managers. It is not to be used either as a substitute for good judgment or as an excuse for poor human resource management. If there are special situations not governed by the provisions of these standards, an exception must be requested.
  - This exception must be submitted by the appointing authority, through the Director, Human Resources, to the appropriate Vice President for consideration.
  - Approval decisions must be made with the advice of and in consultation with the Director, Human Resources.
  - All requests for exceptions must clearly state specific, justifiable reasons for the exceptions.
- ❑ Managers and Human Resources staff shall work together to ensure Authority procedures are followed and the compensation program is administered properly. It is incumbent upon managers to identify areas where exceptions to

the program may be recommended if, in their judgment, it is in the best interest of the Authority to make these exceptions.

- Employees are to be paid the minimum and no more than the maximum of the salary ranges for their respective classes, unless prior approval is obtained from the Director, Human Resources and the President/CEO (or authorized designee).

#### Beginning Salaries for New Hires

- Unclassified or At-Will positions: Starting compensation within the first zone of a salary range (minimum up to 88 percent compa-ratio). See **Base Compensation Program** Standard.
- Classified Service positions: Starting compensation at the first or second step of a salary range.

Starting compensation that exceeds these guidelines must be reviewed by the Director, Human Resources (or designee) to ensure that no unjustifiable internal salary inequities are created as a result. Starting compensation beyond the second zone of salary ranges for *At-Will* employees or the third step for *Classified Service* employees generally must be approved by the appropriate Vice President (or designee).

#### Merit Increases for Unclassified or At-Will Employees

- At-Will employees may be considered for merit increases annually, on an anniversary basis, if performance warrants.
- The anniversary is the twelve month period following the date of appointment to the current position.
- The Authority routinely establishes merit pay guidelines that generally are issued in conjunction with the Authority's budget cycle.
- Exceptions to the promulgated guidelines may be made, but must be the result of approval from the appropriate Vice President and Director, Human Resources.

Employees at or over the maximum of their compensation grade may receive merit compensation in a lump sum payment that does not become part of base compensation.

### Increases for Classified Service Employees

- Employees whose overall annual performance average is On Target (OT) or above generally advance one-step, annually, through step 5 on the anniversary of the date they were appointed to the current position.
- Exceptions to the “one step advancement” may be made, but must be the result of approval from the appropriate Vice President and Director, Human Resources.

Once employees reach step 5 of the Classified Service Salary Ranges, they are not granted further annual merit step increases unless they are eligible for increases to Steps 6 and 7. Both placement at Steps 6 and 7, and continued retention at Steps 6 and 7, is granted only to employees who perform in an *extraordinary* manner and whose annual performance meets criteria established by the Authority.

### Promotional Increases

- A promotional compensation increase typically is 5 percent of the employee’s current salary or the minimum of the new salary range, whichever is greater, unless a larger amount is approved by the Director, Human Resources and the appropriate Vice President.
- Occasionally, when salary ranges are adjusted upward or when a position is re-evaluated and assigned to a higher salary range/grade, employees’ compensation may fall below the new minimum. When this occurs, employees’ salaries generally may be increased to the new minimum, so long as performance warrants.

## **GUIDELINES**

When notifying an individual of a merit increase, managers should emphasize that the increase is performance based.

## PROCEDURES

### Manager Responsibility

The effective date of a salary increase generally is the employee's position anniversary date.

- Managers must complete and discuss performance evaluations with employees no later than two weeks prior to the close of an employee's performance period.

Note: Failure to complete employee performance evaluations on time will be a factor considered in the manager's/supervisor's performance evaluation.

Merit compensation changes are triggered by managers via a Personnel Action Form (PAF). The Personnel Action Form must have two levels of written approval prior to submission to the Director, Human Resources.

Managers are responsible for ensuring recommended compensation increases comply with the Authority's guidelines. Should an exception be requested, the manager must obtain approval from the appointing authority, the appropriate Vice president, and the Director, Human Resources prior to engaging in any discussion with the affected employee.

Managers are responsible for submitting the Personnel Action Form to the Director, Human Resources no later than the applicable pay period submission deadline. Human Resources Department staff will process the Personnel Action Form to include payroll.