



DATE: August 2014
EFFECTIVE DATE: August 31, 2014
REVISION UPDATES:
TITLE: Compensation Administration Policy
ISSUER: Human Resources
COVERAGE: All Employees
DURATION: Indefinite, Annual Review

Philosophy

The purpose of the Vilas County Compensation Administration Policy is to ensure that pay is established and administered according to fair and equitable principles. It is the Human Resources Manager's responsibility to administer the compensation plan consistently and impartially for each employee or candidate. The Personnel Committee serves as the oversight to the administrative process.

Vilas County is an equal opportunity employer. All employment decisions are based on merit, qualifications, and competence. Our employment practices are not influenced or affected by an applicant's or employee's race, color, religion, sex, sexual orientation, national origin, age, mental or physical disability unrelated to the ability to do a job, or any other characteristic protected by law. This policy governs all aspects of employment (including compensation), promotion, assignment, discharge, and other terms of conditions of employment.

Objective:

It is Vilas County's objective to:

- Recognize the value each position and employee brings to Vilas County
- Pay salaries that are equitable for the work being performed
- Be equitable in pay across departmental lines
- Attract and retain fully qualified employees
- Increase employee's understanding of pay administration
- Increase manager accountability for administering pay

These objectives are regularly reviewed and evaluated by the Human Resources Manager. Modifications will be made as necessary. Questions concerning the policies and procedures in this policy should be directed to the Human Resources Manager.

Job Documentation: Job documentation refers to the collection and maintenance of job content information. Formal job descriptions are used to describe duties and responsibilities required for each job at the County. The description focuses on the job, not the employee assigned to the job. Appraisal of the employee's performance is treated as a separate issue.

County job descriptions generally contain the following information: job title; reporting relationships; exemption status; job summary; essential duties and responsibilities; work requirements and characteristics, licensure/certification; required work experience; essential skills required to perform the job, and work environment conditions and physical requirements. A copy of the approved job description is available for each employee through their manager, or the Human Resources Manager. A job description is used to describe every job. It is intended to

document the minimum requirements of the job as it exists at the present time. The formal job description is used as the basis for assigning a pay range. Accurate and complete job descriptions will be prepared and maintained.

Salary adjustments for current employees or hiring rates for new employees are authorized only with a current job description.

Current job documentation is the responsibility of the Human Resources Manager in coordination with department managers. The Human Resources Manager is responsible for ensuring the consistency and accuracy of the information and keeping formal copies and background information on file for all jobs. The Human Resources Manager is also responsible for writing new and revised job descriptions and determining the salary range for new or changed jobs.

If a manager wants to hire for a new job, a position description questionnaire must be completed listing the minimum requirements and responsibilities for the job. A job description will then be developed and a pay grade and salary range assigned to the job.

As a job changes, a revised job description may be needed. Managers are required to review job descriptions with their employees on an annual basis in conjunction with the performance appraisal process. If changes are minor, the manager and employee should note the changes on the current job description and forward it to the Human Resources Manager. The Human Resources Manager will make the changes and prepare and distribute an official revised description.

If there are major changes in the duties and responsibilities of a job, the manager and employee must complete a new position description questionnaire. The questionnaire must be forwarded to the Human Resources Manager who will develop a new job description. The Human Resources Manager will determine if the new job should be placed in a different salary range. The manager and employee will be notified regarding the new job description and salary range change, if any.

If a job becomes vacant, the manager is required to review the current job description to determine if there should be any changes prior to the position being posted. Revisions should be made before any action is taken to fill the position.

Job Pricing & Salary Range Structures: The County is committed to providing a salary range structure that is responsive to the external market and is internally equitable. Data will be collected and analyzed on a regular basis to determine market movement of jobs and current salary trends.

Job pricing is the process of matching our jobs at the County to jobs of the external market. Pay grades are determined through a process of evaluating jobs based upon internal and external conditions and grouping similarly valued jobs together (job groups). The market value for jobs within a job group is used as a factor when computing the pay for the salary range structure.

The salary range structure consists of a series of overlapping salary ranges. Each salary range has a minimum, midpoint, and maximum salary amount. To reflect the County's pay for

performance, the minimum and maximum of each pay grade will be within 20% of the midpoint. The County will review the Consumer Price Index for All Urban Consumers (CPI-U) data as well as data from local and national compensation surveys in order to maintain competitive salary ranges.

Each salary range is identified through a minimum, midpoint, and maximum salary amount.

(a) **Minimum** –The lowest amount the County will pay an individual for a job assigned to the salary range.

(b) **Minimum to midpoint area (the first and second quintiles)** – Is intended for employees who:

- Are continuing to learn job responsibilities while meeting performance standards.
- Are fully trained but perform at a level does not meet expectations.
- Have not acquired sufficient time in the job to warrant pay at the midpoint level.

(c) **Midpoint area (the third quintile)** – Intended to represent the salary level for employees who are fully qualified and performing at a fully proficient level over a period of time (the direct midpoint of the range is intended to reflect the market rate).

(d) **Midpoint area to maximum (the fourth and fifth quintiles)** – Intended for employees whose performance is continuously excellent or outstanding and consistently exceeds performance objectives over a period of time.

The Human Resources Manager is responsible for gathering, analyzing, and recommending changes to the salary range structure based on market data and salary trend information. On an annual basis, the Human Resources Manager presents this information to the Personnel Committee and recommends and discusses possible changes to the salary range structure. The Personnel Committee reviews and approves recommended changes.

The Human Resources Manager will conduct a comparative ratio analysis on an annual basis to determine where each employee's pay falls relative to his or her current salary range. As a policy, Vilas County's Personnel Committee requires the overall pay plan to maintain a comparative ratio analysis within the third quintile.

A full review of market data for Vilas County's jobs will be conducted at least once every three (3) years. The Human Resources Manager will review market data and develop a comparison of market data to current midpoints and current pay practices. This information will be shared with the Personnel Committee.

Pay Adjustments: A pay adjustment occurs when the County adjusts an employee's rate of pay to fall within the parameters of established pay ranges. These adjustments may occur for various reasons. To ensure credibility and achievement of the County's objectives, an effective pay adjustment system must be developed and maintained with guidelines and procedures communicated. The guidelines and procedures of the base compensation plan are intended to ensure that each employee will be rewarded on the basis of demonstrated performance.

Department managers are responsible for initiating appropriate pay adjustments for their employees through the review of performance and communication with the Human Resources

Manager. The Personnel Committee approves the final compensation plan. Managers will communicate all approved pay adjustments to employees.

The Human Resources Manager is responsible for:

- Monitoring the day-to-day administration of salaries and compensation decisions for consistency with the plan’s objectives
- Maintain the base compensation plan administrative guide and communicating all changes to department managers and employees
- Training each department manager to administer the plan within approved guidelines
- Preparing timely recommendations for merit increase guidelines
- Ensuring that a formal performance appraisal precedes all merit increases

The Personnel Committee is ultimately responsible for approving the final overall adjustments and ensuring overall plan objectives are being met.

Market Adjustments: Market rates (mid-points of salary ranges) are the rate of pay with which the County compares itself in local, regional or even national markets for our jobs. When necessary and appropriate, salary adjustments not related to performance, but intended to correct market or equity disparities may be proposed for individual jobs, groups of jobs, or the overall pay plan to maintain the County’s relative position to the market. All market adjustments will be approved by the Personnel Committee.

Merit Increases: Merit increases are intended to ensure that performance is recognized and that equity is achieved and maintained. The Human Resources Manager will review market conditions and trends to recommend a merit increase budget on an annual basis that will be approved by the Personnel Committee. Recommendations for merit increases should be on the basis of performance and should not move the compensation of an employee past the maximum established for the salary range.

A merit increase is applied by taking the employee’s current rate of pay, identifying which quintile that rate of pay is in, and then multiplying the current rate by the percentage increase established in the annual merit increase decision worksheet based on the employee’s level of performance. The following table is an example of an annual merit increase decision worksheet. The merit increase worksheet will be determined within the budget approved by the Vilas County Board.

Example Annual Merit Increase Considerations

LEVEL OF PERFORMANCE	QUINTILES				
	1 st (80-87%)	2 nd (88-95%)	3 rd (96-104%)	4 th (105-112%)	5 th (113-120%)
Outstanding	4.5%	3.0%	2.0%	1.0%	1.0%
Exceeds Expectations	4.0%	2.5%	1.75%	.75%	.75%
Meets Expectations	3.5%	2.0%	1.5%	.5%	.5%
Needs Improvement	0%	0%	0%	0%	0%
Does Not Meet Expectations	0%	0%	0%	0%	0%

New Hires: The hiring rate is normally the minimum of the salary range for entry-level individuals. If an individual with prior experience is hired, the hiring rate should reflect the level of experience the individual brings to the County. The proposed rate should not create inequities with current staff. The proposed hiring rate will be determined and approved by the Human Resources Manager. Exceptions must be approved by the Personnel Committee.

Promotional Increases: Promotional increases are provided to recognize an increase in the scope and responsibility of a job and should be given at the time the new responsibilities are assumed. The amount of the increase should be consistent with the objectives of the base compensation plan, taking into consideration the employee's pay level prior to the promotion, and consideration of internal equity issues.

Equity and Administrative Adjustments: An equity adjust is made to correct inequities due to internal or external conditions and may also be used to bring compensation to the minimum of the range or up to the level of other employees with the same experience, job and performance.

Job Reclassification: As the organization continues to grow, jobs and responsibilities will evolve and change over time. Therefore, as job descriptions change, they will be evaluated to determine if the job needs to be reclassified into a different pay grade. The Human Resources Manager will have the responsibility to recommend the reclassification of positions. All position reclassification requests will require submission of a position description questionnaire, internal equity analysis, and relevant market data prior to consideration. Employees can make reclassification requests to their respective Department Head if there are major changes in scope and responsibilities. The Human Resources Manager will aid in the analysis and collection of market data. All reclassification requests will be evaluated and subject to the approval by the Human Resources Manager within the compensation plan's administrative guidelines with final approval from the Personnel Committee.

Lateral Transfer: A lateral transfer is the reassignment of an employee from one job to another job in the same pay grade and salary range which normally does not involve a change in pay. Lateral transfers provide employees with the opportunity to acquire new work experience and provide exposure to a different work environment.

Demotion: A demotion is the reassignment of an employee from one job to another job in a lower pay grade and salary range with a resulting decrease in the scope and responsibility. Demotions may occur for unsatisfactory job performance, in response to an employee request, and for various organizational reasons. The determination of whether the employee should have their pay reduced will be based on the current pay level of the employee relative to the salary range as well as internal equity considerations.

Redlining: Employees whose salary is determined to be above the maximum pay rate in the pay grade established for their job will have their pay rates redlined until such time that the market adjustments bring their current salary within established salary ranges. The redlining procedure does not allow for an employee's base rate to be adjusted above the salary range maximum rate. Once adjusted to the maximum salary rate, employees remain eligible to receive any portion of any pay increase that exceeds the salary range maximum rate as a lump sum payment to be paid at the time of the adjustment. The lump sum payment will be calculated by taking the

hourly rate that exceeds the salary range maximum rate and multiplying it by the annual hours for the position.

Exceptions: In order to make the base compensation plan an effective management tool, exceptions which are variances from normal guidelines may be considered when there is justifiable cause. Exceptions to policy should be discussed with the Human Resources Manager prior to the preparation of any recommendation. Exceptions must be reviewed and approved by the Personnel Committee.

Confidentiality: Vilas County will treat all pay and salary range information confidentially. As a general rule, Vilas County will not discuss individual compensation information with other employees unless extenuating circumstances exist. When discussing compensation with an employee, we will remain focused on that employee's specific pay situation. Employees will be provided their individual pay and salary range only. If an employee is considering a job change to a vacant position, the salary range information will be discussed at that time.

Vilas County's compensation data is public record. Therefore, any party wishing to acquire specific compensation information may be entitled to receive it provided they make the request in the appropriate manner.