



# City of Kaukauna Compensation Program Management and Administration Guide

## Contents

Introduction .....	3
Components and Design .....	3
Pay Plan Structure.....	3
Starting Pay .....	4
Base Wage Adjustments .....	4
Step Increases .....	4
Performance-Based Merit Incentives .....	4
Review of placements and positions .....	6
Transfers and Promotions.....	7
Significant Changes to a Job.....	7
Ongoing Review .....	7



## Introduction

The overall goal of the City's compensation program is to establish a system that is internally equitable, externally competitive, financially sustainable, and provides incentives to reward employee achievement. A good compensation system helps to both retain existing staff and allows the recruitment of qualified staff when vacancies occur.

The City's pay philosophy is to establish compensation ranges where the mid-point meets the 50<sup>th</sup> percentile of the market for a position.

The City completed a full classification and compensation study in 2022 and the results were implemented in 2023. This classification and compensation study reviewed all regular full and part-time non-represented employees to ensure appropriate compensation range, compensation grade, and to review internal equity.

## Components and Design

### *Pay Plan Structure*

The City maintains a defined increment step system for regular full and part-time non-represented employees. This means that the plan has defined increments between each step and employees advance through the steps based on their longevity with the City and their successful performance.

The plan consists of 30 pay grade classifications and 9 steps (steps A – I). Each step has a defined amount of time that an employee must remain on the step until they are eligible to move to the next step. Initial steps (A and B) are defined as 6 months, and steps C - I are defined as 12 months. Initial steps are quicker to move new hires to the mid-point of their position within 4 years.

No employee will be paid below the minimum of their respective grade. Generally, no employee will be paid above the max for their respective grade. There may be rare exceptions, but these must be approved by Mayor.

The pay ranges are not structured for employees to begin at the minimum and automatically receive step increases until they reach the max simply because they have held their position. Instead, employees advance within the pay system by mastering their role, enhancing their skills, taking on more responsibilities, and consistently performing well. Employees must show increasing job competence and performance to continue progressing towards the mid-point and beyond.

### ***Starting Pay***

The starting pay for a new employee or newly promoted employee at the City is determined by considering the pay range associated with the job by reviewing the candidate's qualifications for the job as compared with job responsibilities. Generally, employees will start at step A, but if a higher than minimum step is proposed, it will be done so to ensure that it does not create internal inequities for existing employees.

### ***Base Wage Adjustments***

Each year, the City reviews compensation data to ensure the overall system is keeping up with the market. When a cost-of-living adjustment is made, it is made to all pay grades within the plan. Employees in the plan whose annual performance score is 2.75 or higher, will be eligible to receive the cost-of-living adjustment. It is generally recommended that the cost-of-living adjustment be made at the beginning of the calendar year, however, the timing will be determined during the annual budget process.

### ***Step Increases***

Steps are designed to recognize an employee's continued growth within their position. Employees will progress through the step system by meeting two components: time within each step and meeting the performance standards. To receive a step, the employee must have received the minimum performance score corresponding to the step they are moving to. For steps A-C, a score of 2.75 must be met, for steps D-E a score of 3 must be met, steps F-G a score of 3.25 must be met and for steps H-I a score of 3.5 must be met. Additionally, prior to each step, the employee must have a successful step-check-in with their supervisor. If the employee is due for step movement from step A to step B prior to their first annual review, the employee will be permitted to step if they have completed a successful step check-in.

### ***Performance-Based Merit Incentives***

To recognize employees that make outstanding contributions to their department and the City, a department head can nominate employees for a performance-based merit incentive.

Employees must have received an annual performance review score of 3.75 or higher to be eligible for a merit incentive.

There two categories of performance base incentives:

1. One-time allotment of up to five days of personal time
  - a. Employees will also have the option of cashing out personal time awarded if they prefer the extra pay rather than time off.
2. One-time step adjustment or acceleration

While it's not possible to define every reason an employee may go above and beyond for their department or the City, in general, the following guidelines can be followed:

### **One-time allocation of additional personal time**

Department heads can nominate employees to receive a one-time allocation of up to five (5) additional personal days. These do not roll over. Employees will have the option to take the personal time as days off, or they can choose to take a one-time cash out of the additional personal days. The ability for employees to cash out any personal time awarded will be determined within the budget process. This may vary year to year.

- The employee assumed additional duties or responsibilities of a person in a higher classification for an extended period of time (3 months or more). If an employee receives step-up pay while completing duties, they are not eligible for a merit incentive.
- The employee assumed additional duties beyond what would generally be expected from the scope of their position.
  - An increase of duties within the general scope of the employee's position and job description does not necessarily warrant a performance-based merit incentive. The purpose of progressing through the step system is to reward employees for increasing job competence and responsibility.
- The employee made a significant improvement in a service or increased a service for either the public, your department, or another department (with little or no increased cost).
- The employee developed a new work method or process which had a major impact on the department's operations.
- The employee took the lead role in a major project or implementation that represented a significant time and effort commitment.
- The employee identified a substantial cost or time savings for the department or City (materials, time, equipment or money), or the employee makes a significant positive impact on their department's budget.
- The employee demonstrated a high level of leadership, commitment to City values, and made a significant impact on their department or the City overall.

### **One-time step adjustments or accelerations**

- The employee has shown progression in their role beyond prediction. This could include but is not limited to exceptional performance, demonstration of a high level of competence and mastery of key responsibilities, enhancing department services or processes, or gaining significant efficiency in processes and procedures within their role.

### **Nomination Process**

Department heads must complete and submit a merit incentive nomination form for employees within their department that are being recommended for a merit incentive.

Department heads will need to be specific on the employee's contributions and why they are being recommended. A compelling recommendation should clearly describe the employee's contributions and should include how their contribution goes above and beyond what is generally expected from their position. Again, employees with successful performance who are receiving a step increase are already being rewarded via their step increase for successful performance.

### **Merit Incentive Recommendation Form**

#### **Review process**

All supervisor nominations for performance-based merit incentives will be reviewed by the Merit Incentive Award Team which will consist of the Mayor, Finance Director, Human Resources Director, and a member of the Finance and Personnel Committee.

The Merit Incentive Award Team will review all nominations to determine if they meet requirements and determine the financial feasibility of each request.

Once nominations are approved by the Merit Incentive Award Team, they will be included in the overall budget approval process.

#### **Review of placements and positions**

When the City completed its classification and compensation study in 2022, positions were reviewed to ensure appropriate pay grade classification. The following factors were considered when making these determinations:

- Complexity of the job
- Responsibility to make and implement important decisions and degree of independent judgement required
- Work environment
- Education, training, and preparation required to complete the job

- The degree to which they oversee additional staff
- Market comparables

### *Transfers and Promotions*

When an employee accepts a position within the City that is at a higher pay grade than their current placement, they will be placed at the step nearest their existing salary that provides them with a step increase.

### *Significant Changes to a Job*

It is not unusual for jobs to change over time based on the skills of the employee within the position and the needs of the department/City. Not all changes to a job warrant a change in pay grade classification.

Examples of changes to a job that generally do not warrant changes in pay grade include:

- Additional responsibilities were added, but the level of complexity is similar to existing duties.
- The volume of work increases or decreases, but the complexity remains similar.
- Use of different or new tools to complete a job (i.e. utilizing or learning a new technology to manage a process).

Examples of changes to a job that may warrant a pay grade change:

- Additional responsibilities are added that represent a significant increase in complexity as compared to existing responsibilities.
- Additional responsibilities were added that represent a significant increase in the level of accountability the position holds.
- Additional responsibilities were added that increase level of leadership, critical decision-making authority (budget for example), and/or significant changes to the oversight of other staff.
- A significant change in scope of responsibility.

### *Ongoing Review*

Pending budget fund availability, the City would like to complete a full classification and compensation study every 5-7 years to ensure continued equity and market competitiveness of pay grades and ranges.

The City completed a formal compensation study in 2022. The results were implemented in 2023. This study reviewed internal equity and market competitiveness. The City

understands that the market for a position can change over time. To ensure positions are consistently placed on the compensation schedule appropriately, the City will continually monitor position placements. The City intends to complete a formal compensation study every 5-7 years, pending budget feasibility, to ensure fair and consistent placement of positions on the salary schedule, and to ensure that positions do not fall behind the market.

The HR department will review all newly created positions to determine proper placement within the salary schedule.

For questions regarding compensation, please contact Human Resources.

