

## **SECTION 8 - COMPENSATION**

### **8-1. Classification and Pay Plan**

It is the policy of the Village and the purpose of this plan to establish a Pay Plan that will allow the Village to effectively compete for qualified personnel and to ensure that salaries are equitable and commensurate with the duties performed by each employee. Employees of the Village shall receive compensation as determined from time to time by the Village Board through the establishment of a salary/wage schedule by job classification which is adopted by Board motion and vote and made effective at the beginning of the first full pay period after January 1 of a given year. Adjustments in salary/wage schedules will typically be made due to inflationary consideration and/or market adjustments. Any wage adjustments are also dependent on budgetary constraints and job duty adjustments.

### **8-2. Employee Evaluations**

All employees shall be evaluated in writing following their probationary period of employment, and thereafter may be evaluated annually, typically during the months of August and September, or as frequently as is deemed necessary. Mid-year evaluations may be conducted as warranted. Such written evaluations will have reference to the quality and quantity of work performed, the manner in which the work was performed and the conduct of the employee. The Village Administrator along with the department heads will work together to create (and modify as necessary) a village wide standard evaluation form, that has an additional section that is specific for different classifications of employees.

### **8-3. Salary and Wage Adjustments**

Employees who receive satisfactory evaluation following their initial probationary period of employment with the Village may be considered for a salary/wage increase, to be determined by the department head. Thereafter, adjustments in salary/wage may be implemented to employees at the beginning of the fiscal year after recommendation of their immediate Department Head, with Village Administrator approval for the appropriate budget year.

Salary and wage adjustments are not automatic but will be based on evaluations and budgetary considerations.

### **8-4. Annual Increases**

Every year at the beginning of the first full pay period following January 1, all employees (including probationary employees) of the Village will receive a Cost-of-Living Adjustment (COLA), which will be an amount of up to 2.5% based on the annual Consumer Price

Index (CPI). This increase will also be applied automatically to all salary/wage schedules as adopted in Section 8-1.

Employees will be eligible for a merit increase of up to 2.5% at the same time as the COLA adjustment. The merit increase will be based on their annual performance evaluation, following the schedule below:

Merit Bonus Schedule:

<i>Unacceptable:</i>	<i>0%</i>
<i>Needs Improvement:</i>	<i>1%</i>
<i>Meets Expectations:</i>	<i>1.5%</i>
<i>Performs Commendably:</i>	<i>2%</i>
<i>Exceeds Expectations:</i>	<i>2.5%</i>

If an employee receives a poor score on their evaluation (overall score of 'Unacceptable'), they will not be eligible for a merit increase until they receive a satisfactory evaluation (overall score of 'meets expectations' or higher). The department head may impose additional time for re-evaluation, up to 90 days, if deemed necessary. Employees may appeal their evaluation to the Department Head or Village Administrator if they feel it was unfairly applied.

The Village Administrator also will have the ability to suspend or reduce any or all automatic increases or bonuses in this section due to budgetary constraints, or in response to any emergency declaration by any local, state or federal jurisdictions the village falls within. Upon lifting this suspension, the village may immediately reinstate any missed increases by employees.

#### **8-5. Overtime**

Only Fair Labor Standards Act (FLSA) non-exempt employees shall be entitled to overtime. Eligible employees (excluding police officers) shall be compensated for overtime at a rate of one and one-half times their regular hourly rate for all hours actually worked over forty (40) in a work week. Paid time off shall not be considered as time worked in the calculation of overtime. For all FLSA non-exempt employees, prior authorization from the employee's Department Head is required before an employee may work more than their scheduled daily or weekly hours. Additionally, employees shall not conduct any Village business outside of work hours, including but not limited to work on Village issued or personal electronic devices (including but not limited to tablets, computers, smart phones, I-Pads, and like devices) unless they have received prior approval from a Department Head. Failure to obtain prior approval for overtime may result in disciplinary action up to and including dismissal. To the extent possible, an attempt will be made to fairly distribute overtime work among employees competent to perform the required service.

Law Enforcement shall refer to Lexipol Policy 1037.

In accordance with 7(k) of the Fair Labor Standards Act, police officers will be paid overtime for all Hours Actually Worked over 84 hours in a 14-day work cycle.

Hours Actually Worked is calculated based on the time the employee clocks and/or signs in, whichever is applicable. If an employee mistakenly forgets to clock in or out, the employee must notify his supervisor immediately upon discovering the mistake.

In the case of executive, administrative and professional personnel as defined by the Fair Labor Standards Act (FLSA), it is implicit in the nature of their position that time beyond the normal work schedule may be spent on the job. While some recognition of this work may be made by the Village Board, it is recognized that these classifications are overtime exempt.

#### **8-6. Date of Hire/Anniversary Date**

Date of hire shall mean the individual's first scheduled date of employment with the Village. Anniversary date shall mean the date the employee was initially hired.

A regular employee returning from a leave of absence without pay will not be given service credit during the unpaid time off. Benefits will not accrue during a period of unpaid leave, unless otherwise required by law.

#### **8-7. Re-assignment to Lower Classification (Demotion)**

An employee reassigned to a position in a lower classification or reduction in job duties regardless of the reason (disciplinary, in lieu of layoff, for reasons of disability or incapacity, department reorganization, etc.) will receive a cut in pay commensurate with the nature of the demotion as determined by the Village Administrator in consultation with the Department Head.

Demotions do not change the person's date of hire. No employee shall be demoted to a position for which he or she does not possess the minimum qualifications.

#### **8-8. Promotions and Transfers**

The Village attempts to fill vacant positions with Village employees before advertising to the general public following a practice of upward mobility whenever possible. Employees are encouraged to apply for positions in which they believe they are qualified. Generally, employees are expected to serve in their current position for at least two years before being considered for a promotion. Selection of an employee for a promotion is based on several evaluation criteria including past work record, education and knowledge of the job duties.

If the employee accepts a transfer or promotion, it will be the responsibility of the two affected departments along with the employee, to reach agreement on a transfer date or promotion. Transfers may be initiated by the Village in instances where the Village's best interest may be served. Temporary duty assignments may be made by the appropriate Department Head for a specified time or assignment as necessary. Such appointments are made on an "acting" basis and the employee returns to his or her regular position upon completion of the assignment.

Transfers and promotions do not change a person's date of hire. If the position to which an employee transfers carries benefits different from those of the previous position, the benefits of the new position apply. Any exceptions must be stated in writing and be authorized by the Department Head.

### **8-9. Pay for Working in a Higher Classification**

There will be circumstances when an employee will receive compensation for the performance of duties in a higher classification than he/she normally performs. The performance of duties in a higher classification shall not be construed as granting any rights to continued placement in the higher classification.

The guidelines for determining when pay for working in a higher classification applies shall be as follows:

- A. Compensation for working out of classification is provided as monetary recognition to an employee for the assumption and performance of duties normally performed by an employee of higher classification.
- B. The assumption and performance of the duties of the higher classification must encompass a substantial portion of the range of responsibilities of the higher classification as determined by the Village Administrator. This shall not apply to temporary assignments which are made pursuant to a prior mutual agreement between the employee and his or her Department Head for the purpose of providing a training opportunity to the employee, for a mutually agreed upon period of time.
- C. The performance of such duties must be for an extended period of time, wherein a need exists to fulfill the duties and responsibilities of the vacant position. An extended period of time is generally considered as an assumption of duties and responsibilities that will last in excess of fifteen (15) work days. Performance of such duties for a period of fifteen (15) work days or less shall be considered a normal duty or requirement and shall not be compensated beyond an employee's regular rate of pay.
- D. Working out of classification compensation shall be allowed only after written recommendation of the Committee Chairperson with concurrence by the Department Head or Village Administrator. Recommendation and designation shall be accomplished prior to the assumption of higher classification responsibilities. The

Village Administrator shall have the authority to grant working out of classification compensation after the assumption of higher classification responsibilities.

- E. The employee's compensation will be established through mutual agreement at the time of assignment, but will generally not exceed twenty percent of the employee's current salary.
- F. When the temporary assignment is completed, the employee's salary will be readjusted to its previous level or the level it would have attained, including any general salary adjustments and within range increases, as if the out-of-classification pay had not been awarded. The employee's date of hire and anniversary date will remain unchanged throughout the temporary assignment.

#### **8-10.Wage Garnishment**

When the Village receives a court-order to take deductions from an employee's paycheck, the employee will be notified. The Village will act in accordance with the Federal Consumer Credit Protection Act, which places restrictions on the total amount that may be garnished from the employee's paycheck. Repeated garnishments may be considered cause for disciplinary action up to and including termination.

#### **8-11. Pay Periods**

Village employees are paid every other Wednesday. There are 26 pay periods in the fiscal year. The pay period begins on Sunday and ends on Saturday at 11:59 pm. If a pay day falls on a holiday, the day of pay shall be the last working day preceding the normal pay day. Paychecks will be distributed directly to the employee unless other arrangements have been approved in advance. An employee's paycheck may be released to the employee's spouse, designated family member, or to another person only if authorized in writing by the employee and upon presentation of valid identification.

#### **8-12. Payroll Deductions**

- A. The following deductions are required by law from each employee paycheck:
  - 1. Federal and State Income Tax withholding, to the extent applicable
  - 2. Social Security
  - 3. Retirement contributions
  - 4. Other deductions authorized by law
- B. Optional Deductions:
  - 1. Deferred compensation deposits

2. Payment of health insurance premium
3. Life & Accidental Death Insurance Premiums
4. Payment of dental insurance premium
5. Payment of vision insurance premium
6. Payment of supplemental insurance premium

With each paycheck the Village employee receives a statement of deductions and earnings which itemizes the various deductions made, as well as appropriate cumulative totals. A record of paid time off will also appear on the paycheck stub following successful completion of related probationary periods.

It is the employee's responsibility to maintain current payroll deduction information with the Village. Employees wishing to add or change their payroll deductions should contact the Deputy Clerk.

#### C. Other Permissible Deductions

The Village complies with the salary basis requirements of the Fair Labor Standards Act (FLSA). The Village does not make improper deductions from the salaries of exempt employees employed in bona fide executive, administrative or professional positions. In accordance with the FLSA, the Village may deduct pay from an exempt employee's salary for absences that are one or more days in length for any of the reasons set forth below. The absences must be in full day increments. Deductions may not be made for partial day absences.

1. Unpaid disciplinary suspension for violations of safety rules of major significance;
2. Unpaid disciplinary suspension for workplace conduct rule infractions;
3. Days not scheduled to work during the first or last week of employment;
4. Unpaid personal leave;
5. Sick or disability leave if such days are not otherwise compensable under Village policies; or
6. Family and Medical Leave Act absences if such days are not otherwise compensable under Village policies.

#### D. Improper Deductions

Exempt employees who believe that an improper deduction has been made should immediately report the error to the Deputy Clerk or Department Head. Reports of improper deductions will be promptly investigated by the Village. If it is determined that an improper deduction has occurred, the employee will be promptly reimbursed.

### **8-13. Direct Deposit**

The Village offers and encourages direct deposit of employee payroll checks. Enrollment and/or changes can be made by filling out the Village's Direct Deposit Authorization Form and providing a voided check to the Deputy Clerk. The voided check must contain the bank routing and account numbers for processing.

Cancelling a direct deposit deduction must be done at least ten (10) working days prior to payday. Any compensation requiring a separate check will not be directly deposited.

### **8-14. Recording Hours/Time Sheets**

The Village's time sheets are to be completed by all employees and signed by the employee's Department Head or designee. Time sheets are due Monday by noon following the end of a pay period for the previous two work weeks. Falsification of time records for payroll purposes is reason for discipline, up to and including termination. Employees may direct inquiries concerning payroll matters to the Deputy Clerk.

### **8-15. Village Administrator Actions**

If the Village Administrator or Department Head acts in any of the above circumstances listed, he/she will immediately notify the Village Board of those Actions, and the Village Board reserves the right to reverse any of those actions if deemed necessary at their next meeting.