

City of Las Vegas Compensation Program

Non-Represented Employees

**Department of Human Resources
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Introduction

Guiding Principles

There is more to keeping high performing employees than simply paying competitively. Employees value other forms of reward in addition to base pay, such as an attractive benefits package, a solid retirement plan, opportunity for career advancement and professional growth, and affiliation with an admirable organization. The city of Las Vegas (the city) strives to balance these rewards with the ability to fund them.

Philosophy

City of Las Vegas' compensation philosophy is to:

- Recruit, retain and reward talented and effective employees;
- Recognize employees' value and contributions to the city;
- Reward employees for performance;
- Manage pay through a competitive, flexible and efficient system;
- Ensure fair and consistent administration in all work groups across the city.

Scope

The policies and guidelines within this Compensation Program handbook are applicable to non-represented employees. This includes employees in the Executive, Appointive and Legal work groups.

Application

The city's compensation program is based on a market approach. The market rate is the amount that other organizations pay for similar work. The foundation of a market approach is to set a goal for overall employee pay levels as a percent of the market. For example, an organization may choose to position itself lower than, at, or higher than the market based on a number of factors, including the competition and ability to pay. The city of Las Vegas chooses to pay at the market, or what others are also paying. In practical terms, this means that the city's range midpoints are set close to the average of the market organizations' midpoints.

The guidelines in this handbook provide the framework for managing pay under this system. They are fairly broad, to provide managers with the flexibility necessary to make appropriate decisions.

I. Roles and Responsibilities

Managers/supervisors, employees and Human Resources all have a role to play in maintaining the compensation program and ensuring that all the pieces of the program are managed appropriately.

Managers and Supervisors

Managers and supervisors play a critical role in managing the compensation program because they are the first line of communication with employees. Managers/supervisors are responsible and accountable for:

- Planning ahead for any changes needed to address department operating needs;
- Establishing and maintaining equitable pay practices within their areas of responsibility;
- Recommending hiring rates and pay increases;
- Distributing performance-based pay increases consistent with the city's compensation philosophy, market factors, budget constraints and approval processes;
- Ensuring employees understand the compensation program and any future changes;
- Providing accurate and timely feedback to employees on compensation issues, answering both specific and general questions about pay, and seeking appropriate input when needed;
- Working with employees to keep job descriptions current;
- Being aware of the need for a job duties review, and bringing it to the attention of Human Resources if necessary;
- Seeking Human Resources approval to ensure appropriateness of decisions and consistency with broad pay guidelines.

Employees

While employees are not responsible for making pay decisions or actively managing the compensation program, they do have other important responsibilities:

- Understanding the compensation program by using the tools and resources the city makes available (e.g. written materials, informational meetings, HR web site);
- Discussing questions or concerns with their manager and HR;
- Working with their manager to keep their job descriptions updated;
- Actively seeking information and asking questions to understand decisions about their pay.

Human Resources

The Human Resources department serves as a resource to the city's management staff and employees. Specifically, HR has several important roles and responsibilities:

- Develop, implement and interpret policies, procedures and guidelines on employee classification and compensation;
- Communicate programs and guidelines to help management staff and employees understand all aspects of the classification and compensation program;
- Provide internal and external information and recommendations on titles, pay levels, salary structures, policies and practices;
- Provide expert guidance, perspective and support to enable management staff to make appropriate pay and classification decisions;
- Review compensation decisions to identify and address any significant variations in practices throughout the city.

Compensation staff conducts semiannual department visits, providing an opportunity for managers to routinely address any needs or concerns relative to classification and compensation, which may include the following:

- Creation or revision of job descriptions.
- Discussion of planned changes to a position's assigned duties and the potential for resulting in a change in title or grade.
- Market compensation analysis of new or existing benchmark jobs.
- Review of non-benchmark jobs' grade assignments based on significant changes in assigned responsibilities or other relevant factors.
- Request for new positions.

On occasion, there may be a need to address issues or concerns that are time sensitive or otherwise urgent. Human Resources staff may perform any type of classification or compensation review outside of the normal review cycle on an as-needed basis.

Department requests may fall into one of five categories:

- 1) Structural Adjustments
 - Grade spread reviews, grade placement reviews
 - Job title integration/consolidation
 - Job title creation
 - Position addition/deletion
- 2) Reclassification
 - Position

- Incumbent
- Group change (classified to appointive, etc)
- 3) Base Salary Adjustment
 - Increased responsibility (same title)
 - High performer
 - Discretionary adjustments
- 4) Bonus
 - Group/individual award
 - Discretionary bonus
 - City-wide or individual basis
- 5) Job Description Revision

II. Pay Plans and Establishment of Pay Levels

A fundamental factor in the decision to enact any group or individual compensation adjustment is the city's ability to fund its cost. Within approved budget, all individual pay decisions are based on experience, skills and performance. It is the city's policy that no employees are to be paid below the minimum or above the maximum of their salary band. The city maintains the competitiveness of each compensation structure by reviewing market trends annually and, when appropriate, making adjustments to the structure to reflect market pay levels.

Executive Pay Plan

The city's executive pay plan comprises relatively wide salary ranges, designed to allow flexibility in managing pay while maintaining market competitive pay opportunities. The ranges are broad enough to support pay decisions in a wide variety of circumstances. In addition, a package of executive benefits is available. This approach has many benefits, both for the city and for employees:

- Provides guidelines for managing pay so that directors and chief officers can make pay decisions that are consistent with the city's compensation philosophy, yet tailored to the needs of the different work units;
- Provides the flexibility for rewards to be aligned with actual responsibilities;
- Simplifies the process of managing pay.

Legal Pay Plan

The city's legal pay plan comprises several salary ranges, designed to reflect the market and differentiate between the various responsibility levels and types of law practiced. Each salary range has a minimum, a midpoint and a maximum.

Appointive Pay Plan

The city's appointive pay plan consists of various pay ranges developed through an analysis of market compensation levels for benchmark jobs across the city. Each salary range has a minimum, a midpoint and a maximum.

External Market Equity

The foundation of the city's compensation plan is to be well positioned against the external market. The city needs to be able to compete with other organizations to attract and retain high performing individuals. For evaluating external competitiveness, the city relies on two different labor markets and includes both public sector and published private sector data where competition with the private sector is significant.

- The **local labor market** consists of the major public agencies and published private sector data for jobs where the competition for labor is local and sufficient data can be found.
- The **regional labor market** consists of other public sector organizations in the western United States that have like jobs, are of similar size and provide similar services, in addition to published private sector data for jobs where the competition for labor is broader.
- Published private sector data surveys are acquired and included as data sources for benchmarks that are common to both public and private employers.
- Data on the benchmark jobs is collected annually and considered in determining its applicability to market competitiveness.
- Data collected is adjusted to compensate for geographical differences in the cost of labor, if they exist.
- The goal is to place the city's benchmark jobs into a grade with a midpoint as close as possible to the average of the market's midpoint for similar work performed, when possible.

Whenever possible, the same sources of market data will be used consistently from year to year; however, circumstances may occur when a different mix may be necessary. In particular, the city reserves the right to select different sources of published private sector data, depending on applicability, usefulness, available funding and other considerations.

The classification and compensation staff makes a recommendation for grade assignment based on all available valid data. The final city authority regarding grade assignment is the City Manager. There is no right to appeal the grade placement to any higher or other authority.

Internal Equity

The city believes that classifications with comparable education and training, complexity, decision-making authority, independence, contacts, supervisory responsibility, and working conditions should be paid similarly. Consequently, the city believes that higher pay should be associated with noticeably higher levels of one or more of these factors.

Pay Grade Assignment

Market data in conjunction with the results of internal equity comparisons are used to assign jobs to grades. For benchmark jobs, the emphasis is on market data, and for non-benchmark jobs, internal equity relationships are used. Specifically:

- **Benchmark jobs** are placed in pay ranges based primarily on market data, with a review of internal equity relationships.
- **Non-benchmark jobs** are placed into pay ranges based on their internal relationship with benchmarks and other classifications within the same occupational group.
- A 15% threshold is required before a job can be moved to a different pay grade, either up or down.

III. Job Design/Work Content

Job Descriptions

Both the city and its employees benefit when job descriptions are current and up-to-date. The job descriptions document the roles and responsibilities of each job at the city, providing important information for determining a job's appropriate pay grade or compensation band, and providing the basis for annual performance review discussions.

The titling structure has been created and is maintained to provide clear and distinguishable differences between job titles. Specifically:

- New titles are not created when positions can be placed within existing titles.
- New titles are created only when there is **substantial change** to job duties and responsibilities,

and an existing title is not appropriate.

- The titling system is kept separate from the compensation system. Thus, new titles are not created to allow placement of an individual into a different pay range.
- Where feasible, work content allows for variety and challenge, and employees receive feedback as to their success in the job.

Job description updates and employee reclassifications are addressed on a regular basis, with each department having an opportunity to address its needs at least twice each year. The classification and compensation staff makes the final determination regarding titles.

Nothing within this document shall limit the city's right to change the content of job descriptions. The final city authority regarding the content of a job description is the City Manager. There is no right to appeal the content of a job description to any higher or other authority.

Titling Guidelines

Whenever possible, standard titles have been used, and are defined in the Position Control Manual.

IV. Job Duties Review

At least twice each year, management may discuss the need for a job duties review for any position. This may be due to a position's duties changing to the point that they vary significantly from the job title currently assigned, or it may be due to a change in the department's needs, and a different title may now be more appropriate for the work to be performed. A Job Duties Review form (JDR) may be submitted at this time, or may be initiated after the discussion.

The employee in the position should complete the JDR, if possible. Department management reviews the content of the JDR and is requested to add comments to supplement or correct it. If the duties are not currently being performed, management should complete the JDR.

Compensation staff reviews the duties, comparing with existing job descriptions and standard compensable factors, if necessary, and may request more detail from the employee or management. A determination is made whether the job duties have changed sufficiently to warrant a reclassification. Staff documents the recommendation and submits it for review by Human Resources and appropriate City Manager's Office management. The requesting department is informed of the approved determination and is responsible for informing the employee of the outcome.

A reclassification due to a job duties review may result in the position and employee moving to a higher grade or a lower grade, or remaining in the same grade.

- Movement to a higher grade resulting from the performance of the duties of a different job may be accompanied by a pay adjustment, but it is not guaranteed and will depend on the circumstances. If an adjustment is awarded, it may be up to 15%. The department director may approve an adjustment up to 5%; both the department director and the Human Resources Director must approve an adjustment between 5% and 10%; and the assigned Chief Officer must approve an adjustment between 10% and 15%. If the employee's salary is below the minimum of the new range, an adjustment to increase his/her salary to the minimum must be awarded; no approval is required.
- Movement to a higher grade due to a pure title change without a change in the assigned responsibilities will not be accompanied by a pay adjustment. An example is the consolidation of two or more titles with no changes in the jobs themselves, which may result in one or more jobs moving to a higher grade. Only if an employee's salary is below the minimum of the new range will an adjustment to increase his/her salary to the minimum be awarded; no approval is required.
- Movement within the same grade will not be accompanied by a pay adjustment.
- Movement to a lower grade may result in a change in pay; decisions are made on a case by case basis. There is no guarantee that pay will remain the same.

A job duties review is also conducted any time the creation of a new position or realignment of an existing vacant position is approved to ensure the title that best fits the anticipated duties is identified before the position is filled.

V. Pay Practices: Base Salary

The following are guidelines and examples to assist hiring managers in making base pay decisions under typical circumstances.

Starting Pay

To determine a salary offer to a candidate, either internal or external, placement within a salary range should consider the candidate's qualifications and experience relative to the position's requirements. Hiring managers and directors should also review the salaries of current employees including peers and subordinates of the new employee by requesting that Human Resources prepare a starting salary recommendation. Starting pay decisions are made by the individual Department Director in conjunction with Human

Resources. Starting pay is typically at the bottom of the range, and may be negotiable up to the midpoint. Initial salaries that are higher than the midpoint must receive approval from the assigned Chief Officer.

Performance-Based Increases

The city's philosophy is to reward employees for their contributions and success in meeting target performance goals. The most direct way managers can do this is through performance-based salary increases.

At the end of each fiscal year (June 30), a budget is developed that establishes the total amount available for performance-based increases based on available funds and the fiscal year funding distribution model for this program. While the budget amount is expressed as a percentage of total payroll cost, **it is important that managers do not simply apply this percentage across the board.**

Performance-based increases are not entitlements. The increase should be aligned with the employee's level of performance compared to expectations. A careful and thorough assessment of the individual's performance through the performance evaluation process should be conducted before an increase recommendation is developed.

Consistently high performers should be rewarded more generously than average performers. Poor performers should receive smaller increases than average performers, or no increase. The manager is responsible for working with the employee to improve performance. HR is available to assist with the performance evaluation process and in developing appropriate pay recommendations.

The midpoint within each salary range is approximately equal to the external market midpoint average, and may limit an individual employee's progression beyond that point. Pay increases beyond the midpoint require sustained high level performance and are awarded at the discretion of management. Shorter term projects completed at a high level of performance are more appropriately rewarded with cash bonuses. See the applicable performance evaluation manual for details regarding the performance evaluation process and available rewards.

Promotions and Classification Changes

A promotion results when an employee is selected to fill a vacant position in a higher grade job classification, and involves taking on noticeably greater responsibilities. A classification change is when an employee is selected to fill a vacant position in the same grade or different work group, and involves taking on different responsibilities. Either may warrant a pay increase to recognize these

additional or different responsibilities and to ensure that the employee's pay is consistent with market. Since circumstances vary and each employee has a different pay history, it is important to consider multiple factors when making pay decisions relating to promotion or classification change. Some of the factors that should be considered are the employee's skill, experience and capabilities compared to the minimum requirements of the new job; the employee's current pay level; the employee's pay compared to any subordinates and their experience; and the employee's pay compared to peers in the new job title with similar skills, knowledge and competencies.

The following guidelines should be followed when considering increases for promotions or classification changes:

- There is no guaranteed minimum increase for a promotion or a classification change.
- When an employee moves to a position that is in a higher salary range, a salary increase is negotiable from the minimum of the new salary range to a maximum of 15% above the employee's current salary.
- The employee's pay must not fall below the new salary range minimum, even if more than 15% is required to increase the employee's current salary to the new minimum; no approval is required.
- The employee's pay may not exceed the maximum of the new assigned salary range.

Increases between zero and 5% require approval from the hiring manager. Increases between 5% and 10% require joint approval from the hiring department director and the Human Resources Director or designee. Increases between 10% and 15% require approval from the hiring department director, the Human Resources Director or designee and the hiring department's Chief Officer.

Demotions

It may at times be necessary or desirable for an employee to move to a job title in a lower grade, either voluntarily or involuntarily. This may occur as a result of a more appropriate fit between the employee and the skills and competencies of a job in the lower grade, or to provide a new career opportunity, or due to a work unit reorganization.

Pay decisions for demotions are determined on a case-by-case basis by the appropriate Department Director(s) and Human Resources, and may or may not include a reduction in base salary. Employees are placed in the lower job's pay range, and base salaries normally will not exceed the maximum of the new range. At the discretion of management, consideration may be given for maintaining the employee's current pay even if higher than the maximum of the lower pay grade.

Other Base Pay Adjustments

There are other instances in which base pay adjustments are warranted. Base pay adjustments should be made within budget constraints and with approval from the appropriate Director and Chief Officer. Potential adjustments should be discussed with HR to ensure compatibility with the market and consistency with city pay guidelines.

VI. Performance Evaluation

It is the policy of the city to encourage the growth and development of employees by annually reviewing their progress and providing constructive feedback; interim performance evaluations are also available, and may be used in a variety of circumstances. Ideally, the performance review cycle includes goal setting, performance evaluation and performance discussion. It is the responsibility of managers to consistently guide, counsel and evaluate their personnel in a manner that results in increased effectiveness and greater job satisfaction for the employee.

The city recognizes the following objectives for the annual performance evaluation process:

- To advise employees on how they are progressing in carrying out their present responsibilities, to reinforce good performance and to determine ways to improve performance;
- To serve as a guide in planning the employee's further development;
- To set measurable objectives for the coming year;
- To provide a basis for determining "pay for performance" increases;
- To document personnel actions;
- To review the employee's assigned job duties and compare them to the employee's job description for the purpose of keeping the job description current;
- Recognizing when an employee's assigned duties may warrant a job duties review.

Each manager is responsible for conducting a performance evaluation at least annually for each of his/her employees. To promote consistency and objectivity, each performance evaluation shall be reviewed by the next level manager and, once signed by all parties, forwarded to Human Resources no later than June 1 of each year for inclusion in the employee's personnel file.

Addendum for Special Assistant to City Council/Mayor

- Council approval of individual staff members is required by City Charter Section 3.020.
- Employees receive a 5% salary adjustment after four years in this job to coincide with the beginning of the elected official's second term of office (if not elected to a second term, the employee will likely not be retained by the incoming council member). The effective date of the salary adjustment is on the employee's fourth anniversary date; if the employee was a city employee immediately prior to reclassification to Special Assistant, the effective date is exactly four years from the first date in this job. The form to request the salary adjustment should be submitted to Human Resources by the manager who provides supervision of the special assistants; it should not be tracked or handled in HR.
- Special Assistants are entitled to any across the board salary increase granted to appointive employees; their salary range should also be adjusted, up or down, in the same manner as appointive salary ranges are adjusted. They do not receive the same annual salary adjustment that elected officials receive.