

## Town of Charlotte Salary Administration Policy

### I. Goal

The goals of the Town of Charlotte Salary Administration program are:

- to administer a salary program that is fair and achieves internal equity for all employees by recognizing the value of each job and paying employees accordingly
- to be competitive in the market from which we recruit.

### II. Overview of the Process

The program is based on a job evaluation process that ranks each position in the Town based on the following factors:

- Qualification required for the position, as defined in each Job Description
- Orientation and Training needed on the job
- The complexity of the work
- The degree of independent judgment that the job requires
- The amount of supervision received
- The number and nature of contacts with others
- The supervisory responsibilities exercised
- Financial and material accountability
- Accountability for information
- Responsibility for the health and safety of others
- The physical effort and stress
- The physical working conditions
- Demands on personal time

The positions are ranked by the Selectboard using the *Palmer and Associates, Inc. Job Evaluation Manual*. The ranking is done by determining a numerical score (degree) for each factor listed above, based on the Job Description and input from supervisors and employees. The points for each degree within each factor are then totaled to establish the total point value for each job. The resulting job factor scores are then compared with the scores for other Town jobs to ensure that appropriate ratings have been made for each factor. In this way, the job is looked at both as the sum of its parts and relative to other jobs in the Town before a final rating is made. The point totals are then applied to a Pay Grade Placement Grid to determine the pay grade for each position.

The Pay Grade Placement Grid consists of 20 pay grades. Pay grades 1 -3 differ by 5% and are tied to the minimum wage as determined by state and federal law. Starting at pay grade 4, the grid is decoupled from minimum wage and again there is a 5% difference between each pay grade. There are 15 steps within in each pay grade, starting from the starting rate and ending at the maximum rate for the pay grade. Each step represents an additional year of service. Placement on the grid for each employee is determined by the point value of the job and the employee's years of relevant experience.

See Appendix 1 for an example of the Pay Grade Placement Grid.

See Appendix 2 for an example of Future Salary Ranges, based on a COL of 1.5% for fiscal years 2015-16, 2016-17 and 2017-2018.

### III. Annual increases

An employee who is engaged in disciplinary action will not be eligible for any salary increase.

For those employees eligible for a salary increase, the increase will be determined using two factors;

1. Cost of Living (**COL**) increase based on the Northeast CPI-W and
2. A **Step** increase based on the employee's advancement through the 15 steps of each grade as described in Table 1 below.

An employee's total increase will be the sum of the **COL** and **Step** increases.

#### Cost of Living (COL) Increases:

The COL will be determined annually in January by the selectboard during budget preparation for the subsequent fiscal year starting July 1. The index used will be the CPI-W for the Northeast Region, "All Items" for the prior year. Prior year data is available each January 15 and can be retrieved from: <http://www.bls.gov/regions/new-england/cpi-summary/ro1xg01a.htm>.

#### Step Increases:

It is recognized that employees become more valuable to the organization as their experience increases. This value increases most quickly during the first five years of experience as the employee learns and grows in his or her job. After five years, although this growth continues, it has been shown to grow at a slower pace until a maximum is reached. Step increases are designed to recognize this growth pattern.

For the first five steps of a pay grade an employee will receive a 1% Step increase plus a cost of living (COL) increase. For steps 6 to 10 the Step increase is 0.75% plus COL and for steps 11-15 the Step increase is 0.5% + COL. Once an employee has reached step 15, the Max, he or she will receive only COL increases.

Table 1

New Step	Increase on July 1
1-5	1% Step + COL
6-10	0.75% Step + COL
11-15	0.5% Step + COL
Max	COL

Note: An employee's position within the 15 steps of the pay grade will not necessarily be equivalent to the years of experience the employee may have in that position because of different factors, such as market adjustments.

Pay grade ranges will be adjusted each year based on the COL.

#### **IV. Relevant experience for new hires and internal job changes**

Relevant experience is defined as experience in the same or very similar job.

##### **A. New Hires**

In the hiring of new employees an employee will be placed at the pay grade that has been determined by the job classification for that position and at the rate (step) determined to be appropriate based on his or her prior relevant experience. The new employee will then advance in each year as described in **Section III. Annual Increases**. A new hire with no relevant experience will be placed on the START step of the pay grade. If the job requires two years of experience and the new hire has the necessary experience, the employee also starts at the START step because credit for that required experience has been applied in the job rating. However if the employee for the same job is hired with 4 years of prior relevant experience, the employee will start at a rate that recognizes the additional two years of experience (Step 2). New hires will not be placed any higher than a rate that recognizes up to five years of experience (Step 5), unless there are unusual circumstances which must be detailed in a written and filed justification. Selectboard approval is required for all salary decisions.

##### **B. Rules for determining prior relevant experience:**

###### Rule 1.

Years of prior experience are prorated based on a 40 hour week and the full time equivalent (FTE) hours worked in the prior position.

###### Rule 2.

No more than five years of non-Town of Charlotte experience will be considered for relevance.

###### Rule 3.

Relevance will be determined as noted below.

- a. 100% of years of experience will be credited for years in the same job as the new job.
- b. 75% of years of experience will be credited for years in the same field of work in a very similar job.
- c. 50% of years of experience will be credited for years worked in a job that is not the same, but is in the same field of work and requires similar knowledge and background.
- d. 25% of years of experience will be credited for years worked in a job that is not the same and is in a different field of work, but requires similar knowledge and background.
- e. 12.5% of years of experience will be credited for experience in an unrelated job. The experience must include some skills or knowledge that are relevant to the new job.
- f. No experience will be credited for an unrelated job that provides very little in the way of the skills and knowledge that is required in the new job.

##### **C. Internal promotions or job changes**

In the case of internal promotions or job changes relevant experience will be determined in the same way as for new hires and will include the employee's prior internal experience. The employee will be placed at the appropriate pay grade for the new position and at a step consistent with the relevant experience determination. The step may recognize all of the years of experience as described in B. above. A written justification and Selectboard approval is required for internal promotion or job change salary decisions.

#### **V. Equivalency for experience vs. formal education.**

When using experience to offset the required level of education, two years of relevant experience are considered equivalent to one year of formal education.

**VI. Salary Program Administration**

The Town Administrator will be responsible for the maintenance of this compensation program. All salary decisions should maintain internal equity. Any exceptions, such as market adjustments or other well-substantiated reasons, must be fully documented with a written justification and approved by the Selectboard.

**1. New positions**

When a new position is created the Town Administrator and the Selectboard will review the job description and determine the factor ratings required to place the position in the appropriate pay grade.

**2. Pay Grade Changes**

The Town Administrator will review all job descriptions with the appropriate supervisor or employee as necessary and at least once every five years. If there are significant changes that could affect a factor rating, the job will be re-evaluated to determine if a pay grade change is required. When a pay grade change appears to be appropriate as a result of the job description review, the Town Administrator will recommend the change to the Selectboard for approval. The request will include an updated job description, the proposed job evaluation ranking and a recommended date for implementation of the change for approval by the Selectboard. Any change must be documented and filed.

**3. Market Adjustments**

The Town of Charlotte market is defined as Vermont Towns with a population of 3000 to 5000. If market data indicates a position is no longer in line with the current market data, market adjustments may be necessary in order to assure the ability to recruit and hire qualified candidates. Jobs with approved market adjustments will be placed on the pay grade chart at the pay grade level for the position and at the step for the position that has been determined to be market competitive. A market adjustment will be documented and flagged as such in the employee salary record. All market adjustments must be justified by market data supporting the change and approved by the Selectboard.

Approved by the Selectboard on \_\_\_\_\_  
(Date)

Signed:

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