



Non-Represented Employee Compensation Policy

Policy No. C-01¹

The Scope of this policy includes the following individuals:²

- ✓ Employees (including Probationary Employees (non-represented), Full-Time At-Will Employees and Civil Service Employees)

I. PURPOSE

To set forth the compensation guidelines for establishing and administering a compensation plan for full-time employees who are “non-represented” employees and positions (meaning employees and/or positions that are not covered by a bargaining unit).

II. POLICY APPLICATION

A. Compensation Philosophy

It is the City’s philosophy to pay employees competitively using a market-based approach and according to individual employee performance, subject to any constraints in the budgetary process and the availability of financial resources.

The City’s practice is to ensure fair, consistent, and equitable pay administration and offer competitive base salaries relative to external local labor markets, private markets, and peer agencies in accordance with all applicable federal, state, and/or local laws.

Using a market-based approach for the collection and analyses of compensation data, the City considers external private and public salary surveys, relative government entities’ pay levels, and current job descriptions.

¹ This policy is not to be construed as a contract or an implied contract concerning any employment-related decision or term or condition of employment. The City reserves the right to revise, delete, deviate, or add to any and all policies, procedures, work rules or benefits stated in this policy at its sole discretion. See Introduction, Administrative Policy No. A-01.

² The relevant definitions for the individuals identified in the Scope of this policy are defined in Introduction, Administrative Policy No. A-01.

Positions are evaluated and leveled based on the knowledge, skills, and abilities associated to the position, the position's scope of responsibility, and the position's level of contribution to the City.

B. Compensation Framework

Each position is assigned to a category, a "grade," and a pay range based on a competitive pay rate for comparable positions and the scope, unique duties, responsibilities, and skills of the particular position.

An employee's salary may not exceed the maximum of the assigned pay range. An employee's salary within the pay range depends on performance, education, experience, skill set, qualifications, scope, relevant competitive markets, and internal alignment within the department and/or City. Human Resources and department heads are responsible for ensuring that compensation decisions are made in a fair, consistent, and equitable manner.

In general, the City's position categories and their corresponding grade are as follows:

Grade	Position Category
1 – 10	Technical
11 – 15	Professional
16 – 21	Management
22 – 25	Executive
APP	Appointed

The position structure is comprised of twenty-five (25) grades, which allows for career development and salary increases when promoted. Each position is assigned a grade. More than one (1) position may be assigned to a salary grade based on market data and/or internal equity. Each position is also assigned a target market value that a range is built around. The target market value is based on market data collected for the City's positions from predetermined peer agencies, external local labor market data, private markets, and internal equity considerations.

C. Compensation Practices

1. Starting Salary

Job offers are intended to attract highly skilled, competent workforce, by offering competitive salaries to non-represented employees.

Starting pay determinations shall take into consideration the applicant's prior experience, education, skill sets, other qualifications directly related to the position, internal equity, compression, performance during the assessment process, and input from the hiring manager.

2. Lateral Transfers

A voluntary lateral transfer occurs when an employee accepts a different position in the same grade through a competitive process or an approved request initiated by the employee or manager. In general, the transferred employee's salary will not change unless the employee's salary is out of alignment with comparable positions or falls significantly below the new position's market rate. **If a pay change is warranted in a lateral transfer situation, the review will include a full compensation review. Any pay change must be approved by the department head and the Human Resources Director or designee.**

An involuntary lateral transfer occurs due to operational reorganization within the City or as a result of disciplinary action. The transferred non-represented employee's salary will not change unless the disciplinary action warrants a reduction, the employee's salary is out of alignment with comparable positions, or falls significantly below the new position's market rate. Any pay change must be discussed with and approved by the department head and Human Resources.

3. Promotions

A promotion occurs when an employee accepts a different position in a higher grade or pay range. Promotions may occur through a competitive process or through a reclassification of the current position due to increased responsibilities and competencies moving the position to a higher grade or pay range.

Promotional pay may increase up to ten percent (10%) of the employee's current base compensation, excluding any other compensation reviews. Requests must have department head approval. Human Resources will review the request, formulate a recommendation, and forward the request to the appropriate individual for approval.

- Promotional increases that place the employee's base salary above the pay range maximum will be awarded any increase above the maximum pay range in a lump sum amount because an employee's base salary cannot exceed the maximum pay range.

4. Temporary Pay Adjustments

Certain circumstances may dictate the need to provide employees with additional compensation for limited periods of time. Departments, in conjunction with Human Resources approval, may request to structure a temporary pay adjustment (TPA) of limited duration for the following situations:

- Project-based pay increases may be awarded to employees who are assigned a long-term project that significantly adds to their job duties and responsibilities for a distinct period of time. Such increases may be given in increments tied to project milestones.

- Temporary pay adjustments may be provided to an employee who assumes at minimum 50% of the duties and responsibilities of a higher level position. The duration of the temporary assignment must be for at least two (2) consecutive weeks. Managers shall consult with Human Resources to determine the appropriate amount of temporary pay. TPA will be paid out as follows:
 - If the employee assumes responsibilities 5 or less grades above their current grade, then they may receive up to 5%.
 - If the employee assumes responsibilities 6 or more grades above their current grade, then they may receive up to 10%.

The temporary pay should typically not exceed the midpoint of the higher pay range. **TPAs will be based on internal equity and the market of the temporary position.** Temporary pay adjustments are non-PERS eligible. All TPA requests must be approved by the Department Director and Human Resources prior to beginning the temporary assignment.

5. Pay-for-Performance

Pay-for-Performance increases are based on job performance and are measured through annual performance evaluations. Employees not serving on a probationary or qualifying period and/or have not had an active discipline within the last 12 rolling months are eligible for merit-based pay increases. Pay increases that exceed the pay range maximum will be awarded in the form of a one-time, lump-sum, non-PERS eligible compensation payment.

The funding provided for compensation increases will be based upon the City's financial position and is subject to available funding as determined by the City.

6. Qualifying and/or Probationary Period

Employees who are under their initial probationary period or qualifying period will be evaluated for performance at the end of their probation or qualifying period. Upon successful completion, employees may be eligible for up to 3% base pay increase, up to the max of the range for the classification. Beginning July 10, 2023, employees receiving the end of probation or qualifying base increase will be prorated for the following Pay-for-Performance year.

7. Bonus Incentives

A bonus incentive is a one-time, lump-sum, non-PERS eligible compensation payment that may be appropriate to reward and retain current employees including, but not limited to, project-based bonuses, as well as attract employees to join the City of Henderson. All bonus incentive payments must be approved by the Department Head, Director of Human Resources or designee, and the appropriate senior executive approver and are subject to available funding as determined by the City. Project-based lump-sums may be awarded in increments tied to project milestones or at the project's completion.

8. Demotion

A demotion occurs when a non-represented employee accepts a different position in a lower grade or pay range. Demotions may occur voluntarily or involuntarily.

Demotion pay will require a compensation analysis to determine the appropriate pay rate for the new classification, which will almost always result in a decrease. Requests must have department head approval. Human Resources will review the request, formulate a recommendation, and forward the request to the appropriate senior executive approver.

D. Compensation Reviews

In alignment with the City's Compensation Philosophy, pay reviews may be conducted by the Classification & Compensation section of Human Resources for the following situations outside of the regular Pay-for-Performance appraisal cycle, if budget funds are available.

Departments may submit requests for a compensation review to Human Resources through their respective Human Resources Business Partner and the Classification & Compensation section of Human Resources. Requests must have department head approval. Human Resources will review the request, formulate a recommendation, route to Finance for approval, and forward the request to the appropriate senior executive approver. Approval of any compensation increases will be based upon the City's financial position and is subject to available funding as determined by the City.

1. **Market Adjustment:** if a position has significantly increased in value over time in the external market it will be re-evaluated, and adjustments may be made accordingly. The market is based on data collected for the City's positions from predetermined peer agencies and external local labor market data.
2. **Internal Equity:** refers to disparate compensation among peer positions within the same job classification and level. An internal equity review will include an analysis of the experience and backgrounds of peers, as well as other relevant factors.
3. **Compression:** refers to the pay differential between a supervisor and their direct reports. Wherever possible and based on budget constraints, the City may target up to a 10% buffer between supervisors and direct reports.
4. **Reclassification:** occurs when an employee is reclassified into a different job with a different title, salary range, and or grade.

E. Authority and Interpretation

This policy document is intended to provide information to employees and is not a comprehensive statement of same. In case of any doubt or conflict in the interpretation of a provision, Human Resources will have the final say on the interpretation and application.

III. APPROVALS

APPROVAL

APPROVED BY:

Richard Derrick, City Manager/CEO

REVIEWED BY:

Nicholas Vaskov, City Attorney

Brooke Stream, Director of Human Resources

Record of approved document can be obtained through the Human Resources Department.

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