

## **4 – NON-UNION COMPENSATION/CLASSIFICATION**

### **4.1 - Policy**

Revised: July 1, 2007

Revised: April 2018, July 2025

The City's non-union Classification and Compensation study was conducted by Gov HR and was adopted by the City Council effective January 1, 2024. When situations are found that cause inequities within the pay system the City Administrator has the authority to make adjustments to correct those inequities.

#### **PURPOSE OF THE COMPENSATION PLAN**

The philosophy of the City's compensation policies is that the City shall establish, administer, and maintain a compensation plan for employees based on the following objectives:

- Internal Equity - establish and maintain a compensation structure that rewards all employees in a consistent and equitable manner based on the relative value of the job within the City.
- External Competitiveness - provide a compensation structure that will allow the City to attract and retain qualified employees at all levels of responsibility.
- Employee Motivation - encourage employee motivation by rewarding good performance through fair pay and consistent application of the compensation plan.
- Legal Compliance - comply with federal and state laws and regulations governing compensation.
- Effective Administration and Continuity - administer the provisions of this plan on a consistent basis and provide the capability of recognizing changes in organization, job responsibilities, and market influences.

#### **RESPONSIBILITY**

The City's Human Resources Director is responsible for ensuring that the compensation plan is implemented and administered in accordance with these regulations and any other compensation policies adopted by the City Council. Additionally, each Department Director has the responsibility of consistently administering the pay program within his or her department in a fair and consistent manner. Using the principles expressed herein as a policy guide, the City Administrator is responsible for interpreting the pay plan if there are situations not covered by this policy.

#### **JOB DESCRIPTIONS**

Each position covered by the Gov HR study has a job description written in a standard format that reflects the responsibilities of the position and the qualifications required for it.

#### **MAINTENANCE OF THE PAY SCHEDULE**

The pay schedule consists of 17 pay grades with 13 steps (A-M) in each pay grade. To maintain employees' standard of living the schedule will usually be adjusted each year on the first day of July and will generally be adjusted by the average percentage increase settled upon by the City's unions.

### **HOURLY RATE OF COMPENSATION AND BI-WEEKLY PAYMENT**

The hourly rate of compensation for full-time non-exempt (hourly) employees is calculated by dividing the annual amount shown on the pay schedule by the number of hours the employee is regularly scheduled to work. That number is generally 2,080, however, Fire Captains' hourly rate of pay is calculated by dividing the annual amount by 2,592, and Police Lieutenants hourly rate of pay is calculated by dividing the annual amount by 2,184.

The rate of pay for part-time regular positions covered by the Gov HR study is the hourly rate on the pay schedule and is paid only for time worked.

Salaried employees' pay is calculated by taking an hourly rate of pay times 80 hours in each two week pay period and not on the basis of an annual salary divided by 26 or 27 pay periods.

Because of the Fair Labor Standard Act's overtime requirements, the City will not allow a full-time employee to work an additional part-time City job.

### **NEW EMPLOYEE**

Each new employee shall meet or exceed the minimum qualifications stated in the job description for the position. New employees hired by the City will generally be placed in the entrance step of the position's pay grade unless the Department Director, the Human Resources Director, and the City Administrator agree that conditions require offering the job at a level higher than the entrance step.

### **PROMOTION, TRANSFER, DEMOTION, AND RECLASSIFICATION**

Generally, time in rank or time in a specific position with the City rather than the total length of time employed by the City will be used in the placement of employees on a step on the City's pay schedule. A full-time regular employee's anniversary date will not change due to a promotion, transfer, position reclassification, or demotion.

#### **PROMOTION**

When an employee is promoted to a position in a higher pay grade he or she will be placed on step A of the new grade. If that amount is less than the employee's current base rate of pay the employee will be placed in the new grade at the rate immediately above his or her current base rate of pay. The employee may be placed in a higher step in the new grade if the City Administrator determines that a higher step is justified to maintain equity in the pay plan.

#### **TRANSFER**

- *Same pay grade.* There will not be an immediate change in the pay rate for an employee who is transferred from one nonunion position to another nonunion position in the same pay grade.
- *Higher pay grade.* If an employee is transferred to a position with a higher pay grade the change will be considered a promotion and the provision concerning promotions will apply.
- *Lower pay grade.* If an employee is transferred or demoted to a nonunion position with a lower pay grade the employee will be placed in the step in the lower grade equal to or immediately above the employee's current pay. The employee shall not be placed in a pay step in the new grade above mid-point (step G).

### **POSITION RECLASSIFICATION**

If the duties and responsibilities of an established regular position are permanently and significantly changed, the proposed job description will be submitted to the City Administrator and Human Resources Director for review and assignment of an appropriate pay grade.

- *Higher grade.* If a position is reclassified to a higher grade, the employee will be placed in the step in the higher grade that is the same as the employee's current base rate of pay. If there is not a step with the same rate of pay the employee will be placed in the closest higher step in the new grade.
- *Lower grade.* If a position is reclassified to a lower grade the same rules apply as for a transfer to a lower pay grade (see above).

### **CREATION OF A NEW POSITION**

The creation of a new position begins with a written job description. The City Administrator, Human Resources Director, and Department Director will jointly determine an appropriate pay grade.

### **PROBATIONARY PERIODS**

The probationary period for most nonunion positions shall be six months.

The successful completion of a probationary period does not change an employee's status as an at-will employee and does not restrict the City's right to terminate employment.

Employees who change from part-time to full-time employment in the same position or in a new position will be required to complete a new probationary period. The employee's full-time hire date will be his or her anniversary and seniority date.

A current City employee who changes positions because of promotion, transfer, or whose position is reclassified shall serve a new six-month probationary period.

### **MOVING THROUGH THE STEPS AND THE PERFORMANCE EVALUATION PROCESS**

The purpose of salary step increases is to motivate and reward employees. Step increases are not automatically given. The performance evaluation system provides a structured and consistent approach to ensure accountability, recognize employee contributions, identify areas for professional development, and set clear expectations for future performance. Disciplinary action may include reduction of pay steps.

All employees subject to this policy shall receive an annual performance evaluation conducted by their immediate supervisor. A performance evaluation shall be conducted at least fifteen days prior to each employee's anniversary date using the approved Employee Performance Evaluation Form. Employees whose performance evaluations indicate that their performance meets or exceeds the expectations for the position and who are not at the top step of their pay grade will be given a performance-based step increase.

The immediate supervisor is responsible for providing, in person and in writing, constructive feedback on an employee's job performance, strengths, areas for improvement, professional development opportunities, and goals for the upcoming year. If the employee has areas of improvement, the supervisor may establish a time frame for re-evaluation. The completed evaluation form shall be submitted to Human Resources for record-keeping.

Supervisors who have not completed all required employee performance evaluations will not be eligible for a step increase until all required evaluations are completed; no retroactive increase

in pay will be given when the required evaluations are received. Failure to conduct annual employee evaluations may also result in corrective action, up to and including disciplinary measures for supervisors who do not comply.

#### **TOP OF RANGE**

Over time an employee may advance to the top step of his or her pay grade and will remain at that pay step.

#### **SPECIAL COMPENSATORY PROVISION**

When a regular full-time employee is temporarily serving in a position of a higher grade or rank the employee shall be, after serving for 20 calendar days in such status, paid at a rate in the higher grade at the step that will provide an increase in compensation not greater than the percentage that was used to increase the salary schedule for that specific fiscal year, beginning on the 21st day of the consecutive service and continuing until the temporary service is terminated. ***This provision shall only apply to situations where the City Administrator has given prior written approval.***

#### **CLOTHING ALLOWANCE**

No clothing allowance or clothing expense shall be given except for uniforms that may be required by a department or division.

#### **LONGEVITY PAY**

Longevity pay is included in the base wage rate calculations and shall not be an additional payment.

#### **LANGUAGE PAY**

Regular non-union employees who are fluent in another language, and it is a benefit to the City to utilize their translation skills for certain job duties, will be paid an extra \$1.00 per hour. If they become fluent after their initial hire date, they will go through a testing process to become eligible for this pay differential.

#### **FAIR LABOR STANDARDS ACT – SAFE HARBOR PROVISION**

It is the City of Marshalltown's policy to fully comply with applicable wage and hour laws and regulations. Improper pay deductions specified in Title 29 of the Code of Federal Regulations §541.602(a) may not be made from the pay of employees who are subject to the salary basis test under the Fair Labor Standards Act.

If you believe that any deduction has been made from your pay that is inconsistent with your salaried status, you should immediately contact the Human Resources Director.

Any complaint will be resolved within a reasonable time given all the facts and circumstances. If an investigation reveals that you were subjected to an improper deduction from your pay you will be reimbursed and the City will take action to ensure compliance with the salary basis test in the future.