

Introduction to Compensation I

Civil Service Training
March 8, 2017



Classification and Compensation- Overview

- Civil Service initially established a classification plan to fulfill a legal requirement that similar jobs be grouped so that they may be treated alike for pay and recruitment purposes. (See RS 33:2402 and Paragraph I (b), Section 10 of Article X of the Constitution of Louisiana.)
- Such a grouping of jobs is used by this department in the accomplishment of its mission. A major focus of our mission is to ensure that the City has a workforce that is fairly compensated for the work performed.
- Each employee in the same class is in the same pay grade with the same salary schedule. Pay within a class varies because of longevity, temporary assignment, special assignment, etc. Yet, with a uniform classification system, employees performing similar work are compensated fairly.

Civil Service Classified Pay Plan and Pay Table

- The Pay Plan for the City of New Orleans establishes pay based on Pay Grades and Steps. Each Pay Grade is 2.5% higher than the previous Pay Grade. Each Step is 1.25% higher than the previous Step. Pay Grades have four quartiles of 12.5%. The midpoint is 25% above the minimum. The maximum is 50% above the minimum.

Pay Grade	Step 1 Minimum	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 11 2 nd Quartile	Step 21 Midpoint	Step 41 Maximum
40	18,467.44	18,698.28	18,932.01	19,168.66	19,408.26	19,650.87	19,896.50	20,910.14	23,675.94	30,353.44
41	18,932.01	19,168.66	19,408.26	19,650.87	19,896.50	20,145.21	20,397.03	21,436.16	24,271.54	31,117.01
42	19,408.26	19,650.87	19,896.50	20,145.21	20,397.03	20,651.99	20,910.14	21,975.41	24,882.12	31,899.80
43	19,896.50	20,145.21	20,397.03	20,651.99	20,910.14	21,171.51	21,436.16	22,528.23	25,508.06	32,702.28
44	20,397.03	20,651.99	20,910.14	21,171.51	21,436.16	21,704.11	21,975.41	23,094.96	26,149.75	33,524.95
45	20,910.14	21,171.51	21,436.16	21,704.11	21,975.41	22,250.10	22,528.23	23,675.94	26,807.58	34,368.31
46	21,436.16	21,704.11	21,975.41	22,250.10	22,528.23	22,809.83	23,094.96	24,271.54	27,481.95	35,232.89
47	21,975.41	22,250.10	22,528.23	22,809.83	23,094.96	23,383.64	23,675.94	24,882.12	28,173.30	36,119.21
48	22,528.23	22,809.83	23,094.96	23,383.64	23,675.94	23,971.89	24,271.54	25,508.06	28,882.03	37,027.84
49	23,094.96	23,383.64	23,675.94	23,971.89	24,271.54	24,574.93	24,882.12	26,149.75	29,608.59	37,959.32
50	23,675.94	23,971.89	24,271.54	24,574.93	24,882.12	25,193.14	25,508.06	26,807.58	30,353.44	38,914.23
51	24,271.54	24,574.93	24,882.12	25,193.14	25,508.06	25,826.91	26,149.75	27,481.95	31,117.01	39,893.17
52	24,882.12	25,193.14	25,508.06	25,826.91	26,149.75	26,476.62	26,807.58	28,173.30	31,899.80	40,896.73
53	25,508.06	25,826.91	26,149.75	26,476.62	26,807.58	27,142.67	27,481.95	28,882.03	32,702.28	41,925.54

Civil Service Classified Pay Plan and Pay Table

- Every position in the City of New Orleans is alphabetically listed in the Pay Plan. Some specialty classifications like Police and Fire are separated and placed in their own section in the back.

EAP	OC	CODE	CLASS OF POSITIONS	GRADE	RANGE		HIRING RATE:	
					MINIMUM	MAXIMUM	STEP	RATE
EX	(2)	C8211	MARKETING DEVELOPMENT COORDINATOR**	81	51,144	84,062		
	(3)	C0340	MATERIAL AND STORES SUPERVISOR	61	31,117	51,144		
	(3)	C2242	MECHANICAL EQUIPMENT INSPECTION SUPERVISOR	68	37,027	60,859	13	(42,980)
	(2)	C2240	MECHANICAL EQUIPMENT INSPECTOR	63	32,702	53,750	09	(36,119)
	(2)	C2243	MECHANICAL EQUIPMENT INSPECTOR II	72	40,896	67,218	09	(45,169)
EX	(1)	C2244	MECHANICAL EQUIPMENT INSPECTOR III	78	47,471	78,024	05	(49,889)
	(3)	C4225	MECHANICAL PLAN EXAMINER	66	35,232	57,909	13	(40,896)

Compensation Tools for the New Hire

- Minimum Salary.
- Hiring Rates: Pursuant to Rule IV, Section 2.6 for Recruitment and Retention Difficulties.
- Extraordinary Qualifications Pay: Pursuant to Rule IV, Section 2.7



Rule IV. Section 2.6 Pay above the Minimum for Recruitment/Retention Difficulties

- Hiring or paying above the minimum salary in order to address employment problems resulting from recruitment and/or retention difficulties may be authorized by the Personnel Director not to exceed the midpoint of the pay range, provided that:
 - Appointing authority documents employment problems resulting from recruitment and/or retention difficulties and maintains detailed objective analysis of rationale for hiring above the minimum.
 - Appointing authority receives appropriate approvals established by the Chief Administrative Officer, or other executive authority for participating agencies, in advance and reports the approval to the Department in such manner as prescribed.
- Advances above the midpoint may be authorized by the Commission if the appointing authority can clearly document that the competitive market justifies the compensation.

Rule IV. Section 2.7 Extraordinary or Superior Qualifications, Experience, Credentials

- Subject to the revocation of the Personnel Director, an appointing authority may pay an original, temporary, provisional or regular employee a pay rate of up to the midpoint of the pay range upon appointment, subject to the following conditions and limitations:
- That the appointee possesses extraordinary or superior qualifications/credentials above and beyond the minimum qualifications, experience, and/or credentials required which have been verified and documented as job related, and that the amount of additional pay shall be justified based on an objective analysis of the additional financial advantage the increased hiring rate will provide to the city.
- That the duties and responsibilities of a position require the employment of a person with qualifications/credentials that differ significantly from those normally required for other positions in the same class, and the persons who possess such qualifications are not readily available in the labor market at the minimum entrance rate in the pay grade;
- That the pay rate is subject to review by the Civil Service Commission;

Rule IV. Section 2.7 Extraordinary or Superior Qualifications, Experience, Credentials

- The salaries of all current probationary and permanent employees who occupy positions in the same job classification and **who possess the same or equivalent qualifications**, experience, and/or credentials shall be adjusted up to but not to exceed the rate granted to that employee provided that the qualifications, experience, and/or credentials are also verified and documented in the same manner as that employee. Such adjustments shall only be made on the same date that the higher pay rate is given to that employee;
- The Commission shall have exclusive, final authority to validate the qualifications, experience, and/or credentials credited for purposes of this subsection;
- The appointing authority **must post all special rates given** in a location that is accessible to all employees. The appointing authority must assure that the posting remains in place permanently or is replaced when appropriate.

Compensation Tools Used by the City.

1. Longevity Pay
2. Merit Pay
3. Promotions
4. Demotions
5. Lateral Classification Changes
6. Overtime
7. Temporary Work of a Higher Classification
8. Temporary Special Assignment Pay Increase
9. Special Rates of Pay/Shift Differential
10. Dual Assignments
11. Other Forms of Pay - State Supplemental Pay/City Millage/Uniform/Tool Allowances
12. Other (Flexible Schedules, Employee Recognition, Upcoming salary study)



**Look, we'll whistle when it's \$15.10
an hour !!!**



1. Longevity Pay:

- City employee's get a 2.5%*(in two (2) one step increments of 1.25% each) longevity increase on their one year anniversary with the City of New Orleans and receive an additional 2.5% increase on every five (5) year anniversary. This amount is not included in any base pay calculations and is not noted on an individual's Salary Step field on the Job/Pay/Location Tab in ADP.
- In ADP-Enterprise, longevity is noted on the Employee Information Tab as the SERVICE DATE. Use this date to determine how many years the employee has worked for the City. From that date add the following number of steps to the base pay for purposes of internal pay calculations.

Years of Service	Number of Steps
CSD to 1 year	0
1 – 4 years	2
5 – 9 years	4
10 – 14 years	6
15 – 19 years	8
20- 24 years	10
25 – 29 years	12
30– 34 years	14

2. Merit Pay (Rule IV, Section 2.5)

- Beginning January 1, 2015 and ending December 31, 2017 employees who merit a performance evaluation of competent or above will be eligible for a 1.25% across the board pay increase. However, **effective, January 1, 2018**, all merit increases will be subject to the following:
 - (1). Employees who are in active status, including those in provisional appointments, for at least one year prior to the end of the annual review period and has completed the performance evaluation process becomes eligible for and may be granted a merit increase, provided that the appointing authority has determined their performance merits such an adjustment.
 - (2) The amount of the increases **shall be 1.25% for a rating of “Meets Expectations”, and 3.75% for a rating of “Exceeds Expectations”**. An employee who has a current official overall Performance Evaluation of “Does Not Meet Expectations” shall not be eligible for any increase under the provisions of the rule.
 - (c) Such advances shall be effective for the **closest pay-period after June 1** provided that suitable documentation evidencing evaluation of the individual employee and detailing specific justification for the employee’s entitlement to such an increase.

3. Promotion

- A promotion is defined as a change of an employee in the classified service from a position in one class to a position in another class for which a higher pay grade is provided in the pay plan. When an employee is promoted to a position in a higher grade, his/her Base Rate* shall increase to the minimum pay rate of the new class, hiring rate established pursuant to Rule IV, §2.6, or by 5%, whichever is greater.

*Base Rate- Wages earned by or paid to any employee by reason of services rendered in any position, exclusive of all overtime payment, longevity pay, shift differential pay, special rates of pay and temporary pay increases earned.

Promotion - Example

- Ron White was promoted from Office Assistant, Trainee (PG 40) to Office Assistant II (PG 44) and his base pay includes six **merit pay steps**. Mr. White has 8 months of service.

Pay Grade	Step 1 Minimum	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 11 2 nd Quartile	Step 21 Midpoint	Step 41 Maximum
40	18,467.44	18,698.28	18,932.01	19,168.66	19,408.26	19,650.87	<u>19,896.50</u>	20,910.14	23,675.94	30,353.44
41	18,932.01	19,168.66	19,408.26	19,650.87	19,896.50	20,145.21	20,397.03	21,436.16	24,271.54	31,117.01
42	19,408.26	19,650.87	19,896.50	20,145.21	20,397.03	20,651.99	20,910.14	21,975.41	24,882.12	31,899.80
43	19,896.50	20,145.21	20,397.03	20,651.99	20,910.14	21,171.51	21,436.16	22,528.23	25,508.06	32,702.28
44	20,397.03	20,651.99	<u>20,910.14</u>	21,171.51	21,436.16	21,704.11	21,975.41	23,094.96	26,149.75	33,524.95

From: Pay Grade 40, Step 07 (This includes six steps for merit pay)

To: Pay Grade 44 , Step 03(Going to the minimum of the new class would only net 2.5% so step is increased by 2.

- As you know, with the ADP system, longevity steps are automated and therefore not indicated on the Salary Step field on the Job/Pay/Location Tab. For calculation purposes, it must be added on afterwards to properly determine an employee's pay.

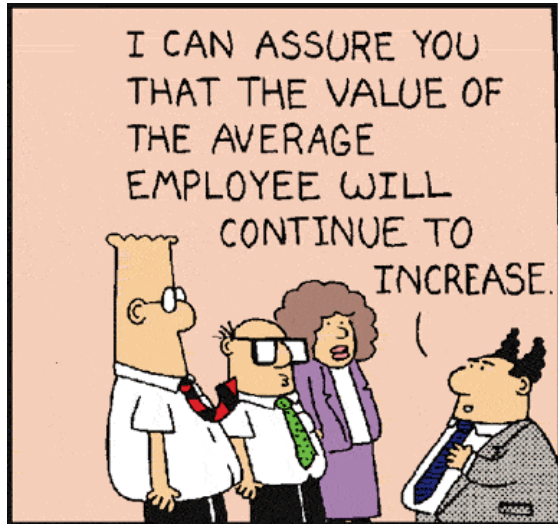
Quiz #1

- Joe Horn was promoted from Office Assistant, Trainee (PG 40) to Office Assistant I (PG 42) and his base pay includes two 1.25% merit pay steps. **He also has two years of consecutive service.**

Pay Grade	Step 1 Minimum	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 11 2 nd Quartile	Step 21 Midpoint	Step 41 Maximum
40	18,467.44	18,698.28	18,932.01	19,168.66	19,408.26	19,650.87	19,896.50	20,910.14	23,675.94	30,353.44
41	18,932.01	19,168.66	19,408.26	19,650.87	19,896.50	20,145.21	20,397.03	21,436.16	24,271.54	31,117.01
42	19,408.26	19,650.87	19,896.50	20,145.21	20,397.03	20,651.99	20,910.14	21,975.41	24,882.12	31,899.80
43	19,896.50	20,145.21	20,397.03	20,651.99	20,910.14	21,171.51	21,436.16	22,528.23	25,508.06	32,702.28
44	20,397.03	20,651.99	20,910.14	21,171.51	21,436.16	21,704.11	21,975.41	23,094.96	26,149.75	33,524.95

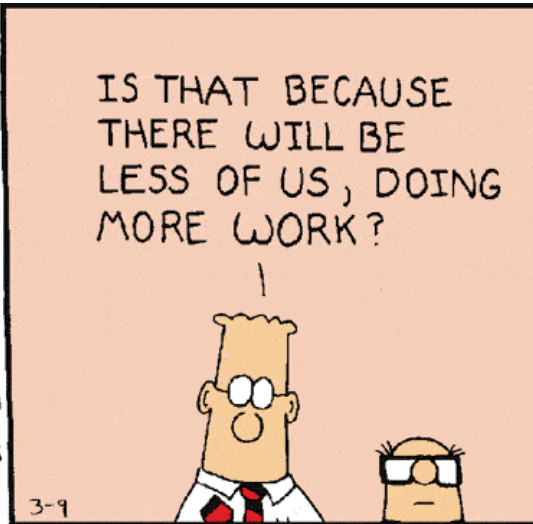
- What is Joe Horn's present base pay ? What is Mr. Horn's total present pay ?
- When promoted, what will be Joe Horn's new base pay ?
- What will be Joe Horn's total present pay ?

Promotion Continued

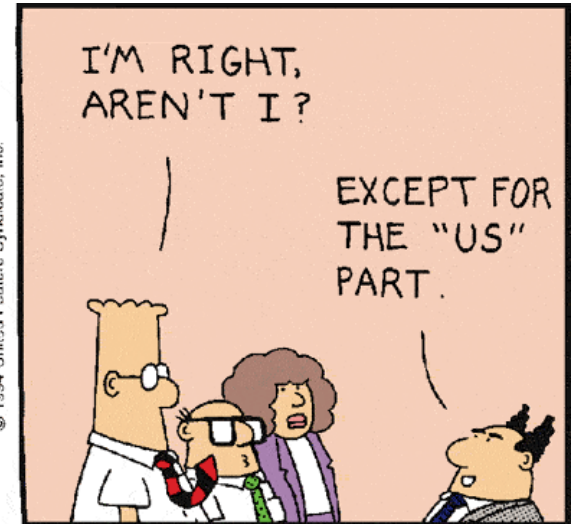


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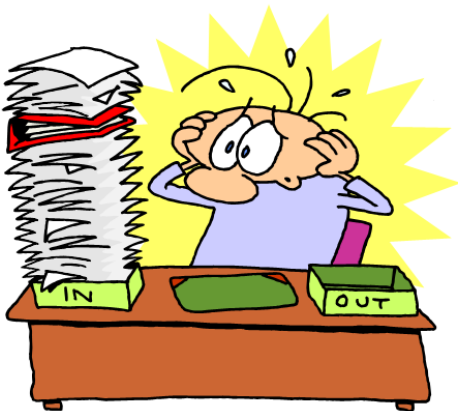
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4. Demotions

- A demotion is a change to a classification with a lower pay grade. Demotions may be voluntary or may be an involuntary disciplinary (and appealable) action.
- When demoted, employees who are permanent in the higher class can retain all, or part of, their pay. Rule IV, Section 3.2, allows the appointing authority to determine the employee's rate of pay, with the approval of the Personnel Director, as long as it is not:
 - below the minimum for that class, nor
 - exceeds the maximum for the lower class, excluding longevity.
 - Employees who are not permanent in the higher class are not permitted to retain any of the salary earned at the higher level.
- If voluntary, the Human Resource representative must have an employee sign a statement or letter agreeing to the terms of the voluntary demotion.

5. Lateral Classification Changes

- Lateral Classification Change: the change of an employee from a position in one classification to one in another classification at the same pay grade for which the employee is qualified. Treated similar to Demotions for compensation purposes.



6. Overtime

- Overtime is a vital management tool. Clearly, it's preferable to pay some workers time-and-a-half during work-packed periods than to add employees who may be underutilized at other times. If overtime is driven by workload and intelligently balanced, planned and documented, it can be a very effective tool. If it's not used appropriately, it can lead to paying more than needed to get the work done. Civil Service Rules limit overtime to **416 hours or 750 hours** in a calendar year in departments who perform public safety or special event functions.



7. Temporary Work in a Higher Classification (Rule III, Section 4)

- Subject to the approval of the Director, whenever a regular employee is required by the appointing authority to temporarily perform, on a full-time basis, duties in a vacant full-time position of another classification having a higher pay grade, the employee shall be entitled to receive additional compensation subject to the following conditions:
 - (a) The vacancy in the higher position must have been caused by the resignation, termination, retirement, or leave greater than 20 consecutive working days by the incumbent for exempt employees, and greater than 5 consecutive working days for non-exempt employees.
 - (b) Payment for temporary work in a higher classification continues until the work in a higher classification ceases or the vacant position is filled, defunded, unallocated, or ceases to exist for any other reason. **Any position temporarily vacated for more than three months must be filled with a permanent appointment** or conditional or temporary appointment in accordance with Rule VI, Section 5.

7. Temporary Work in a Higher Classification, continued...

- c) The rate of pay for work performed in a higher classification may be up to the minimum monthly rate for that classification, depending upon the employee's qualifications. However, if the employee's monthly salary exclusive of longevity is at or above the minimum for the higher classification or if increasing the employee's salary to the minimum of the higher class would result in an increase of less than five percent (5%), a pay increase of five percent (5%) shall be authorized for the eligible time spent in the higher class.
- (d) If, while performing work in a higher classification, the employee is separated from the service, any payment of terminal leave shall be paid in accordance with the employee's rate of pay in his or her permanent (primary) classification.
- (e) If a vacancy occurs and an appropriate employment list is available for certification, the appointing authority shall not require an employee to work temporarily in the higher classification, but rather must submit appropriate personnel forms to fill the vacancy on a permanent basis.



7. Temporary Work in a Higher Classification Continued

- (f) In the absence of an appropriate employment list, the appointing authority may designate an employee to work temporarily in a higher classification, provided the selection criteria is fair, equitable and uniform in application. When an appropriate employment register is subsequently established, and the appointing authority has an employee temporarily working in a higher classification, the appointing authority must submit appropriate personnel forms and fill the position on a permanent basis within thirty (30) calendar days of the date that the register is established.

8. Temporary Special Assignment Pay Increase (Rule IV, Section 2.2)

- Subject to the revocation of the Personnel Director, an appointing authority may grant a prospective increase up to 5% within the pay grade to any employee given a special assignment for a limited term within his class of positions, provided that there shall be a corresponding pay reduction at the completion of the special assignment. **Any increase above 5% or expected to last beyond one year shall require approval of the Personnel Director.**
- Special assignments must be beyond scope of current duties and responsibilities but need not be in a higher classification.
- Special Assignment pay shall not be available for additional duties assigned or assumed as the result of the resignation, termination, retirement or leave of another employee.

Temporary Special Assignment Pay Continued

- A written notice of the intention to affect the increase in pay as well as the corresponding a reduction in pay on the completion of the special assignment shall be given to the employee when the increase is granted.
- Increases and reductions in pay along with written justification for the increase shall be reported to the Personnel Director in such manner as the Personnel Director may prescribe.

WORKFLOW GEN TECHNOLOGY

- There are currently three processes moving to WorkFlowGen:
 - Temporary Pay Requests for Rule III, Section 4:
Temporary Work in a Higher Classification
 - Temporary Pay Requests for Rule IV, Section 2.2:
Temporary Pay Special Assignment
 - Also Job Study Requests

9. Special Rates of Pay/Shift Differential

- For the most part, acknowledges the difference in the unpleasant, undesirable or dangerous aspects of various assignments made in a class of positions. e.g., Handling Chemicals, mixing pesticides, etc.
- Shift Differentials

10. Dual Assignments

- Assignment on an occasional basis of additional duties and responsibilities ordinarily not embraced by the employee's classification, but comprising such different and distinct characteristics that the employee discernibly functions in another classification of work.
- e.g., Firefighter I asked to act as a Fire Apparatus Operator in his or her absence.

11. Other Forms of Pay

- **State Supplemental Pay**
 - Paid to Commissioned Police and Fire Personnel
Approximately \$6,000 annually.
- **City Millage**
 - Paid to Commissioned Police and Fire Personnel
 - Paid by a Property Tax and fluctuates based on collections
 - Tax is split between Police and Fire and then divided by the number of employees.
- **Uniform/Tool Allowances**
 - Managed by the CAO.



12. Other Topics....

➔ Flexible Schedules (if consistent with workplace requirements)

➔ Employee Recognition

- Formal vs. informal programs

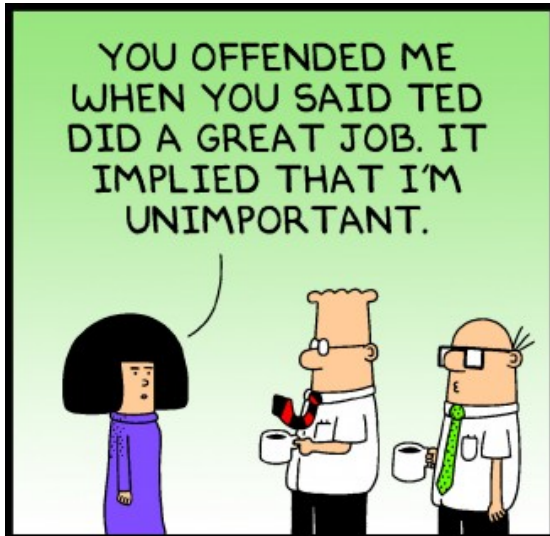
Informal Recognition

- An informal approach provides recognition at any time, typically by the employee's supervisor.

Formal Recognition

- Departments or divisions may want to plan a more formal approach to acknowledge employee accomplishments. Examples include awards for safety, customer service, productivity, outstanding achievements, etc.

Employee Recognition



FINALE-UPCOMING SALARY SURVEY

- Develop a comprehensive questionnaire to be completed by all classified employees and employees occupying unclassified positions created pursuant to Civil Service Rule III, Section 7.1.
- Review each specification for accuracy and completeness and be responsible for the typing and production of the class specifications.
- Conduct a comprehensive salary survey to include all relevant benchmark positions by collecting data from representative and competitive pay sources from appropriate labor markets.
- Recommend a formal pay plan that will meet all federal and state labor laws including the Fair Labor Standards Act, the City's minimum wage provision, and other pertinent regulations.
- Recommend the appropriate classification for each employee, including correction of identified discrepancies between existing and proposed classifications.

QUIZ #2

Your department has a vacant Junior Accountant position.

Minimum: \$27,481

Midpoint: \$35,232

Maximum: \$45,169

One of your incumbents has recently retired. To qualify for this job, applicants must possess 12 semester hours in accounting. Your top candidate, Tony Dongy, meets this requirement and also has four years of bookkeeping experience at PETCO.

a) Can your department hire Mr. Dongy at a rate higher than the range minimum? What Rule would apply to this situation?

b) What steps are required by the Rule?

c) At what maximum rate can the agency hire Mr. Dongy?

Quiz #3

Your department's Buildings Repair Supervisor has recently retired.

- a) What conditions are required to grant an employee Temporary Pay for Work in a higher classification pursuant to rule III, Section IV ?
- b) How would you determine what increase to recommend ?
- c) How long can this assignment continue ?

Quiz #4

Your department cannot fill its Electrician vacancies.

- What steps should you now take?



Quiz: True and False

1. Special rates of pay are considered part of base salary.
2. Temporary Pay may be included in calculating an employee's terminal leave benefits.
3. Special Assignment pay may be granted retroactively.
4. Dual Assignments should not be used to circumvent appointments to approved positions.
5. An appointing authority may give 5% within the pay grade to any employee given a special assignment for a limited term without prior Civil Service approval.