



GARLAND

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Directive

Title: Employee Compensation and Salary Administration

DIRECTIVE

The compensation philosophy of the City of Garland is based on the commitment to attract and retain a qualified, motivated, diverse workforce that meets the standards of service and excellence required by the City. In support of this goal, the compensation and salary administration policy will strive to:

- Establish compensation levels for positions on the basis of their relative internal worth and external competitiveness within relevant markets
- Reward employees on the basis of work performance
- Establish a compensation policy that is consistent with a City Council approved budget

DEFINITIONS

The following terms are defined for purposes of this directive:

- **Civil Service employee:**
 - Refers to Police and Fire personnel whose employment is covered under Texas Local Government Code, Chapter 143.
- **General employee:**
 - Refers to an "at will" employee whose employment is not covered under Texas Local Government Code, Chapter 143, and falls under one of the following categories:
 - Regular full-time employee:
Refers to an employee who is scheduled to work a minimum of 32 hours per week.
 - Regular part-time employee:
Refers to an employee who occupies a position for an indefinite period of time and is scheduled to work less than 32 hours per week.

- Temporary/Seasonal employee (full-time or part-time):
Refers to an employee who occupies a position for a specified period of time.
- **Post-hire evaluation period:**
 - Refers to the initial six (6) month period of employment and any extension, for all regular full-time and part-time employees and a twelve (12) month period of employment for Civil Service employees.
- **Post-promotion evaluation period:**
 - The post-promotion evaluation period is the initial six (6) month period following a position promotion and any extension, for all regular full-time and part-time employees.
- **Temporary promotion pay:**
 - Temporary additional pay provided to employees who assume the full responsibilities of a higher established position for an interim period of time.
- **Additional duty pay:**
 - Temporary additional pay provided to employees who are required to perform additional duties for a minimum of six (6) weeks and a maximum of six (6) months.
- **Standby pay:**
 - Pay provided to an employee when required to remain in a “work ready” status after normal work hours.
- **Compensatory time:**
 - Compensatory time is time off offered to non-exempt employees for hours worked over 40 in a workweek. Compensatory time is provided in lieu of immediate cash payment. Compensatory time is accrued and used at time and one half.
- **Discretionary time:**
 - Discretionary time is time off offered to exempt employees for hours worked over 40 in a workweek. Discretionary time is similar to compensatory time for a non-exempt employee. However, discretionary time is accrued and used at straight time and is not used for the purpose of computing overtime.
- **Non-exempt employee:**
 - Refers to an employee who *is* covered by the overtime provisions under the Fair Labor Standards Act (FLSA) and is paid overtime or given compensatory time for hours worked in excess of 40 hours per work week.
- **Exempt employee:**
 - Refers to an employee who *is not covered* by the overtime provisions under the Fair Labor Standards Act (FLSA).

GENERAL ADMINISTRATION

1. New Employees

1.1 Initial Compensation

New employees should normally be compensated within the first quartile of the approved salary range with approval from the Department Director.

- 1.1.1 An offer of initial compensation within the first quartile of the salary range requires the approval of the Department Director.
- 1.1.2 An offer of initial compensation within the second quartile of the salary range requires the additional approval of the Human Resources Managing Director.
- 1.1.3 An offer of initial compensation above the midpoint of the salary range requires the approval of the Department Managing Director, Human Resources Managing Director, and the City Manager or City Manager designee.
- 1.1.4 A new employee hired above the minimum of the salary range should be compensated with a salary based upon internal equity, experience, special skills, education, and market demand.

1.2 Post-Hire Salary Adjustment

- 1.2.1 All employees will serve in a post-hire evaluation period of not less than six months.
- 1.2.2 At the conclusion of a post-hire evaluation period, a performance evaluation documenting successful completion or extension of the employee's performance review period is required. The Department Director has the discretion to extend the evaluation period, not to exceed three months.
- 1.2.3 At the conclusion of one year of employment, employees are eligible to receive a performance increase based on the merit-based pay allocations approved for that year. The following merit increase will be prorated based on the number of months since the initial increase.
- 1.2.4 A performance evaluation documenting an employee's performance must be submitted with all performance related increases.

2. Promotion

- 2.1 A promoted employee shall be placed within the first quartile of the new salary range, receiving at least a five percent increase for a one grade promotion and at least a ten percent for a multiple grade promotion. The

Department Director may forego or reduce the minimum increase in the event the employee's current salary exceeds mid-point of the new range.

- 2.2 A promoted employee will serve in a post-promotion evaluation period of not less than six months. At the conclusion of a six month post-promotion evaluation period, a performance evaluation documenting successful completion or extension of the review period should be completed. The Department Director has the discretion to extend the evaluation period, not to exceed three months.
- 2.3 Employees are not eligible for a post-promotion evaluation increase unless agreed upon at time of promotion. Exceptions for post-promotion increases must be approved by the Department Managing Director and Human Resources Managing Director.
- 2.4 If it is determined during or at the end of the post-promotion evaluation period that an employee cannot satisfactorily perform the assigned duties of the position into which he/she promoted into, the Department Managing Director has the discretion to 1) place the employee back into his/her former position, if it is available 2) place the employee in another comparable position, if such a position is available 3) terminate the employee.
- 2.5 At the conclusion of one year in the promoted position, employees are eligible to receive a performance increase based on the merit-based pay allocations approved for that year. The merit increase in the following year will be prorated based on the number of months since the last merit increase.
- 2.6 A performance evaluation documenting the employee's performance must be submitted with the proposed pay increase.
- 2.7 An employee promoted from a non-exempt position to an exempt position is eligible to receive at least a five percent increase for a one grade promotion and at least a ten percent for a multiple grade promotion. However, increases above five percent or ten percent, may be granted to ensure pay equity for the newly promoted employee. Such exceptions require Department Managing Director and Human Resources Managing Director approval.

3. Demotion

- 3.1 An employee receiving a performance based demotion or voluntary demotion will have their compensation evaluated and adjusted as determined by the Department Managing Director and the Human Resources Managing Director.
- 3.2 A promoted employee receiving a performance based demotion or voluntary demotion within the first year after the promotion will receive a reduction in pay equal to the increase received at the time of the promotion.
- 3.3 At the conclusion of the six month post-demotion evaluation period, a performance evaluation documenting successful completion or extension of the review period should be completed.

4. Organizational Re-assignment

- 4.1 An organizational re-assignment occurs when management determines that it is in the best interest of the City to re-assign an employee to another position, due to position abolishment, organizational restructuring, etc. An organizational re-assignment may place an employee in a position that is either in a higher or lower pay grade.
- 4.2 If re-assignment places the employee in a higher pay grade, the re-assignment may be considered as a promotion.
- 4.3 If re-assignment places the employee in a lower pay grade, and the employee's salary exceeds the maximum of the lower pay grade, the employee's salary may be reduced to the maximum of that pay grade and/or that of current incumbents within that classification.

5. Lateral Transfer of Employees

- 5.1 An employee transferring to a position in the same pay grade is not generally eligible to receive a salary increase as a result of the transfer. In situations where an employee transfers into a position that utilizes a significantly different skill set, the employee may receive an increase of up to five percent not to exceed the midpoint of the salary range. This skill set exception must be determined and agreed upon prior to the date of transfer and requires the approval of the Department Director and the Human Resources Managing Director.
- 5.2 At the conclusion of the six month post transfer review period, a performance evaluation documenting successful completion or extension of the review period is required. The Department Director has the discretion to extend the evaluation period, not to exceed three months.
- 5.3 If an employee cannot satisfactorily perform the assigned duties of the position into which he/she transferred, the Department Managing Director has the discretion to 1) place the employee back into his/her former position, if it is available 2) place the employee in another comparable position, if such a position is available 3) terminate the employee.

6. Testing Employees after Promotion or Transfer

Employees who are offered promotion or transfer must pass a drug test as a condition of the promotion or transfer. The drug test may be waived if the employee has passed a drug test within three months of the promotion or transfer.

7. Reclassification

- 7.1 An employee receiving a reclassification to a higher pay grade, shall be placed within the first quartile of the new pay grade, receiving at least a five percent increase for a one grade reclassification and at least a ten percent for a multiple grade reclassification. The Department Director may forego or

reduce the minimum increase in the event the employee's current salary exceeds mid-point of the new pay grade.

- 7.2 An employee receiving a reclassification to a lower pay grade may receive a pay adjustment. If the employee's salary exceeds the maximum of the lower pay grade, the employee's salary may be reduced to the maximum of that pay grade and/or that of current incumbents within that classification.
- 7.3 If an employee's position is reclassified as a result of market conditions and the employee's salary falls above the new range maximum, the employee's salary may be capped with no additional salary increases until the employee's salary falls under the range maximum.

8. Stability Pay

- 8.1 Stability pay shall be provided annually to all regular full-time general employees who have completed at least thirty-six months of continuous service as of December 1 of each year. Length of service computations shall be based on continuous full-time regular City employment based on a formula which begins with 2.5% of \$15,000 for three years of service as of December 1 of each year. The formula will increase by 0.5% of \$15,000 for each additional year of service up to a maximum of 8.5% of \$15,000.
- 8.2 The formula for stability pay yields the following:

Years of Service	Amount
3	\$375
4	\$450
5	\$525
6	\$600
7	\$675
8	\$750
9	\$825
10	\$900
11	\$975
12	\$1050
13	\$1125
14	\$1200
15 or more	\$1275

9. Fair Labor Standards Act

- 9.1 The City conforms to the requirements of the Fair Labor Standards Act (FLSA).
- 9.2 Non-exempt employees covered under FLSA, except Fire Suppression and EMT/Paramedic personnel, whose "hours worked" exceed 40 hours in any work week shall receive compensation or compensatory time at 1.5 times their regular rate of pay.
- 9.3 Fire Suppression and EMT/Paramedic personnel work an average 12-day work period shall receive compensation or compensatory time at 1.5 times their regular rate of pay plus longevity and other extra pay as permitted by law for "hours worked" in excess of 159 in a three week period.
- 9.4 For the purpose of computing overtime, "hours worked" includes:
- Actual hours worked
 - City business and Compensable Training
 - Standby Time
 - Standard Holiday Leave¹
- 9.5 Non-exempt employee overtime compensation shall be paid through payroll or by accrual of compensatory time at the discretion of the supervisor. Compensatory time is limited to a maximum accrual of 120 hours (80 overtime hours worked). Any overtime hours worked in excess of this limit will be paid on the following pay cycle. Upon termination, non- exempt employees will be paid for accrued compensatory time.
- 9.6 Employees who are exempt from the Fair Labor Standards Act may accrue discretionary time up to a maximum of 200 hours for time worked beyond the employee's work schedule. Accrual of discretionary time is on an hour-for-hour basis. *Discretionary time for an exempt employee is similar to compensatory time for a non-exempt employee. However, discretionary time is not used for the purpose of computing overtime.* Upon termination, exempt employees will not be paid for accrued, unused discretionary time.
- 9.7 An employee moving from a non-exempt classification to an exempt classification will be paid for all accrued compensatory time earned as a non-exempt employee. The payment will be made at the employee's non-exempt rate of pay prior to the movement.
- 9.8 When an employee moves from an exempt classification into a non- exempt classification, the employee may retain up to 120 hours of accrued discretionary time which will be placed in their compensatory leave bank. Any hours above 120 will be purged.
- 9.9 A supervisor may require an employee to use accrued compensatory time prior to the use of vacation.
- 9.10 Employees will be paid for hours worked during a shift which includes the change to or from daylight savings time. This may place the employee in an overtime situation for one hour or may result in payment for one hour less

than a usual shift.

- 9.11 The employee's supervisor must approve all overtime prior to being worked. An exception for unapproved overtime may be granted to employees for unforeseen circumstances upon immediate notification to the employee's manager or by the end of the next business day.
- 9.12 Employees returning to work on light duty status are not eligible to work an excess of 40 hours per week until the employee returns to full duty status.
- 9.13 Departments must maintain accurate records that reflect an employee's actual hours worked. Non-exempt employees who do not provide timely documentation of hours worked and the hours are therefore not recorded on time sheets and/or entered into the HR/Payroll System, may not be compensated for unreported hours. Department managers shall be responsible for investigating and resolving any discrepancies in time-entry.
- 9.14 Employees may not use compensatory or discretionary time not yet earned.

10 Standby Pay

- 10.1 Although all city employees are subject to being called to duty after normal working hours, the maintenance of certain essential services requires that individuals be designated and available, on a routine basis, to respond to service calls after normal working hours.
- 10.2 Standby is a designation applied to non-exempt employees who, for a specific period of time, must be available after their normal working hours to perform essential public services upon relatively short notice, usually within 30 minutes. For each period up to 24 hours that an employee is on standby, the employee will receive one hour of Standby Pay plus payment for all actual hours worked in accordance with FLSA. An employee will be considered officially scheduled and designated as standby only when approved by the employee's supervisor. The requirement of carrying a pager, cell phone, or radio is not, of itself, considered standby time. Department managers shall be responsible for ensuring standby pay is recorded in the HR/Payroll system using the standby pay component.
- 10.3 Pay for travel time for those on "stand-by" is only necessitated when an employee is assigned a city vehicle and is on "stand-by" duty. Employees called in who are on stand-by duty should be paid from the time they are called until they return home. The amount of time to credit is the "normal" driving time required to get from the person's residence to the office or work site. Supervisors must determine this for each person for each stand-by situation, as the time will vary from person to person. This pay does not include incidental activities the employee may engage in on the drive to work, or on the way back to their residence.

- 10.4 Employees otherwise “called-in” who are not on stand-by duty, should be paid on the basis of when they get to work, unless they are required to drive over 25 miles from their residence to the job site, in which case the driving time is compensable.

11 Temporary Promotion Pay

General employees who are temporarily assigned full responsibility for performing duties of a higher classification for more than ten consecutive working days, may be compensated at least at the minimum of the higher pay grade or at an amount determined by the Managing Department Director and Human Resources Director.

Civil Service personnel shall receive payment for temporary duties in a higher classification at the minimum pay for the next higher rank in accordance with the provisions of Chapter 143 of the Texas Local Government Code.

12 Additional Duty Pay

Employees who are required to perform significantly different additional duties for a minimum of six weeks and a maximum of six months may be eligible for additional duty pay of up to five percent (5%) for the duration of the performance of additional duties. If an employee is required to perform significantly different additional duties beyond six months, the Department Managing Director must submit a new position description questionnaire and job evaluation manual to the Human Resources department to have the position reviewed for reclassification. The employee’s pay may be adjusted further if the position is reclassified by two grades or more.

13 Selective Salary Adjustment

A selective salary adjustment may be given to provide equity with internal pay structures and/or external market pay or for employee retention. The adjustment must be approved by the Department Managing Director and the Human Resources Managing Director as well as be supported by appropriate documentation. An increase higher than five percent or above the range midpoint must be approved by the City Manager.

14 Merit Increases

- 14.1 The City has a pay-for-performance philosophy with the intent to distribute merit increases based upon individual performance levels. The City's performance management process is designed to evaluate performance and to provide a basis for merit increase decisions.
- 14.2 Performance evaluations will be conducted annually. The allocation of Council approved compensation increases will occur within the following fiscal year.
- 14.3 Each year, Human Resources will monitor compensation practices through various sources and will develop an overall budget recommendation and merit distribution guidelines. Once approved by City management and the City Council, the merit increases will be distributed to employees based on individual performance levels. It will be the responsibility of supervisors to complete the performance evaluation process with employees in their work group. It will be the responsibility of Department Managing Directors to ensure performance is adequately and consistently evaluated.
- 14.4 Merit increases will be distributed based on individual performance evaluation ratings. Department Managing Directors will ensure the performance evaluation process is applied in a consistent manner within his/her departments.
- 14.5 Employees hired or promoted less than one year prior to the effective date of the City's annual performance evaluation process, are not eligible to participate in the city-wide merit process until they have completed one year of employment with the City or served in the new position for one year.
 - 15.5.1 Once an employee completes the one year period from his/her hire date or promotion date, he/she will be eligible to receive a prorated merit increase based on his/her evaluation rating and number of months since the one year date of the hire or promotion.
- 14.6 Employees who receive an overall performance evaluation rating of "unacceptable performance" will be placed on a Performance Improvement Plan (PIP).
 - An employee who has been placed on a disciplinary performance improvement plan (PIP) will not receive a salary increase related to performance until the performance improvement plan has been successfully completed and the manager has determined that the employee has demonstrated a level of consistent, acceptable performance beyond the PIP.
 - Any increase following completion of a PIP may be prorated to exclude the PIP period.
 - Employees who receive a rating of less than "expected performance" for two consecutive years may be

recommended for termination.

- 14.7 Merit increase amounts for employees at or above range maximum, or which would take an employee above range maximum, may be paid in a lump sum amount.

15 Market/Pay Structure Adjustments

- 15.1 The City has adopted a market-based pay structure to be responsive to changes in external market conditions. The Human Resources Department will conduct an annual review of the external market. Based on this review, an appropriate adjustment to the salary structure and/or individual salaries may be necessary.
- 15.2 When a job classification/grade change occurs as a result of market conditions, the salaries of employees in the job classification will be evaluated to determine whether a salary adjustment is required.
- 15.3 Market adjustment increases will be limited to employees whose salaries fall below the midpoint of the salary range. Human Resources will provide a recommendation regarding increases to the Department Managing Director for review.
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