



COMPENSATION PLAN

PURPOSE

The purpose of this compensation plan is to establish guidelines for managing employee pay in a manner that promotes consistency, efficiency, and effectiveness. By doing so, the Township promotes compensation strategies that maximize the recruitment, performance, development, and retention of quality employees in support of the Township's mission.

GOALS

Through its programs and practices, Liberty Township will strive to achieve the following goals:

- Fair and consistent pay practices for all employees;
- Fair and consistent pay opportunity for all employees;
- Competitive salaries relative to the appropriate labor market;
- Rewards and recognition for results-based performance and exceptional contributions;
- Credible programs which are easy to understand, communicate and administer;
- Financial effectiveness and efficiency;
- Compliance with federal, state, and Township laws and regulations.

COMPENSATION PLAN EMPLOYEES

Employees covered by this policy include all non-bargaining unit employees of Liberty Township. Excluded from this policy are Fire Department Battalion Chiefs and bargaining unit employees.

RESPONSIBILITY

TOWNSHIP ADMINISTRATION

Develop, implement, and monitor organization-wide compensation and performance management policies, procedures and programs.

Develop pay rates, pay structures and pay practices; assign pay bands to newly created and substantially revised classifications (as outlined in resolution HR2023-050), analyzes market data regularly to determine changes necessary to ensure that the organization is competitive within the relevant labor markets.

Ensure compliance with relevant wage and hour laws and regulations.

Function as an internal consultant to departments by working with directors, supervisors, and employees on compensation questions and issues.

Provides compensation reports and data needed for effective program review.

TOWNSHIP BOARD OF TRUSTEES

Each year, the Board of Trustees shall establish, by resolution, the base performance rate to the compensation plan for the upcoming year. That resolution shall be known as the “Pay Resolution”.

GUIDELINES

PAY STRUCTURE

The pay structure establishes appropriate pay opportunities for positions through pay bands. The structure is based on competitive pay practices and internal considerations, and is intended to:

- a. Define the pay opportunity for employees;
- b. Establish appropriate differentials between positions to recognize different levels of demand and complexity of duties;
- c. Establish lower and upper limits of value for each position.

The Compensation Plan’s pay structure considers the midpoints of the pay bands to be the competitive market values for positions in those ranges. The pay bands were established using salary data for like and similar positions from the top twenty townships in the State of Ohio based on their population from the most recent census using rankings provided by the Ohio Township Association. Liberty Township’s percentile on that list sets the upper threshold of pay data and that same percentile is removed from the lower range of data. The midpoint of that range is considered to be the market competitive value.

A pay band represents the pay opportunity for all employees in a particular classification ranging from someone newly hired to someone approaching retirement.

The market competitiveness of the pay structure is managed by the Assistant Township Administrator or their designee through ongoing participation in salary surveys, analysis of market data, and the periodic review of classification assignments to pay bands. If as a result of a change in a classification’s pay band assignment, an employee’s pay would be below the minimum of the new pay band, their pay must be increased to the minimum of the new pay band.

Market competitiveness is managed consistently with the above-mentioned strategy. Staff will conduct salary surveys every three to five years or as market conditions dictate. Any adjustments to the pay bands would require a resolution approved by the board of trustees.

SALARY INCREASE BUDGET

Subject to the Board of Trustees appropriation, the Finance Director will determine and establish available funds for performance increases for all Township employees.

The criteria for allocation of the salary increase budget will be determined by the Assistant Township Administrator and approved by the Board of Trustees. The salary increase budget may be comprised of:

- a. an across-the-board component, or
- b. a performance component, or
- c. a combination.

Assuming the availability of funds, salary increases will be effective January 1. (This section does not apply to Initial Performance Evaluation performance increases – employees removed from probationary status.)

SALARY DETERMINATION

The following salary determinations (Hiring, Promotion, Adjustment, Transfer, Demotion) should be based on consideration of:

- a. Experience, education, and performance of the candidate or employee;
- b. Impact of the position on the goals and objectives of the department;
- c. Analysis of relevant competitive markets;
- d. Availability of funding.

Employees rate as it pertains to the competitive rate

Each year, the Board of Trustees and Township leadership will determine the pool of funding available for merit pay increases and year end base performance rate adjustments for non-bargaining unit employees.

The objectives of the Strategy and the financial resources available will be considered in determining the pool of funds available for the merit pay increases and year end BPR decision-making process.

Merit pay is used to reward successful employee performance. Larger merit increases will be awarded to employees who consistently exceed performance standards.

Year-end BPR for the payroll calendar year begin at a base increase established by the Board of Trustees each year. Employees whose performance has been rated at 1.50 (Meets Expectations) or above 1.50 will receive an additional merit pay increase based upon the merit score range / merit rate increase table within this document.

Employees whose performance has been rated at 0.99 (Meets Expectations) or below will be deducted a percentage of the BPR based upon the merit score range / merit rate increase table within this document.

Merit increases will be factored on the employee's base wage and will not include any supplemental wage(s), if any.

Each year the board of Trustees will approve designated pay bands for each position. From those bands a competitive rate (mean) will be established as will rate quartiles. Employees in Quartile 1 will receive an additional 0.50% increase, and employees in Quartile 2 will receive an additional 0.25% increase. Employees in Quartiles 3 and 4 will not receive a quartile increase. Employees receiving a score below the meeting expectations range are not eligible for a quartile increase.

Employment status (i.e., full-time vs. part-time) should not be a consideration in making salary determinations.

NEW HIRE

A new hire is an employee new to Liberty Township. The hiring range is the established pay band minimum value to the competitive market value. Based on consultation with the Assistant Township Administrator, and final approval from the Township Administrator, the hiring range can be extended beyond the competitive market value up to the top value of the established pay band.

Initial Performance Evaluation (Removal of probationary status)

To ensure a department's ability to fully evaluate the performance of new employees, pay increases for those employees who are in their probationary period on January 1 will be given at the completion of the probationary period. Subsequent evaluation periods will then be aligned to the standard calendar-year timeframe. It is important to note that the department director along with the Township Administrator may determine that the performance of the employee does not justify a performance increase.

PROMOTION

A promotion is a change to a different classification in a higher pay band (a higher minimum, midpoint, and maximum). An employee accepting a promotion should typically receive a 5-10% pay increase. In no case should the promoted employee's pay rate be below the minimum of the higher pay band, nor should the employee's pay rate exceed the maximum of the higher pay band.

The promotional increase is effective the date of the promotion, and is in addition to any other increase for which the employee may be eligible.

PAY COMPRESSION

Pay compression occurs most frequently when employees promote from FLSA-nonexempt positions to FLSA-exempt positions and/or moves from a bargaining unit to a position outside of the bargaining unit.

At the Township Administrator's discretion, a nonexempt employee's previous 3 years' history of earned overtime pay may be averaged and added to their current pay rate to determine an adjusted pay amount to use to calculate an appropriate pay differential.

ADJUSTMENT OR TRANSFER - SAME CLASSIFICATION

An adjustment is a pay increase. With proper justification from the department director or designee, adjustments of 2-4% for increased duties or responsibilities within the scope of the employee's job classification are likely to receive favorable consideration by the Township Administrator.

A transfer to the same classification, whether within or across departments, is a move to a different position in the same classification and does not result in a change in pay rate.

A transfer to a classification with reduced responsibilities could mean a reduction in pay if the employee's salary at the time of the transfer is outside of the new position's pay band.

INTERIM/LIMITED APPOINTMENT

An interim limited appointment occurs when an employee is reassigned to a different position in a higher pay grade on a temporary basis.

Example:

A department director terminates their employment with the Township, and the assistant director temporarily promotes into the administrator's position until a search can be conducted to fill the position.

Criteria in the Promotion section should be followed in determining the new pay rate. It is prudent to consider a smaller promotion increase for an interim limited appointment than one would consider for the same person for a regular promotion to the position.

At the end of the interim limited appointment, the employee returns to their original position at their previous pay rate plus any increases that occurred during the appointment – interim appointment spans across a new calendar year.

PAY BAND MAXIMUM

Those employees whose pay rates are near or at pay band maximum at the time of any pay increase will receive the portion of their increase that would take their pay rate beyond pay band maximum in the form of a lump sum payment. The intent is that employees generally will not be paid at a rate higher than their pay band maximum (i.e., 20% above the market). Said lump sum payments are to be paid within 45-days of the effective date of the pay increase.

EXCEPTIONS:

Any exception to any guideline is subject to the approval of the Township Administrator.