

**RESOLUTION 19-R-16** to adopt and implement Classification and Compensation Policy.

**WHEREAS**, the City Council in adopting the FY19 Budget directed the City Manager to amend the City's pay plan to better accommodate market conditions that were restricting the City's ability to hire and retain good employees; and,

**WHEREAS**, the City Manager implemented pay plans during FY19 that set classification and salaries for other employees, placed certain public safety employees in the Public Safety Step Plans, placed certain employees in the General Fund Step Plan, placed the remaining employees in Open Range Plan, and adjusted salary inconsistencies with the amount budgeted by Council; and

**WHEREAS**, a new Classification and Compensation Policy should be adopted for the Employee Handbook that reflects these changes and provides the basis for future compensation decisions.

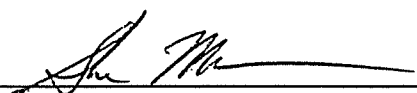
**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MURFREESBORO, TENNESSEE, AS FOLLOWS:**

SECTION 1. Resolution 15-R-11 to approve adoption and implementation fo a Classification and Compensation Plan adopted by Council on May 14, 2015 is hereby rescinded and shall henceforth have no effect.

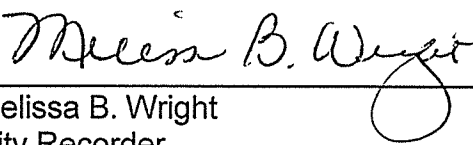
SECTION 2. Employee Handbook Section 5003, Classification and Compensation, as attached hereto, is approved and shall be effective immediately and the classification and compensation plans implemented in FY19 are approved and adopted.

SECTION 3. Employee Handbook Sections 1035, 5004, and 5009 are hereby eliminated effective immediately.

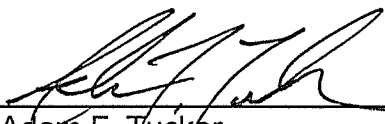
Passed: June 6, 2019

  
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Shane McFarland, Mayor

ATTEST:

  
\_\_\_\_\_  
Melissa B. Wright  
City Recorder

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Adam F. Tucker  
City Attorney

## EMPLOYEE HANDBOOK

Policy No: 5003

Policy: Classification and Compensation

Effective Date:

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### 1. Policy Objectives

- 1.1 The compensation program is designed to attract and retain a high-quality, diverse workforce and to maintain salary structures at market-competitive levels. The compensation program also assures equitable pay practices.
- 1.2 The compensation program will be prudently administered within the budget set by Council and in compliance with applicable federal and state laws, including the Federal Fair Labor Standards Act and the Equal Pay Act.
- 1.3 Adoption of this section of the *Employee Handbook* does not limit the Charter authority of the City Council to set a budget for the City and to alter or amend any portion of the compensation program, including any step plan. Neither does this section limit the Charter authority of the City Manager to establish employee salaries each budget year.
- 1.4 *Employee Handbook*, Section 5003.5 Public Safety Compensation applies to all non-exempt sworn and/or certified members of the Police Department, Fire Rescue Department, and Emergency Communications division unless otherwise noted in this policy.

### 2. Compensation Structure

#### 2.1 Non-exempt

- a. Every employee will hold a position within a classification and each classification will have a salary range.
- b. The salary range for non-exempt classifications is based on a six-level Step Program. A non-exempt employee will progress annually through the Step Program, advancing one step on July 1<sup>st</sup> unless Council determines otherwise. After Step Six, a non-exempt employee will move to an open salary range established for their classification.

#### 2.2 Exempt

- a. The salary range for exempt positions will be an open salary range with the mid-point of the range generally set approximately at 50% of the most relevant salary market data; however, City's organizational requirements may alter this general guideline.

- b. Salary ranges for each classification are set to reflect market conditions and organizational needs as determined by Council and the City Manager. An employee whose salary is at or above the maximum of the salary range for a position will receive no annual adjustment, unless during the budget process Council provides for a cost of living adjustment, which may be a one-time payment or a salary adjustment.

**3. Salary Upon Hiring**

**3.1 Non-exempt Positions.**

- a. The starting salary for a new employee hired to fill a non-exempt position will be the salary set at Step One of the Step Program, the minimum of the salary range to which the job classification is assigned.
- b. **Hard-to-Fill Positions.**
  - 1. A position designated by the City Manager as a Hard-to-Fill Position will be posted for recruiting with a salary range from Step One to Step Six of the classification.
  - 2. An offer of employment into a Hard-to-Fill Position may be above Step One of the classifications and up to Step Six of the position classifications as approved by the Executive Director. An offer above Step Six requires approval of the City Manager.
  - 4. A written justification of the offer into a Hard-to-Fill position above Step One must be provided to the Human Resources Department for inclusion in the employee's personnel file. Salary justification for a Hard-to-Fill position must include market-based and recruiting information.
  - 5. Hard-to-Fill Positions will be identified by the City Manager in consultation with the hiring Department and the Human Resources Director based on current market conditions. Upon filling a position designated as a Hard-to-Fill Position, the designation will expire.
  - 7. The salary of employees hired into a Hard-to-Fill Position will have no effect on the salaries of existing employees.
- c. Employees hired into a Step Program, included Public Safety Employees, on or after April 1<sup>st</sup> will remain in the Step into which they are hired until the second July 1<sup>st</sup> after the employee's date of hire.

3.2 Exempt Positions.

- a. Exempt positions may be posted with a salary range from the minimum of the salary up to the mid-point of the salary range. Additional compensatory benefits may be offered by the Executive Director upon approval of the City Manager.
- b. An offer of employment above the minimum of the salary range for the position up to the mid-point of the classification requires the prior approval of the Executive Director of the Division. An offer above the mid-point of the salary range requires prior approval of the City Manager. Approval of an offer above the minimum requires written justification from the Executive Director for the salary offered, which will be provided to the Human Resources Department for inclusion in the employee's personnel file.
- c. The salary for employees hired on or after April 1<sup>st</sup> will remain the same regardless of any salary increase (but not decrease) granted by Council during the budget process until the second July 1<sup>st</sup> after the employee's date of employment.

3.3 Executive and Command Positions. Executive Positions are Assistant City Managers, Executive Directors, and Department Directors, Police Chief, and Fire Chief. Executive Positions and Command Positions may be posted with a salary range from the minimum to the maximum of the range. An offer of employment may be made by the City Manager within the range based on knowledge, skills, experience, and education. Written justification for an offer of employment above the mid-point of the salary range must be provided to the Human Resources Director for inclusion in the employee's personnel file.

3.4 Appointed Positions. Positions appointed by Council pursuant to the City's Charter will be negotiated in accordance with parameters set by Council and the Charter.

4. **Salary Upon Promotion**

Promotions are the result of an employee voluntarily accepting an open position in a higher classification.

4.1 Position Posting. All promotions will be posted at least internally for a period of not less than five business days unless otherwise approved by the Executive Director. Promotions for employees in non-exempt Public Safety Pay Plans, however, are handled in accordance with *Employee Handbook* Section 5003.5.

4.1 Non-exempt Positions. The salary of a non-exempt employee promoted to a position in a higher classification will increase to the greater of:

- a. the beginning step of the new position pay classification; or
  - b. the step within the classification that is closest to the employee's current salary multiplied by 108%; or
  - c. the employee's current salary multiplied by 108%, if this result falls above Step Six of the classification, in which case the employee will thereafter be in the open range; however,
  - d. in no event will the promoted employee's salary exceed the maximum of the classification's range.
- 4.2 Exempt Positions. The salary of an exempt employee promoted to a position in a higher classification will increase to the greater of:
- a. The minimum of the classification, or
  - b. the employee's current salary multiplied by 108%, but
  - c. in no event will the promoted employee's salary exceed the maximum of the classification's range.
- 4.3 Executive Positions. The salary of an employee promoted to an Assistant City Manager, Executive Director, or Department Director will be set by the City Manager, and in the case of a Department Director, with a recommendation from the Executive Director. The City Manager will provide written justification for salary at promotion above mid-point to the Human Resources Department for inclusion into the employee's personnel file.
- 4.4 Appointed Positions. The salary of an employee appointed to a position appointed by Council pursuant to the City's Charter will be set by Council.

**5. Salary Upon Transfer**

A transfer results when an employee leaves one position for a permanent assignment to another position. Transfers may be voluntary to fill an open position, provided the Department Director approves the transfer, or as the result of an employee's reassignment to an open position by the Department Director.

- 5.1 Same Classification. Transfers to a new position within the same classification as the employee's current position will result in no change to the employee's salary.
- 5.2 Higher Classification. If the employee's new position is in a classification higher than the classification of the employee's previous position, the transfer is a promotion in accordance with the section of this Policy addressing Promotions.
- 5.3 Lower Classification.

- a. *Voluntary Transfers.* An employee voluntarily transferring to a new position that is classified lower than the classification of the employee's previous position will receive a salary equal to:
  1. for non-exempt employee in a Step Program, the same step in the classification for the new position;
  2. for an exempt employee or a non-exempt employee in an open range, the minimum of the open range.
  3. Exceptions may be made upon approval of the City Manager, in which case the Department Director will provide written justification for the exception for placement in the employee's file; however, an employee may not receive a salary that is greater than the maximum of the salary range for the position.
- b. *Reassignments.* If the employee's new position is in a classification lower than the classification of the employee's previous position and the transfer is a reassignment, the employee's salary will be:
  1. for a non-exempt employee in a Step Program, the step in the classification for the new position that most closely corresponds to the employee's current salary without reducing the employee's salary.
  2. for an exempt employee or a non-exempt employee in an open range, the same as the employee's current salary not to exceed the maximum of the range.
  3. for employees reassigned to a position in a classification that has a maximum salary less than the employee's current salary, City Manager approval is required.
- b. *Changing Step Plans.* If the employee's new position is in a step plan different than the employee's previous step plan, the employee's salary will be equal to the step closest to the employee's current salary without reduction.
- c. *Hard-to-Fill Positions.* For employees transferring to a position designated as a Hard-to-Fill position, the employee's salary may be set in accordance with the Salary Upon Hiring for such positions as set forth in this Policy.

**6. Salary Upon Demotion**

Demotions occur for disciplinary reasons or because the employees failed to demonstrate the knowledge, skills, and ability to perform adequately in the current

position, and the Department Director believes the employee may perform sufficiently in another position in a lower classification. Moving to a lower classification may be required for an ADA accommodation.

- 6.1 Employees are subject to demotion for certain conduct coupled with an inability or failure to perform the duties and responsibilities of a position for disciplinary reasons. Demotions for disciplinary reasons may only be assigned to a position that is vacant. Disciplinary demotions will be made in accordance with Section 3002, of the *Employee Handbook*.
- 6.2 Upon a demotion other than a disciplinary demotion, an employee's salary will be adjusted to the minimum of the position into which the employee is placed.

## 7. Salary Supplements

A salary supplement compensates an employee holding certifications or possessing and performing a skill or function that cannot be performed by other employees holding the same position.

- 7.1 Establishment. Salary supplements are recommended by the Department Director and are set annually with the budget authorization. The Department Director will provide a list of salary supplements utilized with the Department each year to the Finance Director and the Human Resources Director.
- 7.2 Compensation. A salary supplement is part of the employee's compensation for all wage-related purposes (*e.g.*, overtime, Social Security withholding, pension, retirement, disability, or workers' compensation benefits).
- 7.3 Termination of Supplement
  - a. A salary supplement will terminate when the employees ceases to perform, either voluntarily or at the decision of the Department Director, the skill or function for which the supplement is paid.
  - b. Salary supplements based on an employee holding a certification or license will terminate if the employee fails to maintain the certification or license. An employee receiving a salary supplement for a certification or license must immediately notify the Department Director upon losing the certification or license.
  - c. Failure to notify the Department Director of loss of certification or licensure will result in employee discipline and require repayment of the salary supplement paid from the date the notification should have been provided.
  - d. Termination of a salary supplement is not a demotion or an adverse employment decision unless associated with the assessment of discipline.

- e. Not a Promotion. A salary supplement is not a promotion regardless of the process used to identify employees receiving a salary supplement. A salary supplement is not considered a promotion for personnel administration purposes (*e.g.*, drug and alcohol testing, probationary year, or quarterly evaluations).

## 8. Interim Assignments

Employees are responsible for all duties assigned to them by their supervisor whether those duties are specifically listed in their job description or not. An employee may be assigned temporarily to fulfill the duties of another position, in which case the assignment may qualify for interim assignment pay as determined by the Executive Director consistent with this Policy.

### 8.1 Assignment.

- a. An assignment qualifies for interim assignment pay if the assigned employee is required to fulfill the duties of another position that has been vacant after at least 60 days of recruiting or if the employee holding the position is on an extended leave of absence of at least 60 days.
- b. An assignment is eligible for interim assignment pay if an employee is given a temporary assignment for more than 60 days.
- c. An assignment may be terminated for any reason including the employee's failure to perform the additional job duties to the satisfaction of the Department Director. An assignment may not, however, be terminated merely to prevent an employee from qualifying for interim assignment pay.
- d. Any assignment which is expected to be for more than six months within one fiscal year must be approved by the City Manager upon written explanation and recommendation of the Executive Director of that department.

### 8.2 Interim Assignment Pay.

- a. An employee on a temporary assignment will receive a salary equal to 105% of the employee's current salary during the period of the interim assignment regardless of the maximum range for the position.
- b. The Department Director will notify the Finance Director and Human Resources Director of the temporary assignment of an employee and the date the temporary assignment ends.
- c. Any interim pay received by an employee will not be considered as part of the employee's salary in calculating compensation under the City's



pension plan or for the purpose of contributions to the City's Defined Contribution Plan.

- d. An assignment does not alter the employees exempt or non-exempt classification according to the Federal Fair Labor Standards Act.

**9. Reclassification of Positions**

- 9.1 Reclassification of a position occurs when it is determined, based on market data and the benefit to the organization, that a position should be placed within a different classification, either higher or lower. No reclassifications will occur within 90 days of the new budget year.
- 9.2 An employee holding a position that is reclassified will be adjusted as follows:
  - a. The salary of an employee that is below the minimum salary established for the reclassified position will be adjusted to the minimum.
  - b. The salary of employees in a Step Program will be adjusted to the same step that the employee held in the previous classification.
  - c. The salary of an employee in open range that falls within the range of the position after reclassification will remain unchanged.
  - d. The salary of employees at the maximum of the range of the previous classification will be increased by the lesser of (i) the annual increase authority for the classification by Council during the budget process, (ii) the employee's current salary multiplied by 103%, or (iii) the top of the range for the reclassified position.
- 9.3 Reclassification requests may be initiated by the Human Resources Department or a Department Director. A Department Director that manages positions affected by the reclassification will coordinate the request with the Human Resources Director and provide a written report that incorporates market data and analysis justifying the reclassification and the organizational benefit of the reclassification. All reclassifications are subject to budget authorization.

**HISTORY:**

**Supersedes:** 5003, Compensation and Classification, dated: 11/10/16

**Annuls:** 1035, Interim Pay and Vacant Positions, dated 8/27/15

5004, Job and Shift Assignments, Promotions and Transfers, dated 7/18/01

5009, Classification and Reclassification, dated 8/27/15

**Modified:** [12-17-09; 08-27-15; 11-10-16; 10-18-18]