

# City of Manitowoc Compensation Plan Structure & Performance Management Recommendations

## July 2019

### Pay Structure

#### Exempt & Non-Exempt Employees:

- Comprised of Market Rate, Hire Rate (12.5% below Market), Max Rate (12.5% above Market)
- At implementation, use current Comp Plan structure Grades, and Control Point will become starting Market Rate
- Market Rate shall be adjusted annually based on the Wage Survey Report from our compensation consultant
- New hires may be hired up to Market Rate with approval from HR Director and Department Head
- Employees between Hire Rate and Market Rate are eligible for:
  - Inconsistent Performance = No increase
  - Successful Performance = 2.5% increase on January 1
  - Exceptional Performance = 2.5% + 1.0% increase on January 1
- Employees at Market Rate or higher are eligible for:
  - Inconsistent Performance = No increase
  - Successful Performance = Market Adjustment\* on January 1
  - Exceptional Performance = Market Adjustment\* + 2.0% on January 1
- Employees who receive a **Developing/In Progress** rating are eligible for
  - Market Adjustment on January 1.

These are employees who are newly hired after July 1, new managers, in a new role, making progress, in a transitional time, needing to get to Successful Performance. This does not include an employee on a Performance Improvement Plan.

- A formal Market Analysis will be conducted every 5 years via contracted compensation professional

#### Employee promotions\*\*:

- Employees who are promoted will start at either the Hire Rate for the new position or a 5% increase to current salary, whichever is greater. (If warranted, the HR Director and Department Head have discretion to provide up to a 10% increase)

#### Employee demotions:

- Decrease step to a level within the pay scale, each situation will be unique, partner with HR Director and Department Head for final approval.

#### Increases in first year of employment:

- Employees hired between January and June eligible for increase based on performance (2.5% for meets, +1% for exceeds)
- Employees hired between July and December eligible for market adjustment

\*Market Adjustment for Exempt Employees: Utilize projected average structural increase for market adjustment based on exempt for Wisconsin Fox Valley-Northeast Region from Wage Survey Report from compensation consultant

\*Market Adjustment for Non-Exempt Employees: Utilize projected average structural increase for market adjustment based on non-exempt for Wisconsin Fox Valley-Northeast Region from Wage Survey Report from compensation consultant

\*\*Lateral transfers in the same pay grade will result in no change in compensation

## Pay Structure for Exempt



Hire Rate: can hire up to Market Rate per HR Director and Department Head authorization

Market Adjustment (MA): use projected average structural increase for market adjustment based on exempt for Wisconsin from compensation expert

Promotion - employee starts at either Hire Rate for new position or 5% annual increase, whichever is greater. (If warranted, the HR Director and Dept. Head have the discretion to provide up to a 10% increase)

## Pay Structure for Non-Exempt



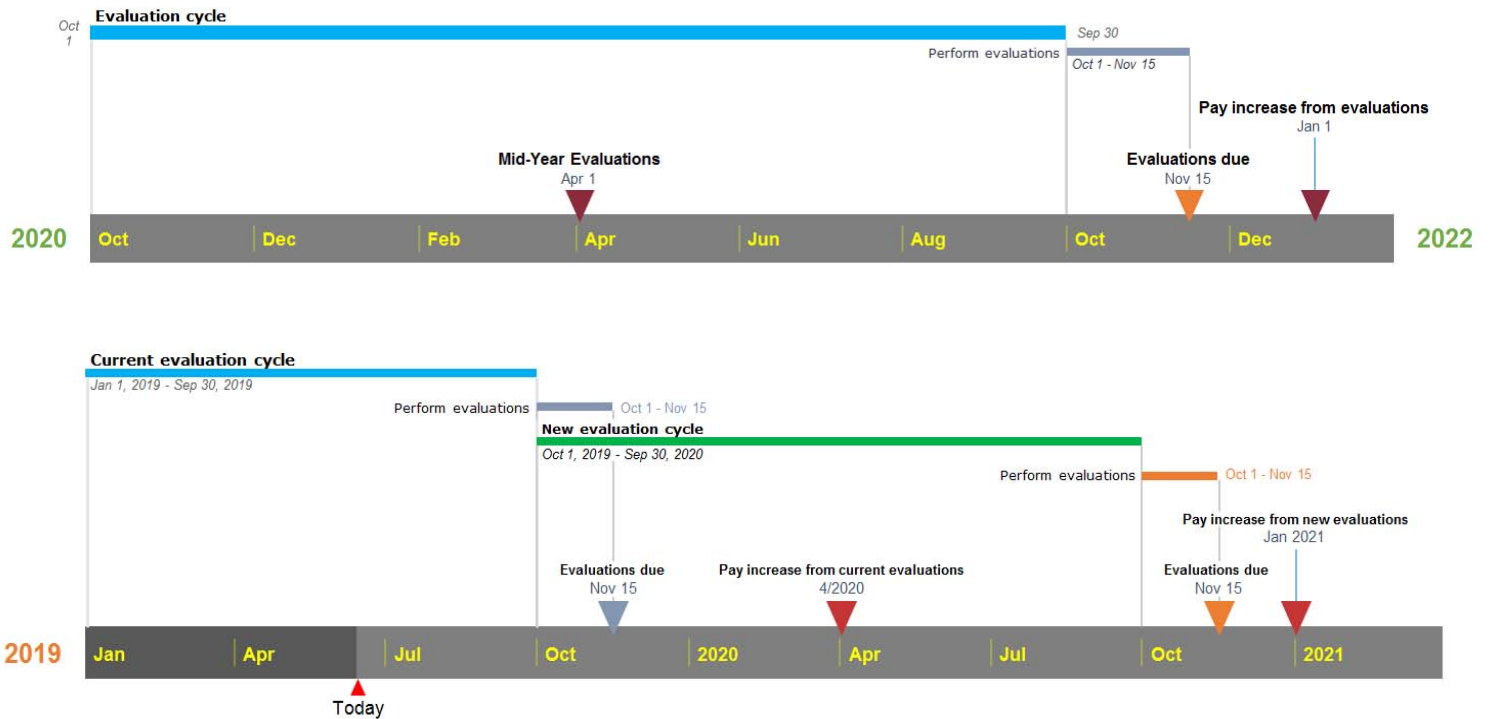
Hire Rate: can hire up to Market Rate per HR Director and Department Head authorization

Market Adjustment (MA): use projected average structural increase for market adjustment based on non-exempt for Wisconsin from compensation expert

Promotion - employee starts at either Hire Rate for new position or 5% annual increase, whichever is greater. (If warranted, the HR Director and Dept. Head have the discretion to provide up to a 10% increase)

### Evaluation Cycle

- Recommend changing the Evaluation Cycle to October 1-September 30 Evaluation Year
  - Complete 2019 evaluations by November 15, 2019 to transition
  - 2020 pay increase would begin in April due to shortened evaluation cycle
  - 2021 (and beyond) pay increase would occur on the first payroll of the year
- Evaluations for EPM employees will be done in October and due no later November 15
- Pay increases will go into effect the first payroll in January
  - Note: Contract/union employees reviews remain calendar year cycle (due in Jan – review score does not affect pay increases)



**Performance Evaluation**

- Performance Levels
  - **Exceptional Performance:** Employee consistently exceeds successful performance in overall job performance, competencies, and goals, and/or makes a significant contribution within a Department or the City, such as improving processes, increasing efficiencies, exhibiting innovation, or taking initiative.
  - **Successful Performance:** Employee consistently performs at an acceptable level in overall job performance, competencies, and goals.
  - **Developing/In Process:** Employee demonstrates successful performance in some areas and is making acceptable progress towards overall job performance, competencies, and goals in a new or transitioning role.
  - **Inconsistent Performance:** Employee fails to meet successful performance in one or more areas related to job performance and/or competencies that negatively impact the Department or City.
    - In order to maintain consistency in the process, any evaluation with an overall Performance Level of Exceptional Performance or Inconsistent Performance will be vetted by the MLC team through an anonymous voting process prior to the evaluation meeting with the employee (this does not apply to a Department Head, as the Mayor/Library Board will have final authority on these overall evaluation levels).
- Competencies
  - Employee provides self-evaluation commentary related to overall performance in competency areas on mid-year and annual evaluation
  - Direct Supervisor determines a Performance Level for each competency separately and then has one area for commentary on all competency areas on mid-year and annual evaluation
    - Communication/Customer Service
    - Professionalism/Leadership
    - Productivity, Teamwork, Attendance
    - Following Policies/Procedures
    - Job Knowledge

- Employees and Supervisors should refer to the examples of Performance Standards for each Competency
  - One Inconsistent Performance rating will cause overall rating to be Inconsistent Performance
- Individual SMART Goals/Special Projects
  - The intent of goals is to support development of future work skills and knowledge and/or further development of the Department
  - At least one goal is required
  - Receiving an inconsistent performance level in your goals will not necessarily affect your overall performance level
  - Direct supervisor and employee will jointly develop goals for the following year. Both the supervisor and the employee should contribute ideas for the goals.
  - Employee provides self-evaluation commentary related to each goal on mid-year and annual evaluation
  - Direct Supervisor determines a Performance Level for each goal separately and then has one area for commentary on each goal areas on mid-year and annual evaluation
  - Consider adding sections to plan: what does success look like? What are the due dates? Resources/support needed to accomplish goal?
- Career/Succession Planning (Optional)
  - Add disclaimer: this information will be used for training and development. Responsibility resides with the employee to ensure this process moves forward.
  - Filled out by employee – stress to employee that this is important to complete
  - Include: desired role within 5 years, ultimate career goal, how can the City and your manager help to support you in this goal
- Overall Performance Level
  - Employee determines an overall performance level and provides self-evaluation commentary related to overall performance on mid-year and annual evaluation
  - Direct Supervisor determines an overall performance level and provides an overall commentary on mid-year and annual evaluation
  - One inconsistent performance rating in Competencies leads to overall inconsistent performance
- Job Description Review Reminder
  - Mandatory
  - Same as current form
- Other Notes
  - Any Supervisor who does not complete reviews by assigned deadline will receive an overall Inconsistent Performance level. Exceptions to deadline must be approved by HR Director and Department Head.
  - Employees who do not receive evaluations due to neglect of Supervisor will receive the overall level as determined during self-evaluation, to be vetted by MLC (Department Heads) with final determination after an anonymous voting process.
  - MLC will set aside two-hour time blocks at the end of each October for reviews of evaluations.
  - Mayor/Library Board have final authority on Department Heads receiving overall Inconsistent or Exceptional levels.
  - Oversight Committee Chair will attend Department Head evaluation.
  - We recommend review of this in the future to see how well this is handling compression and compensation for employees
  - Our research indicated the following:
    - Exempt group max rate should be increased to 120% of market. Currently, it is set at 112.5%
    - To incentivize exceptional performance, the comparable annual incentive plan increase would be in the 7-10% range for both privately held and non-profit/government entities
    - Our plan, as presented, is fiscally responsible.
  - Evaluation process will be handled through Kronos HR module.
- Training
  - Will train supervisors

- From supervisor's perspective
- From employee's perspective
- Record training for those unable to attend in-person sessions
- Target: August (dependent on Kronos build)
- All supervisors will attend in person or view video training
- Non-supervisors will be trained by direct supervisor (which will include viewing video)
- 2020: Conduct training for all employees in March/April