

How to Pay People

***Guidelines for Cities and Towns
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Reasons for Fair Pay

- » Attract and retain good employees.
 - » How is your turnover?
 - » How long does it take to fill a job?
- » Comply with federal, state and local laws and policies.
- » Avoid lawsuits.
- » Avoid public outcry (Bell City)
- » Be a good, fair employer
- » Use taxpayer funds wisely

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How to Pay

- » Have a clear policy statement regarding pay.
- » Consider internal equity and external equity.
- » Decide on a pay system:
 - » Merit Pay (grade & step)
 - » Market Pay
 - » Cost of living raises
 - » Pay for Performance.
- » Comply with federal and state law and your own policies and procedures

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Develop a pay policy

- » What is the pay philosophy of your city or town?
- » How will pay decisions be made?
- » Who will approve pay scales and pay decisions?
- » What are the limits for pay raises?
- » How will we comply with federal and state laws?

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Start with a good job description:

- ✓ Required knowledge, skills & abilities
- ✓ Required education & training
- ✓ Special requirements
- ✓ Required, specific job duties
- ✓ Supervisory responsibilities, if any
- ✓ Consequences of failure/success to the city/town/citizens/public safety

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Decide when pay raises will be given

- **Merit pay raises are dependent on available budget and are usually paid at the beginning of the fiscal year or on employee's anniversary date.**
- **Cost of living raises (COLA) are usually given at the beginning of the fiscal year.**
- **Elected officials determine if and when pay raises will be awarded.**

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How to compare salaries with other employers:

- » Where do you recruit for jobs?
- » What are differences in size of employers' work force, geography?
- » Are there comparable jobs in the private sector?
- » Do you lose employees to particular employers/other cities and towns?

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How to compare salaries with other employers:

- » Are there published job descriptions and salary scales?
- » Are there published salary surveys?
- » Can you hire a consultant?

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Complying with the Fair Labor Standards Act

- » Pay at least the minimum wage
- » Have ACCURATE time records
- » Pay for overtime and provide comp time at the approved rate (basically time and a half, but use the DOL formula))
- » Pay for overtime even if you haven't approved it (but discipline the employee who works overtime without approval)

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Complying with the Fair Labor Standards Act

- » Classify employees correctly: exempt and non exempt (from FLSA overtime)
- » Cities and towns often misclassify fire and police higher ranks, office managers and others who have job titles that include "manager"

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Complying with the Fair Labor Standards Act

- » Allow FLSA exempt employees some flexibility to compensate for lack of overtime pay
- » Ensure that "contract" workers are not actually city employees, following IRS guidelines

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Employee Pay

- » Is the major dollar item in your city budget
- » Is necessary for productivity
- » Is necessary to attract and retain employees
- » Can get you in big trouble if you fail to comply with federal and state law and your own policies

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