

CITY OF HAMILTON, OHIO

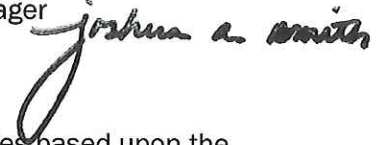
No. 303

ADMINISTRATIVE DIRECTIVE

Effective Date: 07-03-18

Supersedes No. 302 dated 03-01-73

Approved by: Joshua A. Smith,  
City Manager



SUBJECT: WAGE AND SALARY ADMINISTRATION – MERIT ADJUSTMENTS

PURPOSE: To provide a uniform, equitable means of adjusting wages and salaries based upon the performance of class duties.

**1. Policy Statement**

- a. Incremental increases in salary or wages are provided in recognition of and as a means for further promoting effective performance.
- b. Although merit adjustments are normally authorized at certain specified time intervals, such increases may be effected in advance of or subsequent to the eligibility date as performance warrants.

**2. Rate Upon Original Appointment**

- a. The initial pay step of the range to which the employee's class is allocated shall normally be assigned in the case of a newly appointed employee.
- b. Exceptions to this guideline may occur as a result of one of the following:
  - i. A rapidly increasing labor market rate for peculiar or unusual skills.
  - ii. The specific manpower needs of the hiring Appointing Authority.
  - iii. The excellent quality of an individual applicant's background.
- c. Prior approval of the appropriate Executive Director must be obtained in each case where an employment offer is made above the minimum pay step, except in the instance of seasonal/temporary employment. In no instance should an employee be placed in a step within the pay range that is higher than the midpoint of the range without prior approval of the Executive Director, except in the instance of seasonal/temporary employment.

**3. Employees Impacted**

- a. Employees not covered by a collective bargaining agreement will be impacted by this directive.

**4. Sequence of Merit Adjustments**

- a. All merit increases must be justified by a performance evaluation. Merit increases of greater than a single step should be the exception rather than the norm. Any increase of greater than a single step must be justified by a performance evaluation that provides sufficient context to justify the increase, and must be approved by the employee's Appointing Authority.

**5. Timing of Merit Adjustments**

- a. Merit increases will be considered on an annual basis. Unless dictated otherwise by divisional practice, an employee who warrants an annual merit increase will have that increase become effective on the first day of the pay period on or after July 1. The receipt of a merit increase is conditioned upon the employee having received a satisfactory performance evaluation within the twelve (12) months prior to the date of the merit increase.

## **6. Promotion**

- a. Personnel who have been promoted to a higher rated class shall be eligible to receive merit consideration on the following basis:
  - i. In conjunction with the promotion and effective on the date of appointment, the employee will receive an adjustment. The increase will be the greater of either the initial rate step of the class to which appointment is made, or in those instances where class ranges overlap, the pay step in the promoted class range that provides an increase of at least three percent (3%) over the employee's previous pay rate.
  - ii. Consideration for the first merit adjustment may be given according to the annual review plan following twelve (12) months continuous service in the promoted class.
  - iii. Subsequent merit considerations may be provided annually thereafter until the maximum step rate in the range is achieved.
- b. For purposes of this administrative directive, a promotion is any employment action that results in the employee being placed into a position that is classed in a higher pay range.

## **7. Reinstatement**

- a. Employees who have previously resigned in good standing from permanent employment and are reinstated within three hundred and sixty-five (365) days with the approval of the Appointing Authority and the Civil Service and Personnel Director may be re-employed at the same rate at which they were employed prior to their separation.
  - i. Consideration for the first merit adjustment may be given in accordance with the annual review plan following twelve (12) months continuous service in the class to which the employee is reinstated, and upon receiving a satisfactory performance review.
  - ii. Subsequent merit considerations may be provided annually thereafter until the maximum step rate in the range is achieved.
  - iii. Only an employee who resigns while in good standing will be reinstated. To be considered in good standing, the employee must provide (2) two-weeks' notice, not be under an investigation or have any pending charges that could result in an employment action.

## **8. Reclassification**

- a. In those instances, where the duties of an employee's position have or are changed substantially to the extent that the position is reclassified by action of the Civil Service and Personnel Director there shall be no change in the employee's rate of pay. For purposes of this administrative directive, a reclassification shall result in the employee remaining in the same pay range.
- b. Consideration for the first merit following reclassification may be provided at the conclusion of no less than six (6) months continuous employment in class and upon receiving a satisfactory performance review.
- c. Subsequent merit considerations may be provided annually thereafter.

## **9. Merit Adjustments Following Class Reclassification**

- a. In those instances, where an entire classification of positions is reallocated or reassigned to a range having a higher maximum rate of pay due to internal or external wage or salary conditions, employees so affected shall remain at their current rate of pay where identical step rates exist in both the original and new class.
- b. Should circumstances be such that identical rates do not exist, the employee(s) shall not be reduced in pay but will receive the next higher rate step in the new range above their current rate.



- c. Subsequent merit adjustments may be considered annually based upon the schedule established prior to the class reclassification.

**10. Transfer**

- a. The approval and implementation of an employee transfer do not affect the employee's established schedule of merit adjustments nor will such action involve an adjustment upon implementation.

**11. Demotion**

- a. An employee reduced from a position in one class to a position in a class having a lesser maximum rate of pay shall be placed in a pay step nearest in rate to that received in the higher, former class.

Merit adjustments in such cases shall be considered on the following basis:

- i. The first adjustment following demotion may be considered at the completion of the first twelve (12) months of continuous employment in the lower class and upon receiving a satisfactory performance review.
- ii. Subsequent adjustment may be considered on an annual basis thereafter.

**12. Layoff**

- a. Employees placed on layoff and returned to active employment within less than three hundred and sixty-five (365) days will be required to actively serve not less than six (6) months following reinstatement before being eligible for future merit adjustments. If the performance review after the layoff occurs after July 1, the merit increase will be retroactive to the first day of the pay period on or after the previous July 1.

**13. Unpaid Leave of Absence**

- a. Except in those cases of military leave of absence or those covered by the Family and Medical Leave Act (FMLA) or the Americans with Disabilities Act (ADA), any unpaid leave of a duration of six (6) months or more will require an employee to serve a minimum of six (6) months of active service and receive a performance evaluation following their return from the leave of absence before they would be eligible for any merit increase. This is to assure that merit type adjustments actually reflect the quality of performance of services rendered during the period of evaluation. If the performance evaluation after the leave occurs after July 1, the merit increase will be retroactive to the first day of the pay period on or after the previous July 1.

**14. Temporary and Seasonal Employees**

- a. In those instances of temporary and seasonal employment, the employee will be compensated in accordance with rates provided in Schedule D-2 of the City's Classification and Compensation Plan. Temporary and seasonal employees must undergo a performance evaluation at the end of each seasonal appointment. Only employees receiving a satisfactory evaluation will be eligible for a merit adjustment the following season. An employee returning to seasonal employment in the same classification may be placed at the next higher step in the appropriate pay range (effective on the first day of the pay period of the employee's return) as long as the employee received a satisfactory performance evaluation at the end of the prior seasonal appointment. Performance evaluations for seasonal and temporary employees will vary based on the end dates of seasonal appointments.

**15. Effective Date Considerations**

- a. Merit adjustments will become effective at the beginning of the pay period in which the employee's eligibility occurs.

**16. Rates of Pay**

- a. All employees must be paid at current rates provided in the classification and compensation plan as adopted by City Council.

**17. Exceptions**

- a. Under extenuating circumstances and for the good of the City, the City Manager may approve necessary exceptions to the general policy.

**18. Performance Evaluation and Review Process**

- a. Performance evaluation ratings will be the determining factor for gauging if employee may qualify for any merit step increase.
- b. Performance evaluations must be performed on employees in order for them to qualify for merit step increases.
- c. In order for an employee to obtain the merit base step increase the employee must receive no less than a satisfactory rating on their performance evaluation.

**19. Implementation Procedure**

- a. Personnel/pay changes will be entered into the payroll system as personnel actions by timekeepers. Timekeeper will create personnel action, submit, and then approve. Once the timekeeper enters the personnel action, Appointing Authorities and Supervisors will be required to approve these actions in the payroll system. Approvers will be notified by email when an action is required.
- b. Listed below are the different levels at which the Personnel Actions will be approved:
  - i. Timekeeper will create personnel action, submit, and then approve;
  - ii. Supervisor (some departments, not all);
  - iii. Appointing Authority;
  - iv. Finance, if applicable, for budget purposes;
  - v. Civil Service and Personnel staff;
  - vi. Civil Service and Personnel Director;
  - vii. Payroll will validate and post.
- c. Merit increases shall be tied to the employee's performance evaluation ratings. The annual performance evaluation period will normally be July-June for non-bargaining unit employees.
- d. Merit increases not budgeted in the annual operating budget of the Appointing Authority must first be coordinated with the City Manager and Director of the Finance.

History

Merit Increase Policy – Adm. Memo No. 28 – 9/1/65

Merit Increase Policy – Adm. Memo No. 37- 10/14/66

Merit Increase Policy – Adm. Memo No. 42 – 10/3/67