

Reference: HUMAN RESOURCES
Section: EMPLOYMENT PRACTICE
Title: SALARY ADMINISTRATION PROGRAM
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I. PURPOSE

The Salary Administration Program for the Niagara Frontier Transportation Authority and the Niagara Frontier Transit Metro System, Inc. (collectively referred to as "NFTA" or "Authority") has been developed to provide compensation policies, practices and responsibilities that will ensure consistent and equitable treatment for all non-represented employees. These policies are sufficiently broad to encourage the exercise of such individual managerial authority as is necessary for achieving the most effective results.

Specifically, this program enables the Authority, working through lines of management, to define and evaluate positions, select employees, observe job progress and reward performance.

II. POLICY

The Authority intends to pay fair salaries within a compensation structure designated to provide internal/external equity and consistency. This policy of paying for performance includes the intent to recognize superior accomplishment(s) and reward accordingly. Primary objectives of this policy are to:

- A) Attract, develop and retain well-qualified employees
- B) Motivate employees to achieve and maintain the highest performance levels they can reach and reflect this in salary increases
- C) Provide the Authority with the optimum return on its investment in payroll dollars.

General Responsibilities

The Human Resources Department is responsible for developing and administering the program subject to guidance and approval of executive management. Department Managers are expected to make recommendations for changes or improvements and implement all policies with adequate procedures and control mechanisms.

Managers are responsible for carrying out effective, equitable and consistent salary administration, within the guidelines of the policy for employees under their jurisdiction.

Program Elements

The Salary Administration Program contains these closely related elements:

- A) Job Evaluation. Position responsibilities are described and evaluated to determine the relative worth of each job to the Authority and to establish equitable internal relationships between jobs.
- B) Compensation. External job relationships are established by salary surveys, salary ranges are determined, increase budgets are prepared and schedules made for reviewing individual compensation.
- C) Performance Review. Individual job performance is reviewed to evaluate the results of work activities and to determine the appropriate pay level within the salary range.

Job Evaluation

- A) **Position Descriptions**. Each salaried position is clearly identified by title, description and Fair Labor Standards Act (FLSA) status. The description provides a basic statement summarizing the objective of the position, which is supported by the essential functions, knowledge, skills, abilities, minimum qualifications, physical requirements and environmental requirements of the position.

A draft description for a new position is prepared by the hiring manager involved at the time a staffing requirement is to be approved and is reviewed with the Human Resources Department before any job action is taken.

Managers are responsible for informing the Human Resources Department when there are changes in existing jobs so that up-to-date position descriptions can be maintained.

- B) The Human Resources Department is responsible for administering the process of evaluating all salaried jobs to establish and maintain an orderly progression of job values (salary grades). Positions at the same level should represent comparable responsibility throughout the organization based on measurement of the common work elements involved.

When a job is created or changed, the Human Resources Department will act on information from the responsible hiring manager to review material in the position description draft, consider job content and assure that an appropriate evaluation is carried out.

All salaried positions are evaluated on basic, objective criteria, which include a system of Authority-wide benchmark positions that are representative of various operating units.

Compensation

- A) **Salary Ranges**. Salary grades are established with ranges broad enough to permit individual growth and the recognition of improved performance over an extended period of time in the same job. Salary grade differentials are sufficiently great to encourage employees to advance in the organization. Salaries are administered within the approved range for a given position.

Each salary range has the following reference points:

- a. **Minimum** - bottom third of pay range, normally the starting point for a person whose qualifications meet the minimum requirements of the job.
- b. **Control** - middle third of pay range, normally the salary for a fully qualified, experienced employee who meets all requirements of the job. Considered equal to the average salaries paid by surveyed companies for equivalent work.
- c. **Mid-Point** - the exact middle of a pay range. References to mid-point should be used as guidelines only.
- d. **Maximum** - highest third of range, reserved for the employee whose performance in the present job is outstanding over an extended period of time.

- B) **Structure Establishment**. Salary structures are developed to provide a realistic recognition of competitive business conditions. Comprehensive survey data is used to provide a basis for establishment of salary structures that balance Authority objectives while paying competitive salaries. Structure reviews are conducted periodically to update salary ranges and furnish guidance for salary increase budget planning.

- C) **Salary Budgets**. Annual salary increase budgets are established as part of the overall budget

process. Detailed salary plans for the ensuing fiscal year are developed in January, using survey data, planned structure movement and needs to maintain pay levels consistent with the Authority's stated objectives.

D) Salary Reviews. The Authority's performance-oriented salary administration program provides employees financial incentive to perform at their top effectiveness at all times. Salaries and performance of all employees are reviewed on a regular, periodic basis to evaluate and compensate contributions being made to the Authority.

These are the normal kinds of situations where salary considerations are examined:

1. Employment Selection. Salaried hiring rates are determined individually in cooperation with the Human Resources Department at the time of employment selection for a particular job. These rates are tailored to the qualifications and experience of the applicant, the labor market for the skills involved and internal relationships with comparable employees doing similar work. Starting salaries are set between the minimum and mid-point of the range, unless there are unusual qualifications that warrant special approval of a higher amount.

2. Probationary Reviews. Newly hired, promoted or transferred employees will normally serve a ninety (90) working day probationary period. At the end of that time, there will be a performance review only. In very selected cases, a pay increase may be made after six (6) months based upon a subsequent review, where a person's contributions were difficult to assess when they were hired from outside the Authority. These special cases must be thoroughly reviewed and approved by the Human Resources Department and the Executive Director prior to any action.

3. Merit Reviews. The Authority, as a matter of policy, is a merit pay company. All salary increases for employees are earned and awarded on the basis of performance. The size and timing of merit increases will vary depending on performance ratings and where individual salaries fall within pay ranges.

Salary progression guidelines for merit increases change periodically, depending on the size of the budget and other related factors. (A typical guideline is shown in the exhibit section).

All employees will have their performance reviewed at least annually.

(Performance categories, which are related to salary considerations, are shown in the exhibit section.) Pay increases may be made at the employee's annual anniversary date or on different intervals, depending on time schedules that may be established periodically by the Authority to fit needs of the compensation program.

4. Promotional Reviews. When employees are promoted to a position in a higher pay grade, salaries are reviewed, and additional responsibilities are normally recognized by a promotional salary increase.

Promotional increases take into account the significance of promotions and difference in salary grades between old and new jobs; an amount up to one-half the percent difference between midpoints is an appropriate guideline for this element. Additionally, consideration is given to time since last increase, and earned merit is evaluated, prorated and added to the factor for promotion.

5. Reclassifications. When employees are reclassified to a lower salary grade, their pay status will be reviewed. Except for unusual circumstances, current salaries will be continued if these are within the new salary ranges. Rates exceeding maximums for new classifications will be adjusted downward to such maximums.

6. Unscheduled Reviews. Salary and performance may be reviewed at times apart from normal schedules to deal with unusual pay equity and internal compensation relationships, exceptional

performance accomplishments and other circumstances that are not readily covered by general policy.

All salary changes require the approval of at least two (2) levels of management (the immediate manager and their direct superior) and the authorization of the Human Resources Director and the Executive Director before they are processed for payment or are discussed with the employees involved.

As a matter of policy, salaries are treated on a confidential basis and are to be discussed only with authorized management and the employees involved. All employees should be told their individual job grades, salary ranges and schedules for performance and salary reviews. Performance review information should be fully discussed privately with the employee involved and carefully related to current salary and potential growth.

Performance Reviews

A) Objectives. The primary objective of the performance review program is to help attain the maximum effectiveness of employees and develop their capabilities as rapidly and usefully as possible. It seeks to establish a relationship between supervisors and employees that will create an environment of mutual trust and confidence, nurture quality performance and promote long-term development of employee potential. There are additional objectives in the program. These are:

1. To provide employees with all relevant information about how they are performing their jobs.
2. Promote communication between supervisors and their employees starting with the mutually important subject of performance.
3. Serve as a basis for supervisors to assist their employees in planning individualized development programs consistent with individual occupational ambitions and personal goals.
4. To provide feedback on progress on development plans.
5. To identify employees capable of being promoted to handle greater responsibilities as well as those who should be considered for reclassification, demotion or termination.
6. To provide opportunities for appropriate recognition and ensure employees are being fairly compensated for individual performance and contributions to the organization.
7. To carry out the program using these standard performance rating categories:

RATING

- **BELOW EXPECTATIONS:** Did not perform some or all required duties in a timely, accurate and competent manner; failed to accomplish at least 75% of the objectives that were established during the last evaluation process.
- **MEETS EXPECTATIONS:** Performed all required duties in a timely, accurate and very competent manner; accomplished most or all of the key objectives established during the last evaluation process; has made a positive contribution to the operation of the work unit; represented the Authority in a professional manner when interacting with employees, the public and representatives from outside agencies.
- **EXCEEDS EXPECTATIONS:** The employee distinguished themselves from the rest of the department by the exceptional quality and quantity of work performed; accomplished all key objectives; implemented independent ideas and concepts that significantly improved effectiveness and/or reduced costs; demonstrated an exceptional attitude with regard to work assignments and organizational goals.

B) Schedule

1. New Employees. Initial performance reviews are held ninety (90) calendar days after date of employment and on an annual basis thereafter. Determination will be made as to whether satisfactory performance progress is being made and whether employment should be continued.
2. Regular Employees. All employees will be reviewed annually. Salaries will be reviewed at intervals as may be periodically announced as part of the Authority's merit increase schedule.
3. Regular Employees, Status Changed. Employees who have their status permanently changed by promotion, demotion or reclassification are reviewed on the same schedule as new employees with a six-month appraisal of performance, followed by annual reviews.

C) General Procedure. The Human Resources Department maintains schedules for performance reviews. When performance reviews are to be conducted, the following procedures will be followed:

1. Packages of the review forms and necessary related information on individual employees will be prepared and distributed to employees' immediate supervisors at a scheduled time well in advance of due dates.
2. Supervisors review employee performance for the entire period and record it on the appropriate forms.
3. Supervisors discuss appraisals of employees with their immediate superiors and reach agreement on evaluations. Any further examinations and approvals are carried out in keeping with special policies of the particular department.
4. The completed review packages, signed by at least two required levels of management, are returned to the Human Resources Department by the designated time in advance of employee review dates.
5. The Human Resources Department reviews actions recommended, provides any appropriate consultation and assistance, records pertinent information into permanent records and informs payroll functions of any approved status or pay action.
6. Reviewed performance materials are returned to individual supervisors to conduct performance appraisal interviews with employees.
7. Following the appraisal interview, supervisors complete interview summaries and reports are returned to the Human Resources Department for filing.