



Human Resources Policies and Procedures

Policy Title: Compensation Philosophy	Policy Number: 5.1
Effective: October 30, 2005	
Supersedes: 1988 Personnel Rules and Regulations #10, p.8	
Approval:	Page 1 of 2

1.0 Scope

- | | |
|---|--|
| <input checked="" type="checkbox"/> Full-time | <input checked="" type="checkbox"/> Salaried |
| <input checked="" type="checkbox"/> Part-time | <input type="checkbox"/> Union |
| <input type="checkbox"/> Temporary/Contract | <input type="checkbox"/> Independent Contractors |

Employees who are covered under the provisions of a collective bargaining agreement will follow the standards as contained in their respective contracts if this policy conflicts with the language in the contract.

2.0 Purpose

- 2.1** In line with our "pay for performance" philosophy, the salary administration process is designed to meet certain objectives:
- A. Externally Competitive – provide salary levels that are competitive in the marketplace, so the City can attract and keep employees vital to its success;
 - B. Internally Equitable – provide a salary level for every position which reflects its value compared to other positions in the City;
 - C. Personally Motivating – help employees recognize and realize compensation opportunities with the City, and provide opportunities for increasing pay commensurate with performance in every position; and

DISCLAIMER

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D. Flexible – be flexible so new positions can be evaluated and existing positions reevaluated when necessary, and pay scales adjusted to reflect changes in the marketplace.

- 2.2** An employee's compensation level depends on a variety of factors including, but not limited to: skill level, education, specific job duties/responsibilities and level of performance. Salary increases for all Salaried Exempt and Non-Exempt employees take place annually – July 1, in conjunction with an employee's performance evaluation.
- 2.3** Salary increases are not automatic but are based on performance and subject to other variables such as, budget, market trends and retention of critical resources. Compensation is subject to change at the full discretion of the City.
- 2.4** In our salaried compensation program, the emphasis is on pay for performance. By participating in frequent salary surveys, the City can monitor, and adjust when necessary, salary ranges to provide competitive earnings opportunities for all employees. However, in the final analysis, the employee primarily determines his or her compensation through performance on the job.

3.0 Policy

The City of Ann Arbor strives to provide and maintain a compensation program that is supportive of the City's strategy, competitive with external labor markets and equitable internally. A key aspect of our compensation philosophy is pay-for-performance to differentiate salary increases in an objective and non-discriminatory manner.

4.0 Responsibility

- 4.1** Human Resources Services, Compensation staff is responsible for maintaining, monitoring and refining the Salaried Compensation Plan. Periodic updates will be made as determined by changes in external market conditions and data, and internal organization changes.
- 4.2** Changes in the compensation plan's structure are recommended to the City Administrator and Service Area Administrators.

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