



**Classification & Compensation Study  
for the City of Craig, Colorado  
Report  
January 27, 2025**



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### **Acknowledgements**

This report and study are made possible through a cooperative effort of employees, department heads, the City Manager. The recommendations are tailored with the existing employees in mind, who have contributed and will continue to contribute to the organization's success. This document represents the final report.

## **I. Background and Introduction**

The governing body approved The Austin Peters Group (APG) 's engagement on October 8, 2024, to conduct a classification and compensation study for full-time/permanent positions in the City government. This project included 68 job titles. The scope included a job classification and compensation study for different pay grades, focusing on internal and external equity and estimating the financial impact of recommendations.

All employees filled out position questionnaires regarding their job duties. These questionnaires and department head interviews were important parts of the process. The consultant conducted department head interviews on November 19-20, 2024. Department heads also provided follow-up information and feedback. Several telephone calls/Zoom meetings were held with the City Manager.

## **II. Methodology and Process**

### **Step 1: Positions questionnaires and interviews**

APG began the process by reviewing all position questionnaires and job descriptions. The position questionnaires were completed by employees and reviewed by department heads before providing them to APG. Department head interviews and site visits were completed over two days to provide more detail regarding positions. Department heads were able to provide input regarding employee decision-making, supervisory roles, knowledge and skill requirements, budget responsibility, contact with the public, and physical and working environmental factors. The purpose of the interview was to gather information to make an adequate evaluation and classification of the position and to ensure the market comparison is appropriate. Additional follow-up with department heads was completed to validate and clarify information.

### **Step 2: Ranking positions based on factors**

The next step in the process was to evaluate each position based on the following factors:

- 1) Decision-making
- 2) Supervisory
- 3) Knowledge
- 4) Budget Impact
- 5) Contacts
- 6) Physical Skills
- 7) Working Conditions

Using the factors of decision-making, supervisory, knowledge, budget, contacts, physical skills, and working conditions, all positions were ranked by the point totals and placed in ranges with employees of similar skills, experience, and nature of work.

The job evaluation process assumes that “(1) it is logical to pay the most for jobs contributing the most toward attainment of organizational goals and objectives; (2) people feel more fairly treated if wages are based on the relative worth of jobs; and (3) the goals of the enterprise are furthered by maintaining a job structure based on relative worth.”<sup>1</sup>

Organizations like the City depend on the contribution of their employees to make the organization successful and effectively deliver the services that citizens have come to expect. Employee compensation is the most significant expense in doing business, and it requires a well-thought-out and well-organized strategy and planning.

Compensation systems exist to reward and retain employees and provide avenues for their

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<sup>1</sup> French, Wendell, The Personnel Management Process, Human Resources Administration and Development.

growth and development through motivation. The job evaluation process provides a tool for measuring, evaluating, and comparing jobs. The question answered is: “What is this job worth in comparison to other jobs?”

Once pay practices and ranges have been established, there are a number of administrative issues that may arise. First, it is important to avoid situations where employees are inappropriately paid relative to the pay range. Establishing a pay range aims to signify and clarify what the position is worth to the organization. Given this, it is important that red-circling, or paying those at a rate above the range maximum, is not allowed. The consultant can provide the City with policies to address red-circling. Likewise, green-circling should be avoided unless the purpose is to retain employees who do not meet the minimum qualifications set out in the job description. Green-circling is where qualified employees are paid below the bottom of the range. The most common method for avoiding this is to bring employees up to the bottom of the range when there is a discrepancy, and the recommendations here allow adjustments where employees would otherwise be green-circled. The pay ranges should be reviewed on an annual basis and adjusted accordingly.<sup>2</sup>

### **Step 3: Clarification with the department heads**

This step of the process involved exchanging information with the department heads to ensure the consultant had adequately placed positions internally and scored the positions appropriately with regard to the above-mentioned factors.

Once each position was evaluated and scored, a total ranking was performed, and each position was then placed into recommended ranges based on the ranking and the market analysis.

### **Step 4: Collection of salary data**

#### *Determination of Market*

The determination of the appropriate market is based on three factors: 1) occupation (similar jobs or positions that require similar knowledge, skills, and abilities); 2) geography (the distance that people are willing to commute to work); and 3) industry (competing with employers that have a similar product line). With regard to occupation, the comparisons selected here are direct one-to-one matches for positions. In the survey conducted, most positions had an occupation match, which means that across organizations, the titles and positions carry similar degrees of knowledge, skills, and ability.

The second factor in determining the market is geography and the distance people are willing to commute to work. Given the distance, Craig's residents have few commuting options.

The third element is competition with employers who have a similar product line. This is where

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<sup>2</sup> Society for Human Resource Management, Compensation and Benefits Practices, pp. 60-70.

peer communities are important comparisons. APG utilized a large amount of salary data from peer communities through the Colorado Municipal League and a direct request to peer communities. Several communities were asked to share job descriptions to ensure stronger market matches.

Once the rankings and ranges were set, a review of the market was necessary to ensure external competitiveness.

The salary study was completed using data collected from peer organizations, as shown in Table 1. Data was provided for 2024 and adjusted to January 1, 2025, based on pay adjustments provided by peer communities. The communities used in the salary survey were largely Western Slope cities in Colorado. Department heads and the City Manager were surveyed regarding peer communities they felt had similar operations and size. The U.S. Department of Labor, BLS, and Economic Research Institute provided additional pay data for public and private positions. Additional data was collected from non-profit organizations in the museum industry.

APG subscribes to the Council for Community and Economic Research (C2ER) to purchase Cost of Living Index data (COLI). The Cost-of-Living Index is the most reliable source of comparisons of key consumer costs available anywhere. COLI data is recognized by the U.S. Census Bureau, U.S. Bureau of Labor Statistics, CNN Money, and the President's Council of Economic Advisors. This information was used to adjust peer data to make it comparable to the City of Craig, Colorado. This conversion of peer dollars to Craig dollars allowed the team to use several high-cost living communities.

**Table 1. Data for the Salary Survey**

Organization	County	Notes	COLI	Data
Craig	Moffat	County Seat	107	Yes
Alamosa	Alamosa	County Seat	105.1	Yes
Aspen	Pitkin	County Seat	144.1	Yes
Avon	Eagle		120	Yes
Carbondale	Garfield		113.4	Yes
Cortez	Montezuma	County Seat	104.5	Yes
Delta	Delta	County Seat	103	Yes
Durango	La Plata	County Seat	109.4	Yes
Eagle	Eagle	County Seat	120	Yes
Fruita	Mesa		102.4	Yes
Glenwood Springs	Garfield	County Seat	113.4	No
Gunnison	Gunnison	County Seat	110.5	No
Gypsum	Eagle		120	Yes
Montrose	Montrose	County Seat	104.1	Yes
Rifle	Garfield		113.4	Yes
Steamboat Springs	Routt	County Seat	121.6	Yes
Moffat County	Moffat		107	No
Routt County	Routt		121.6	Yes
U.S. Dept. of Labor, BLS				Yes
Economic Research Institute				Yes

**Step 5: Development of pay ranges**

The development of pay ranges involved reviewing the salary survey results, additional salary survey sources when appropriate, the rankings that the consultant assigned each position in step 3, and the internal hierarchy and needs of the organization, to determine placement and range amounts. The ranges developed provide for internal equity and hierarchy across the organization.

If an employee was under the new pay range, an adjustment was recommended. No employees received a proposed decrease in pay. Pay ranges were set based on the starting pay for the market average while keeping Craig's current pay range width.

**Step 6: Opportunity to meet with the governing body**

The consultant will be available to meet virtually with the governing body if requested.



### III. Summary of Findings

Craig's January 1, 2025, pay adjustments greatly reduced the amount needed to bring employees up to the market. The findings below have taken into account the 2025 increases. Based on internal and external equity (market findings), the new starting range minimums and maximums are in Table 3, along with proposed title changes.

The specific findings and recommendations of the study for base wages are:

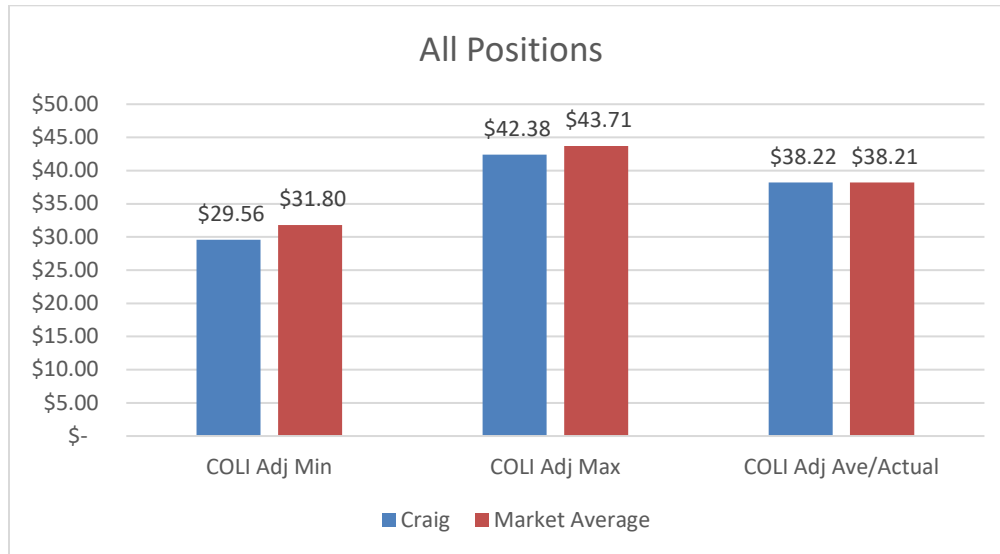
1. Provide for movement of employees to new pay ranges. This step represents the amount to bring employees to the new pay range minimum. The total cost is approximately \$34,889.60.
2. Move employees at a modest rate through the pay range to adjust for pay compression. Compression occurs over time in organizations where new employees and employees with experience are close together in pay. This can occur when organizations adjust entry-level pay to keep up with the market but cannot adjust pay for seasoned employees. The cost of this calculation is \$35,029.96.
3. Comparing actual pay for employees was competitive even though pay ranges needed adjusted. Law enforcement was slightly less competitive in actual pay than all employees (see Chart 1 & 2 below).
4. Once the new ranges are adopted, move employees to the corresponding step in Craig's pay plan. This calculation must be completed internally and will add an additional expense.
5. Annually move the pay ranges according to an index that follows pay range movement for employers in Colorado, and annually adjust employee pay.

Charting starting and average/actual pay comparisons provides an overview of 'how far' behind the City may lag in pay. Chart 1 shows all positions in comparison to the market average. This is a snapshot of all positions averaged together for Craig compared to the market average. Two items of note in Chart 1, the starting pay ranges lag behind the market for Craig, while actual pay appears competitive. The picture does shift when comparing sworn police positions shown in Chart 2.

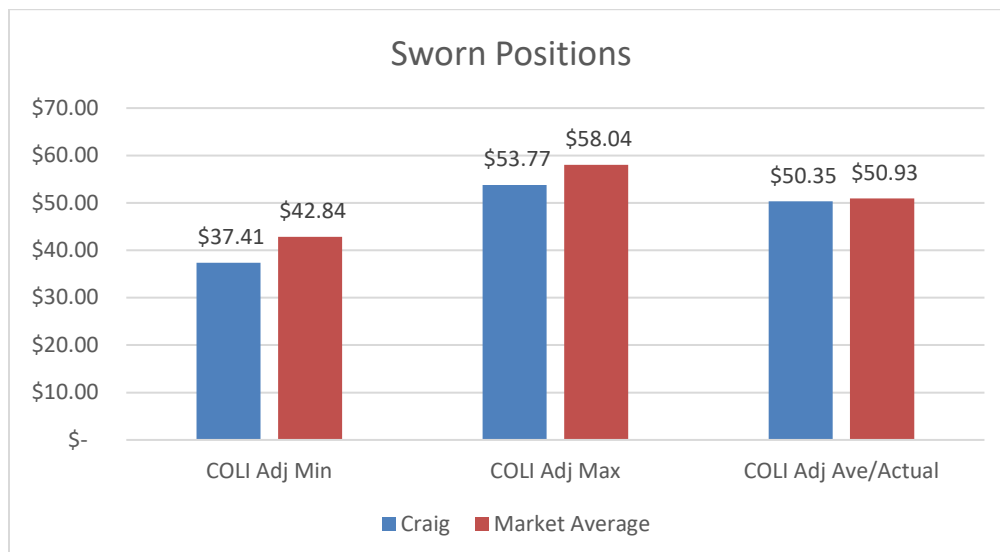
These charts do not show the adjustments some positions need to meet new pay range minimums, nor do they show the compression pay adjustments needed. However, they do demonstrate that overall, Craig is doing fairly well in actual pay for all positions but is less competitive for sworn police positions. The financial implications outlined in one and three

above total \$69,919.56, of which sworn officers account for 67%.

**Chart 1. All Positions Compared to the Market Average**



**Chart 2. Sworn Positions Compared to the Market Average**



**Table 2. Proposed Pay Ranges and Title Changes**

Current Job Title	Department	2025 Hourly Min.	2025 Hourly Max.		Proposed Hourly Min.	Proposed Hourly Max.
Museum Registrar/Technician	Museum	\$20.52	\$29.50		\$ 20.52	\$ 29.50
Administrative Technician	Community Development	\$21.14	\$30.39		\$ 21.35	\$ 30.69
Administration Technician	Parks & Recreation	\$21.14	\$30.39		\$ 21.35	\$ 30.69
Administration Technician	Water	\$21.14	\$30.39		\$ 21.35	\$ 30.69
Human Resources Technician	Clerk/Personnel	\$21.14	\$30.39		\$ 21.35	\$ 30.69
Administration Technician	Road & Bridge	\$21.14	\$30.39		\$ 21.35	\$ 30.69
Light Equipment Operator	Parks & Recreation	\$21.08	\$30.30		\$ 21.55	\$ 30.98
Light Equipment Operator	Road & Bridge	\$21.08	\$30.30		\$ 21.55	\$ 30.98
Light Equipment Operator	Solid Waste	\$21.08	\$30.30		\$ 21.55	\$ 30.98
Court Admin/ Probation Coordinator	Judicial	\$21.14	\$30.39		\$ 21.82	\$ 31.37
Records Technician	Police	\$20.45	\$29.39		\$ 21.82	\$ 31.37
Utility Billing Clerk II	Finance	\$20.48	\$29.45		\$ 21.82	\$ 31.37
Light Equipment Operator/Distribution Tech I	Water	\$21.08	\$30.30		\$ 22.49	\$ 32.33
Museum Office Manager	Museum	\$21.49	\$30.90		\$ 23.05	\$ 33.14
Recreation Coordinator	Parks & Recreation	\$23.10	\$33.20		\$ 23.05	\$ 33.14
Accounting Clerk	Finance	\$23.10	\$33.20		\$ 23.05	\$ 33.14
Payroll Clerk	Finance	\$23.10	\$33.20		\$ 23.05	\$ 33.14
Grant Administrator	Administration	\$23.07	\$33.16		\$ 23.05	\$ 33.14

Community Service Officer	Police	\$22.66	\$32.57		\$ 23.45	\$ 33.71
Civilian Investigative Technician I	Police				\$ 23.45	\$ 33.71
Light Equipment/Plant Operator I	Wastewater	\$21.08	\$30.30		\$ 24.00	\$ 34.50
Light Equipment Operator/Plant Operator I	Water	\$21.08	\$30.30		\$ 24.00	\$ 34.50
Light Equipment Operator/Crew Supervisor	Solid Waste	\$21.74	\$31.25		\$ 25.62	\$ 36.84
Heavy Equipment Operator	Road & Bridge	\$22.13	\$31.81		\$ 25.62	\$ 36.84
Building Maintenance Supervisor	Building Maintenance	\$24.06	\$34.59		\$ 25.76	\$ 37.03
Water & Wastewater Maintenance Technician	Water	\$22.38	\$32.17		\$ 25.76	\$ 37.03
Mechanic	Road & Bridge	\$24.94	\$35.86		\$ 25.76	\$ 37.03
Civilian Investigative Technician II	Police	\$25.89	\$37.22		\$ 25.89	\$ 37.22
Community Outreach Liaison	Administration	\$26.58	\$38.21		\$ 26.55	\$ 38.16
Human Resources Coordinator/Deputy City Clerk	Clerk/Personnel	\$26.58	\$38.21		\$ 26.55	\$ 38.16
Utility Billing Coordinator	Finance	\$22.56	\$32.43		\$ 27.29	\$ 39.23
Records Supervisor	Police	\$26.91	\$38.69		\$ 27.29	\$ 39.23
Aquatics Manager	Parks & Recreation	\$25.15	\$36.15		\$ 27.29	\$ 39.23
Sports/Recreation Manager	Parks & Recreation	\$25.15	\$36.15		\$ 27.29	\$ 39.23
Assistant Museum Director	Museum	\$25.29	\$36.35		\$ 27.29	\$ 39.23
Building Inspector	Community Development	\$26.58	\$38.21		\$ 28.54	\$ 41.03
Water/Wastewater/IT Spec	Water	\$27.32	\$39.28		\$ 28.54	\$ 41.03
Plant Operator II/Lab Tech	Wastewater	\$27.42	\$39.42		\$ 28.54	\$ 41.03
Plant Operator II	Wastewater	\$27.42	\$39.42		\$ 28.54	\$ 41.03
Plant Operator II	Water	\$27.42	\$39.42		\$ 28.54	\$ 41.03

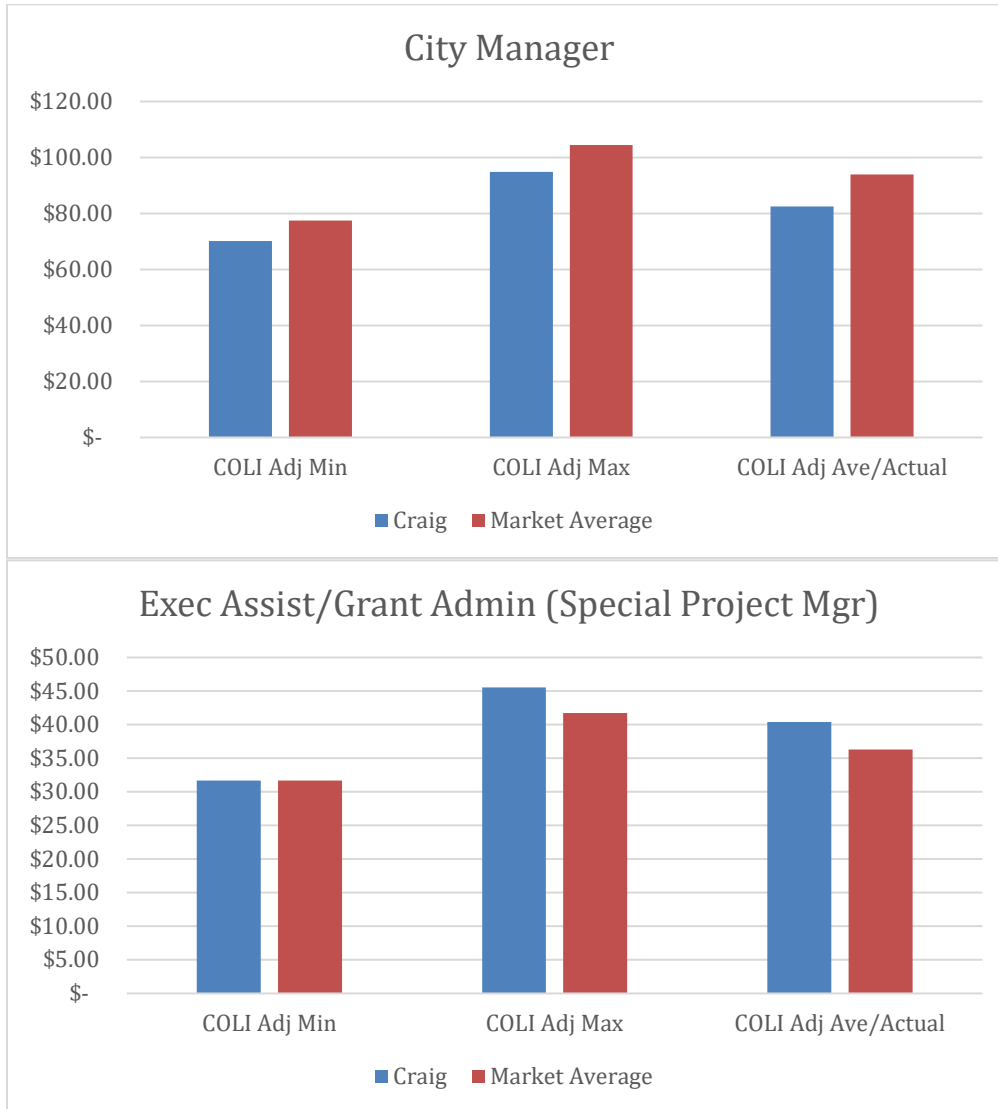
Distribution/Collection Foreman	Water	\$27.91	\$40.12		\$ 30.43	\$ 43.74
Shop Foreman	Road & Bridge	\$27.83	\$40.00		\$ 30.43	\$ 43.74
Foreman	Parks & Recreation	\$27.83	\$40.00		\$ 30.43	\$ 43.74
Sweeper Foreman	Road & Bridge	\$27.83	\$40.00		\$ 30.43	\$ 43.74
Foreman	Road & Bridge	\$27.83	\$40.00		\$ 30.43	\$ 43.74
Foreman	Solid Waste	\$27.83	\$40.00		\$ 30.43	\$ 43.74
Judicial Manager	Judicial	\$31.69	\$45.56		\$ 31.25	\$ 44.92
Executive Assistant/Grant Manager (New Title: Special Project Mgr)	Administration	\$31.69	\$45.56		\$ 31.25	\$ 44.92
Officer	Police	\$27.81	\$39.98		\$ 31.82	\$ 45.74
K-9 Handler Officer	Police	\$30.59	\$43.97		\$ 35.10	\$ 50.45
Detective/K9 Handler	Police	\$30.59	\$43.97		\$ 35.10	\$ 50.45
Detective	Police	\$30.59	\$43.97		\$ 35.10	\$ 50.45
Senior Accountant	Finance	\$34.59	\$49.72		\$ 34.62	\$ 49.77
Engr Tech/ IT Spec (New Title: IT Systems Analyst)	Public Works	\$33.41	\$48.02		\$ 34.62	\$ 49.77
Economic Development Manager	Economic Development	\$34.02	\$48.90		\$ 34.62	\$ 49.77
Assistant Road & Bridge Director	Road & Bridge	\$37.14	\$53.39		\$ 40.25	\$ 57.87
Wastewater Treatment/Collection Manager	Wastewater	\$39.66	\$57.01		\$ 40.25	\$ 57.87
Water Treatment/Distribution Manager	Water	\$39.66	\$57.01		\$ 40.25	\$ 57.87
Building Official	Community Development	\$34.02	\$48.90		\$ 40.25	\$ 57.87
Museum Director	Museum	\$27.26	\$39.18		\$ 40.25	\$ 57.87
Sergeant	Police	\$35.88	\$51.58		\$ 40.72	\$ 58.53
City Clerk/Human Resources Director	Clerk/Personnel	\$38.04	\$54.68		\$ 46.58	\$ 66.96
Commander	Police	\$42.11	\$60.54		\$ 46.58	\$ 66.96

Road & Bridge/Solid Waste Director	Road & Bridge	\$46.61	\$67.01		\$ 48.00	\$ 69.00
Parks and Recreation Director	Parks & Recreation	\$46.57	\$66.94		\$ 48.00	\$ 69.00
Water/Wastewater Director	Water	\$46.61	\$67.01		\$ 48.00	\$ 69.00
Finance Director	Finance	\$45.45	\$65.33		\$ 56.01	\$ 80.52
Public Works Director/Engineer	Public Works	\$48.08	\$69.12		\$ 56.01	\$ 80.52
Assistant City Manager	Administration	\$46.86	\$67.37		\$ 59.05	\$ 84.88
Chief	Police	\$50.64	\$72.79		\$ 59.05	\$ 84.88
City Manager	Administration				\$ 77.49	\$ 111.39

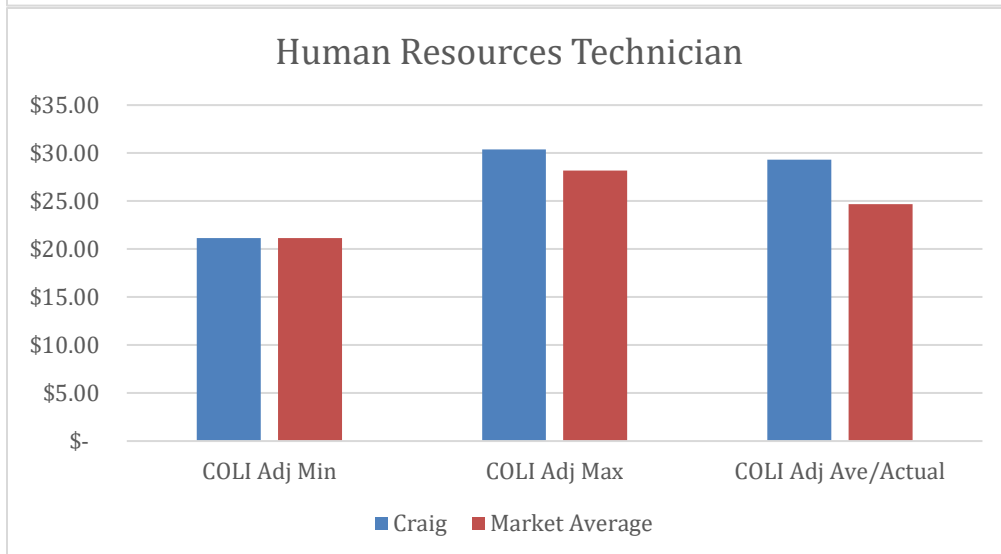
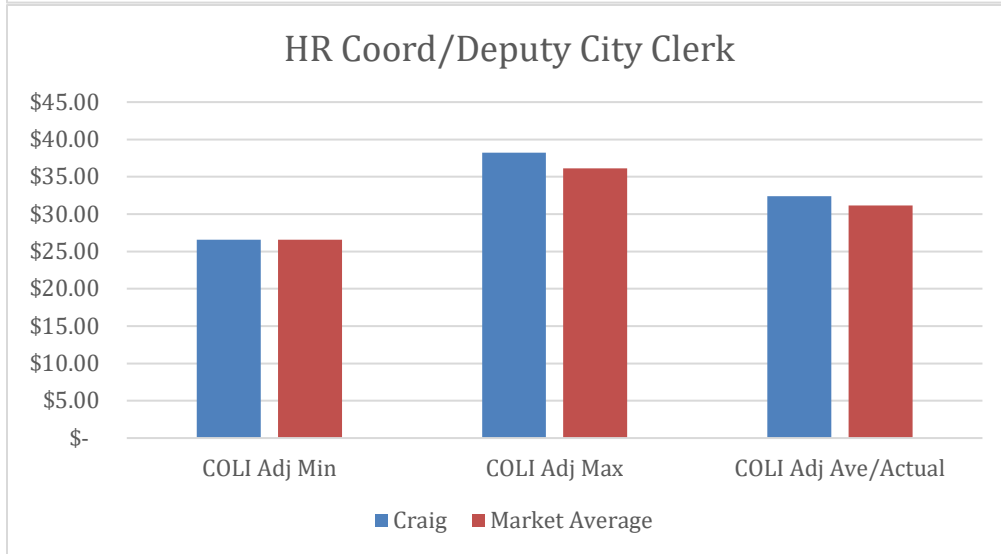
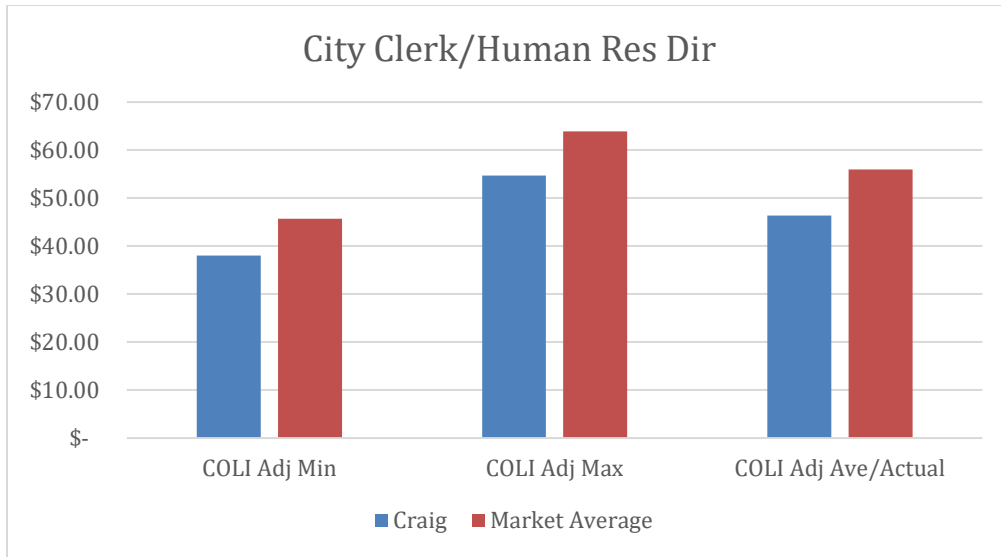
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## Appendix A. Market Survey Results

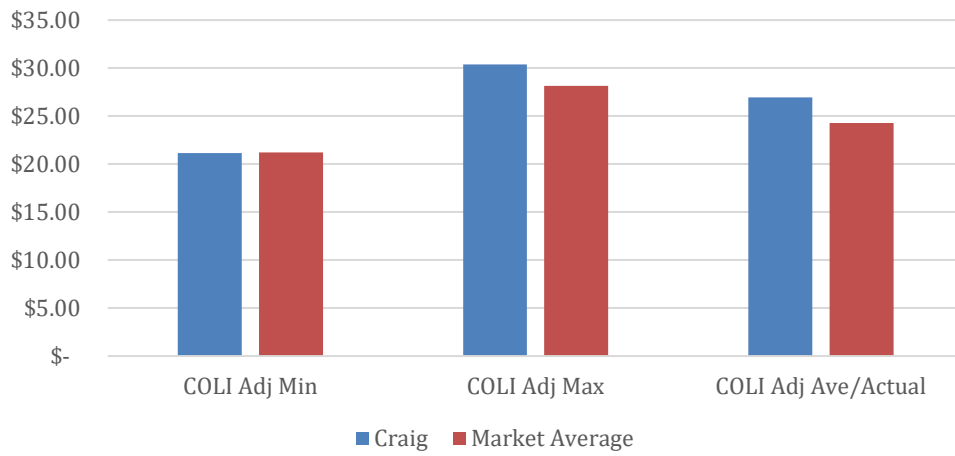
These charts represent the responses to the market survey. They do not represent final recommendations for pay ranges and adjustments. If a position does not have a chart, the market response was not adequate.



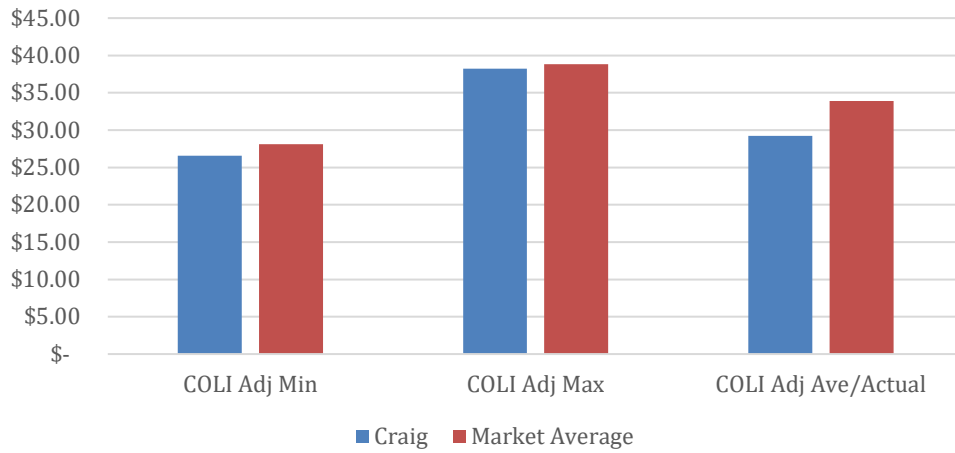




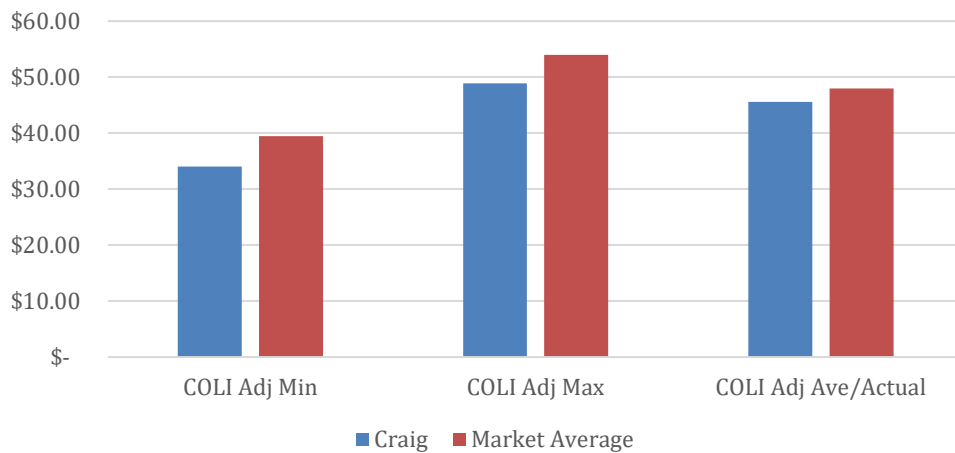
### Administrative Technician (Comm Dev.)

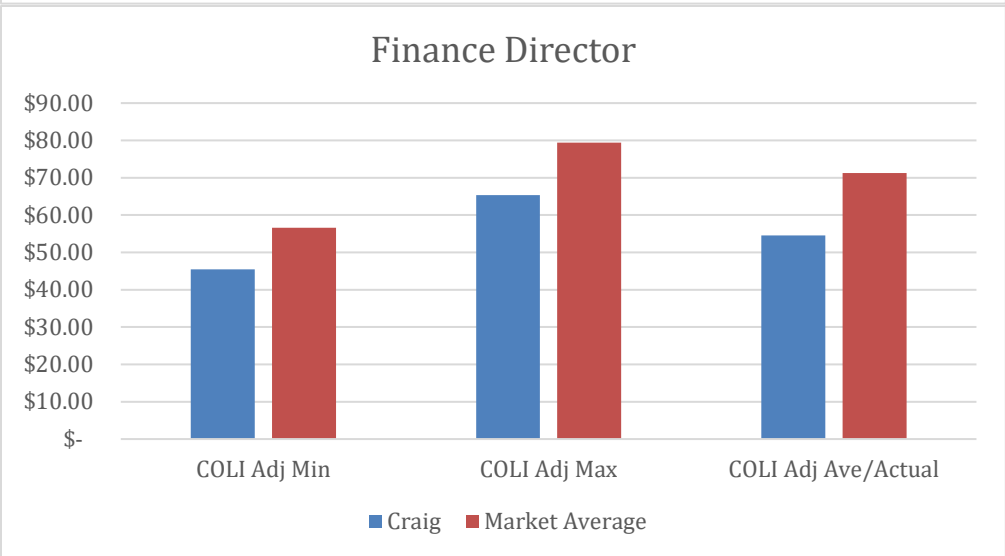
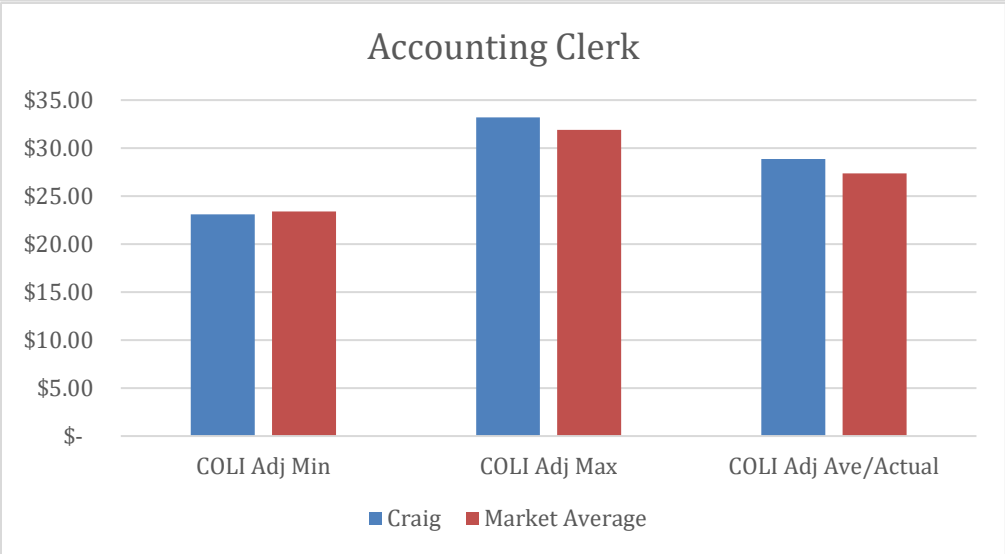
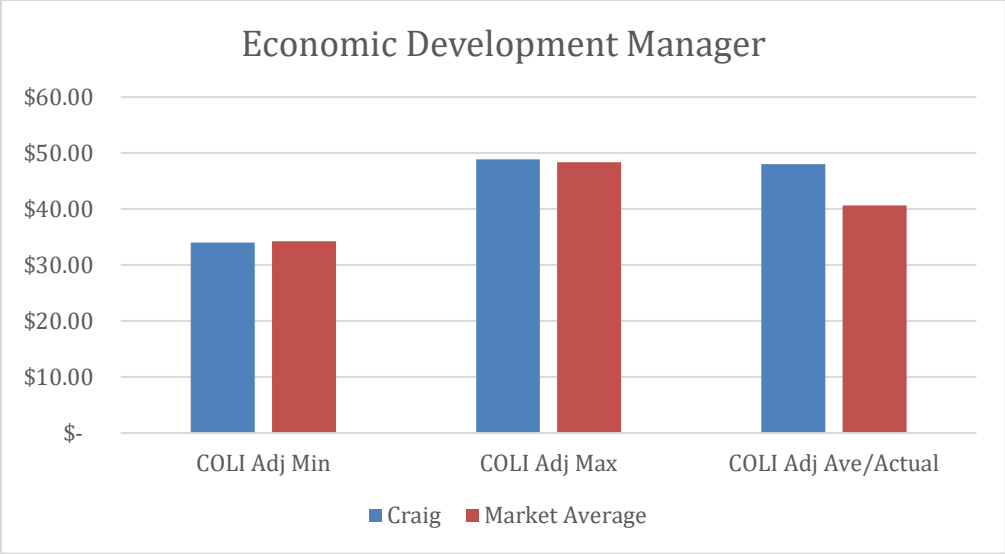


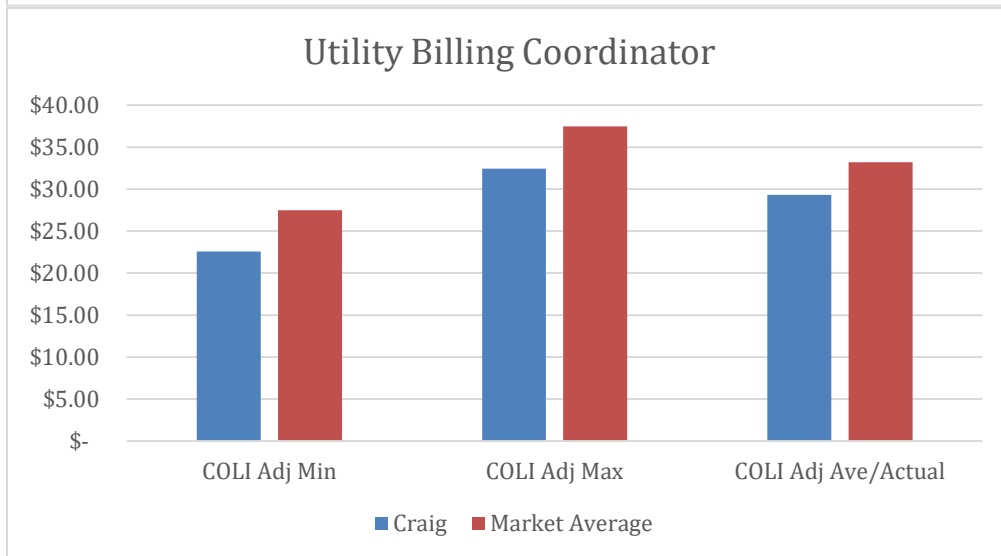
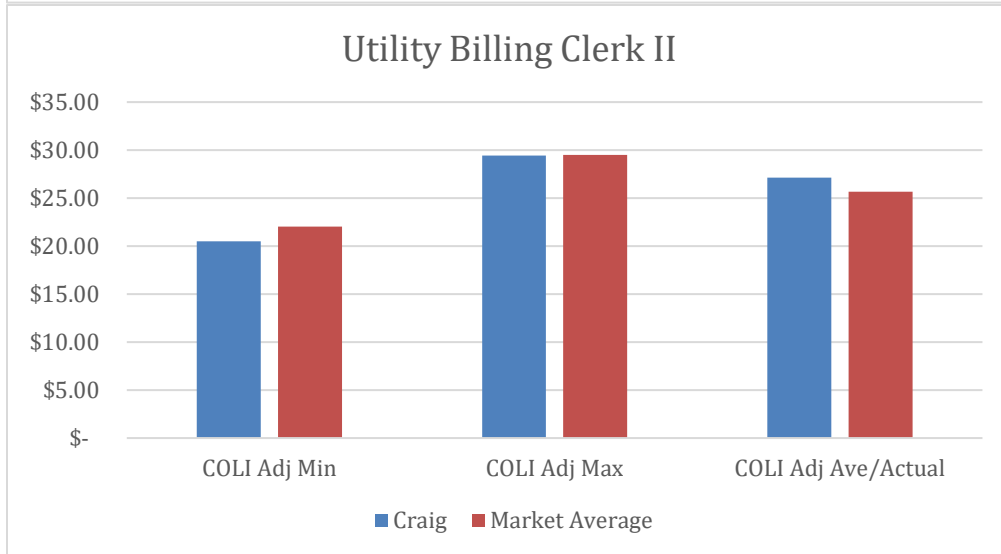
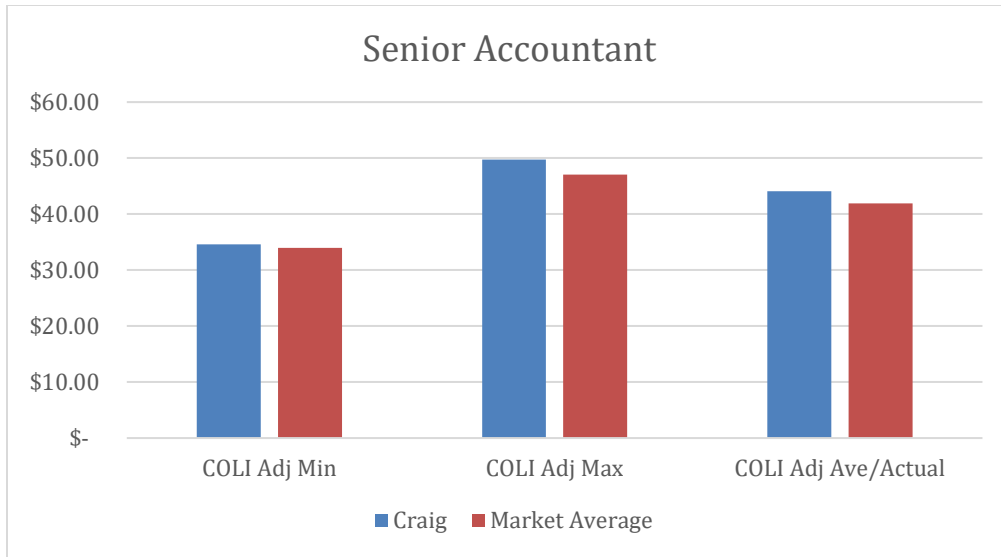
### Building Inspector

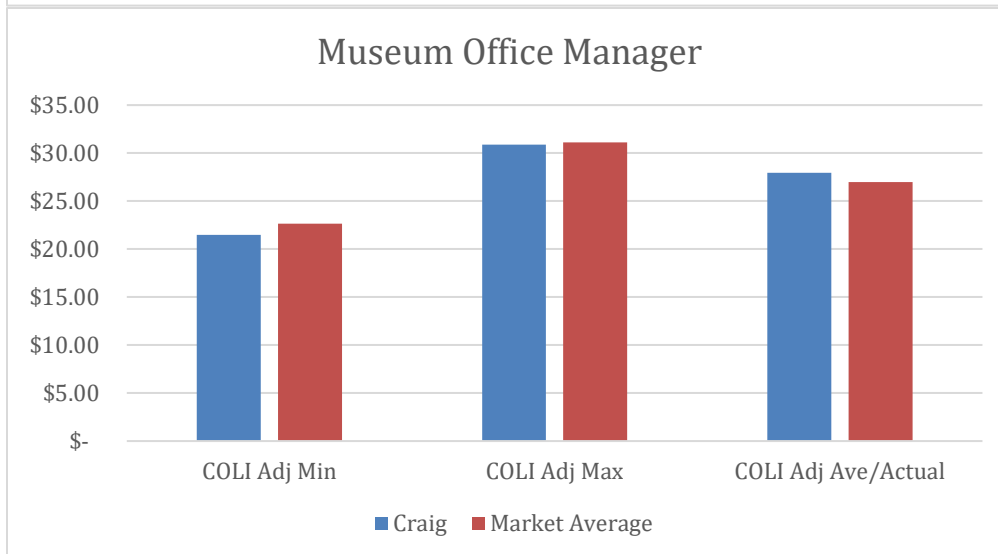
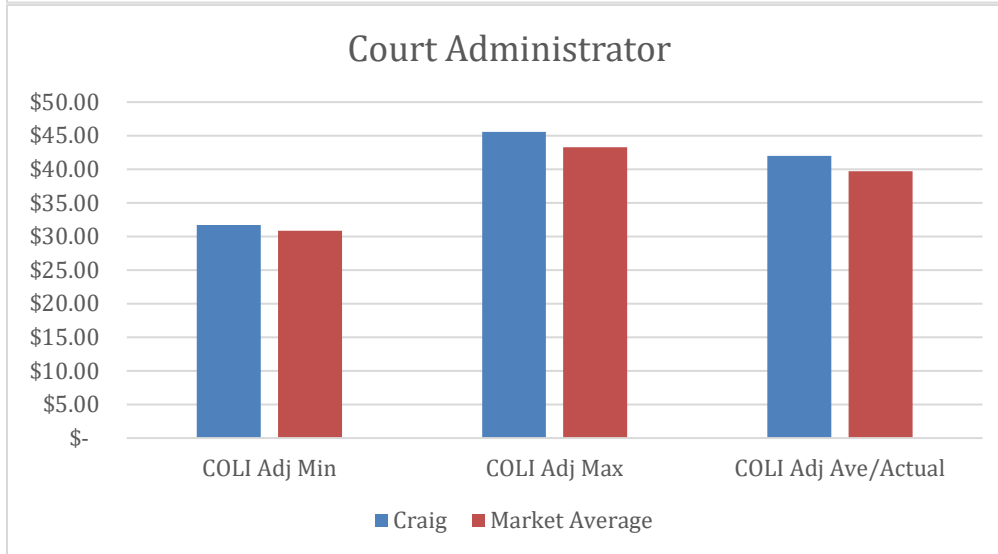
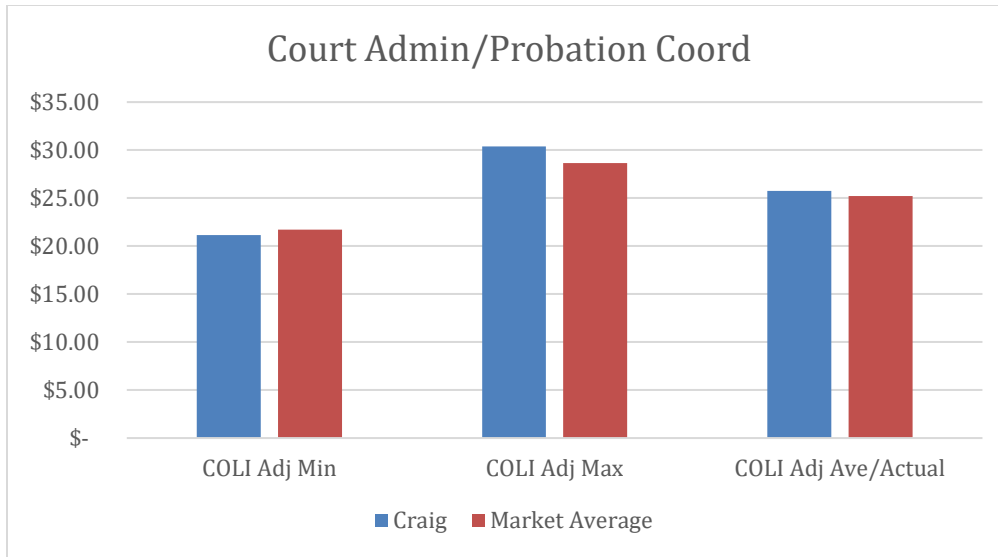


### Building Official

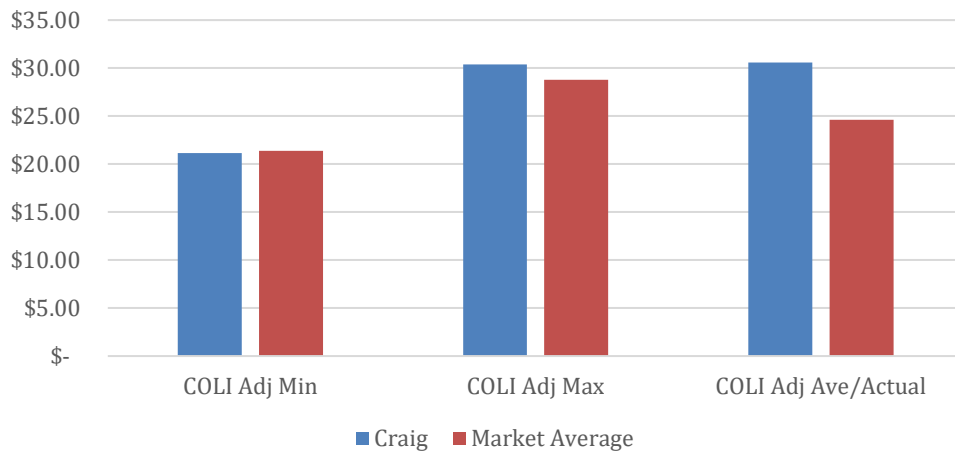




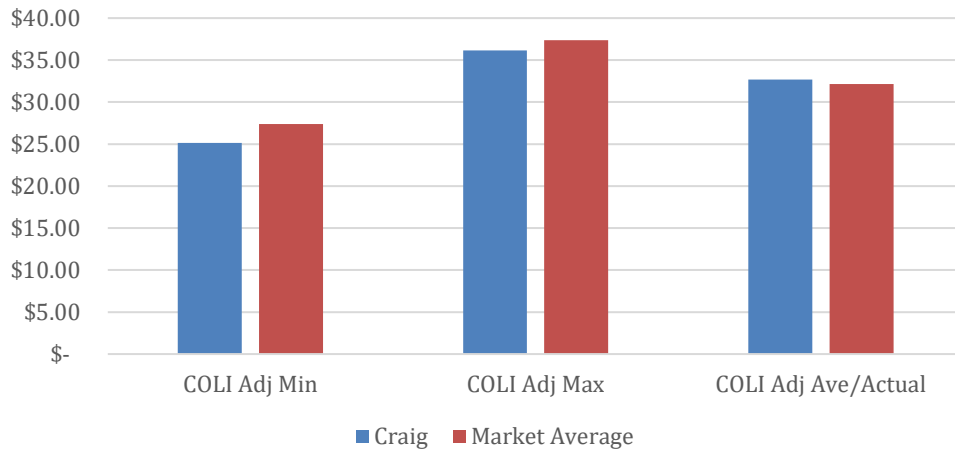




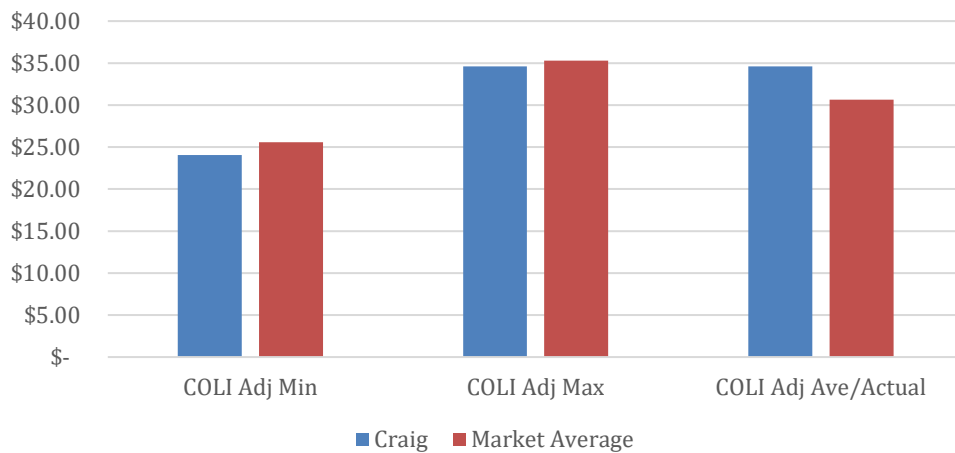
### Administration Technician (Parks & Rec)

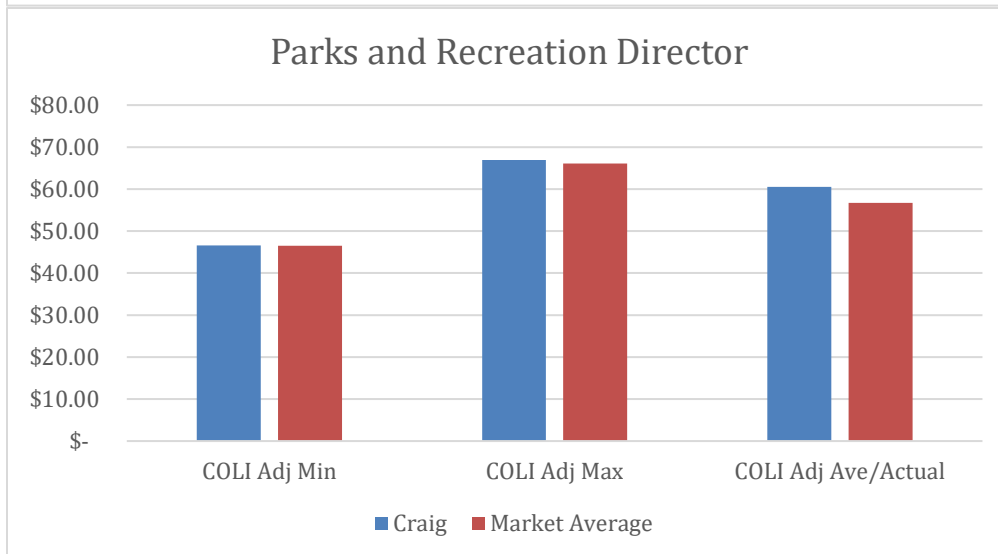
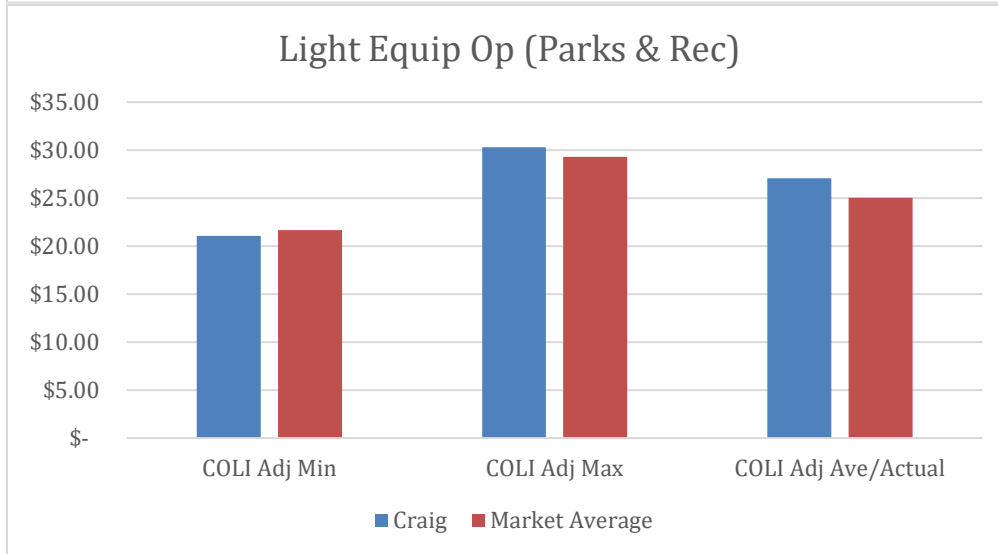
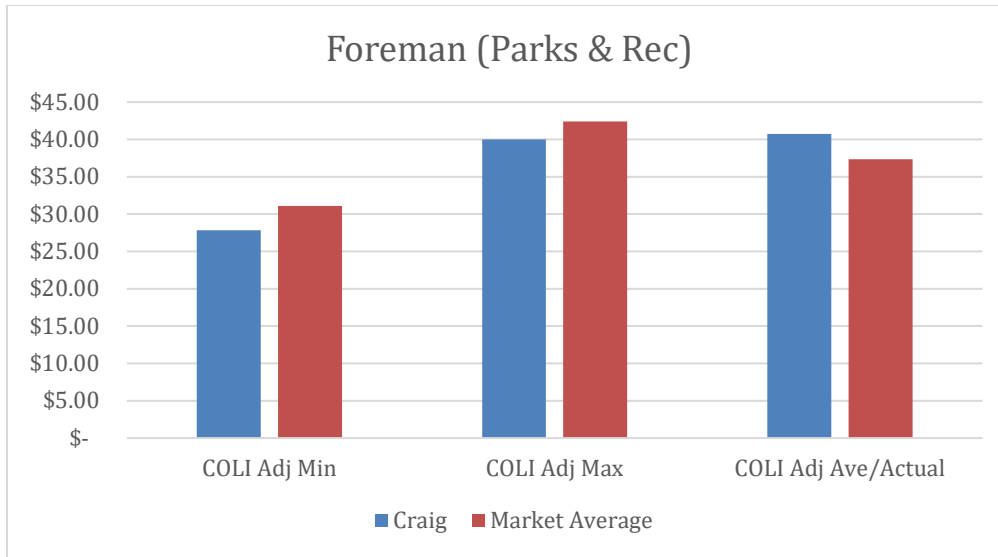


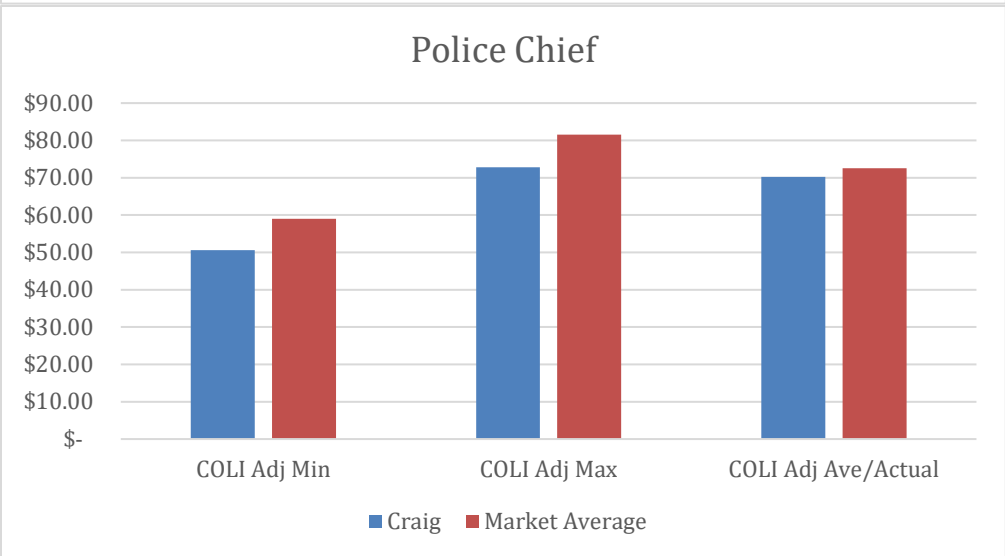
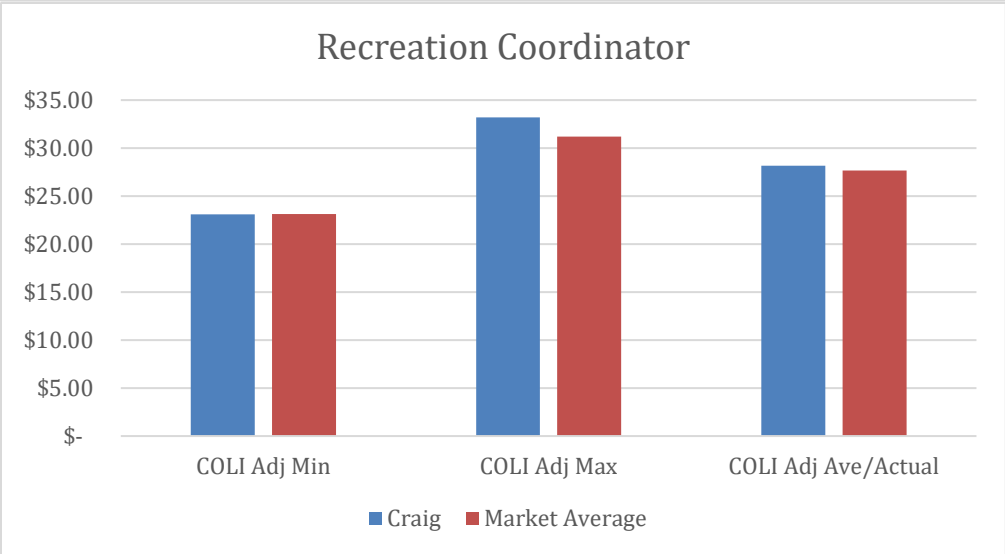
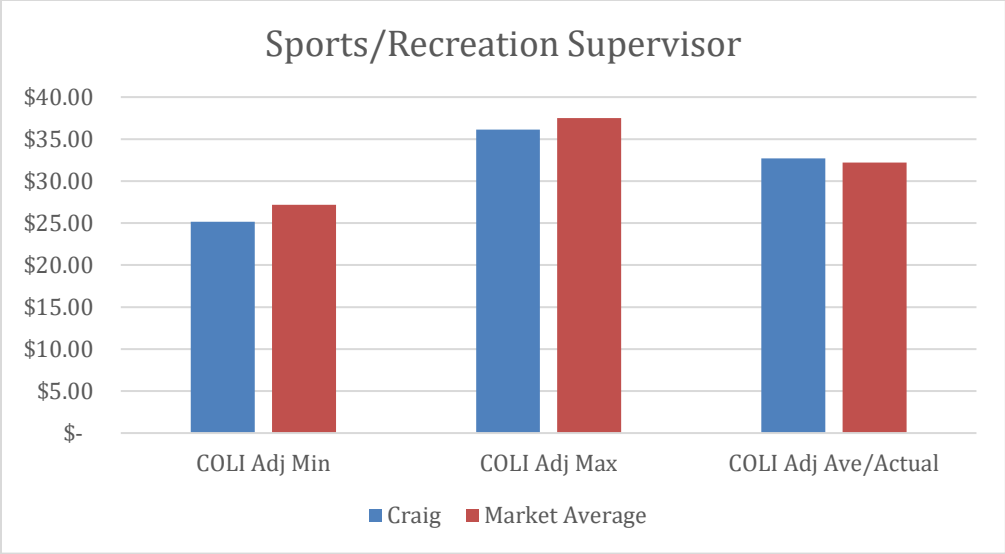
### Aquatics Manager



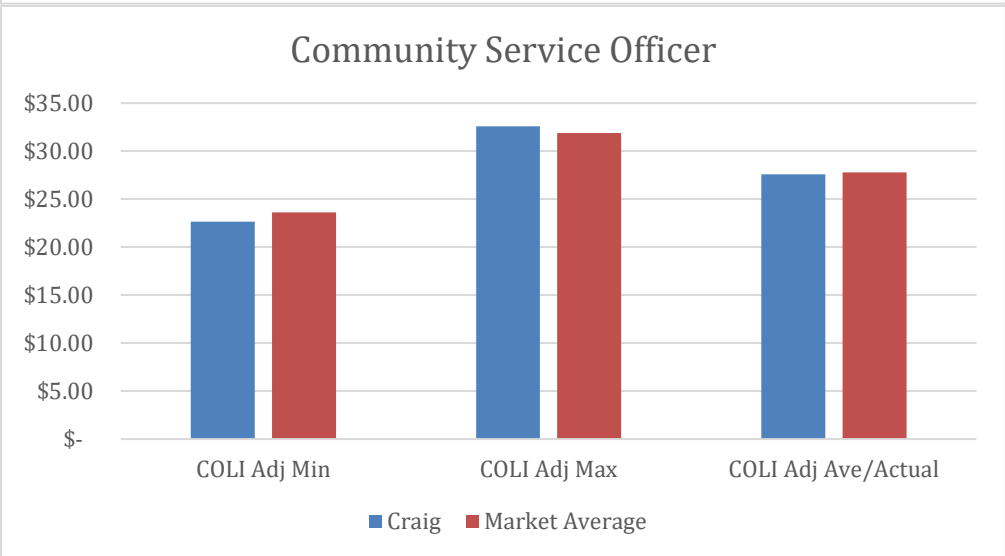
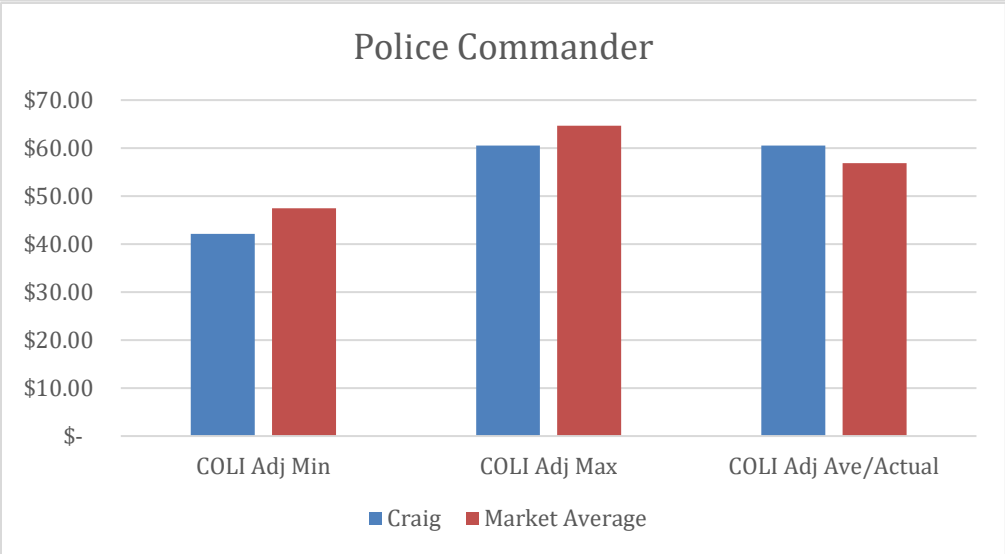
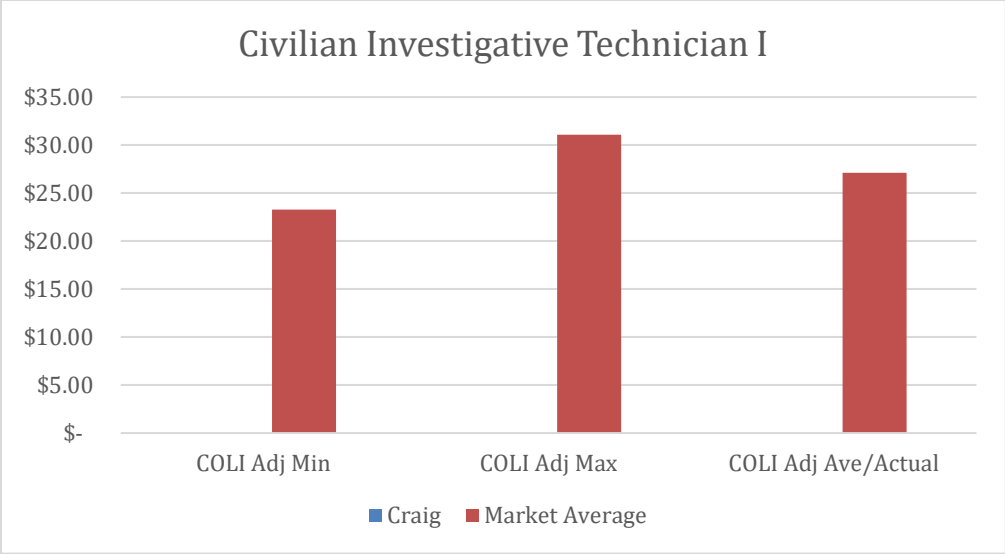
### Building Maintenance Sup

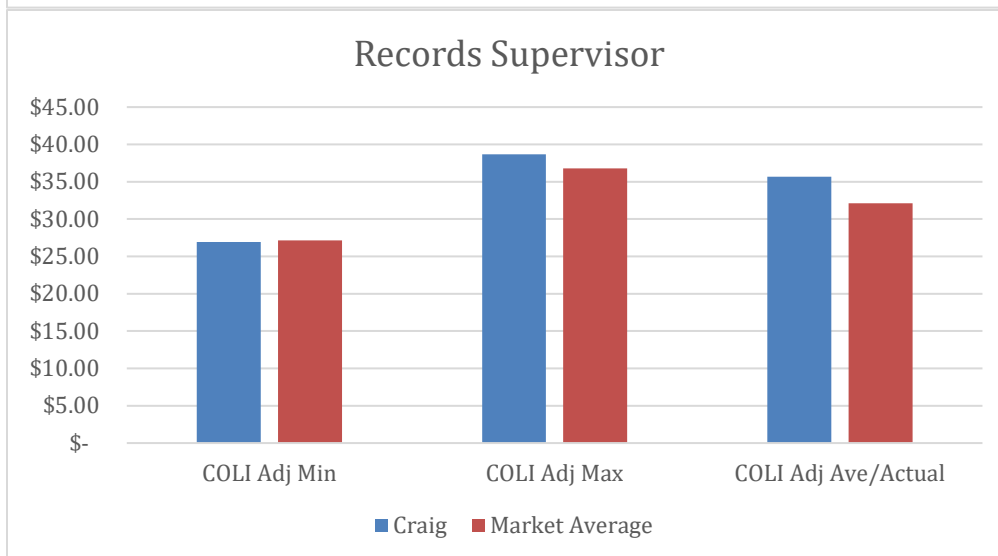
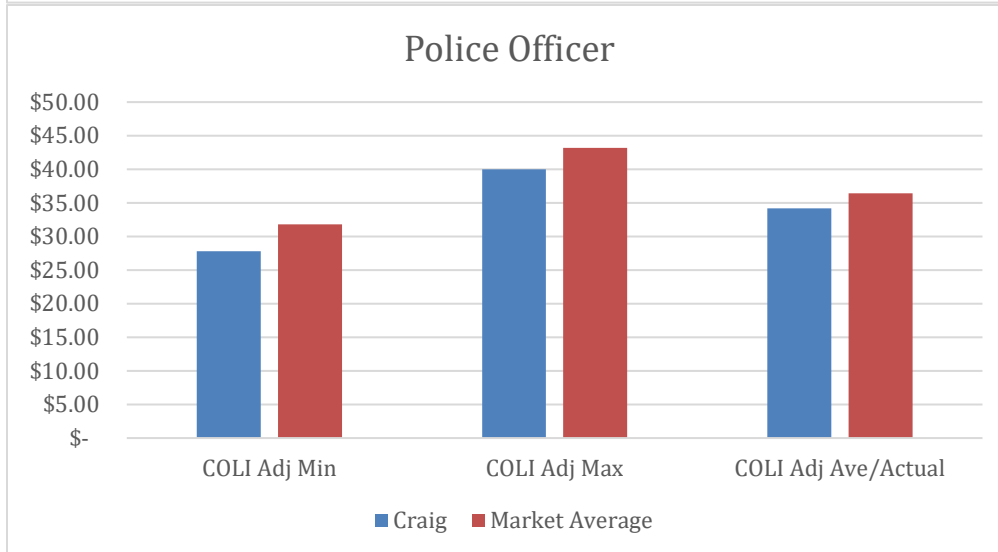
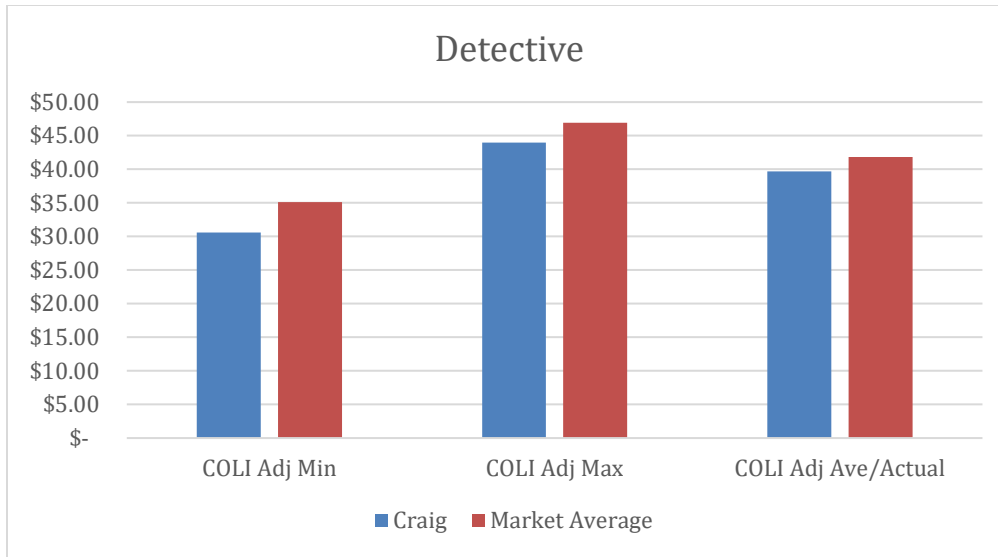


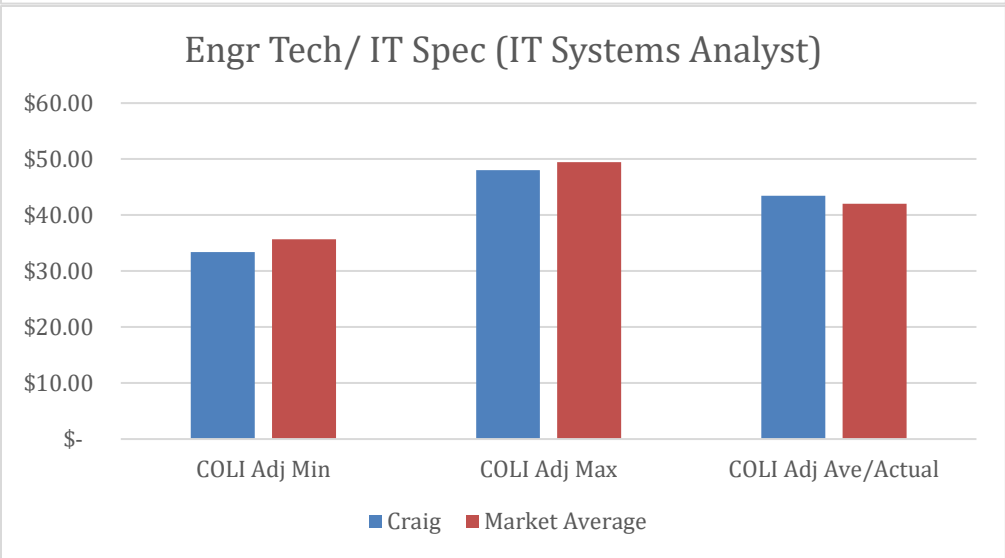
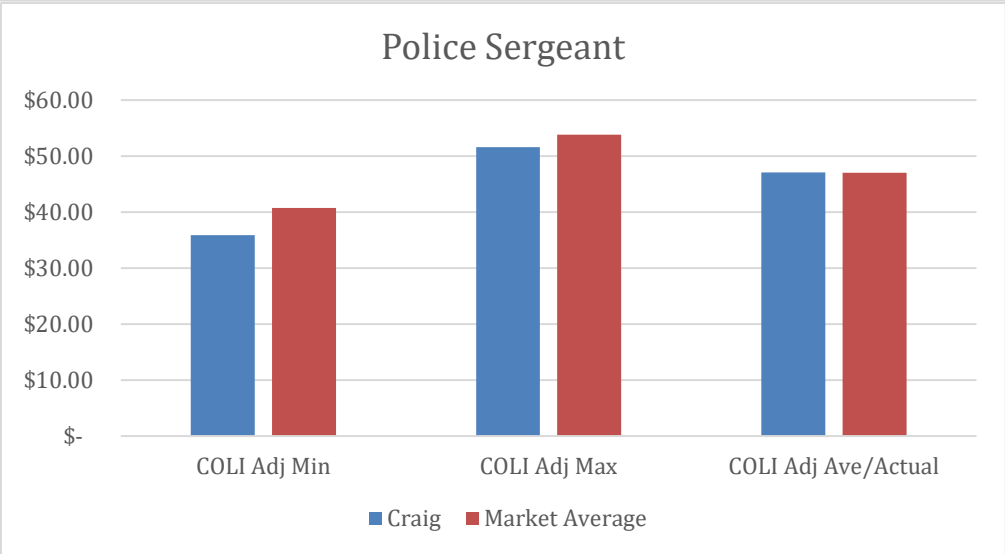
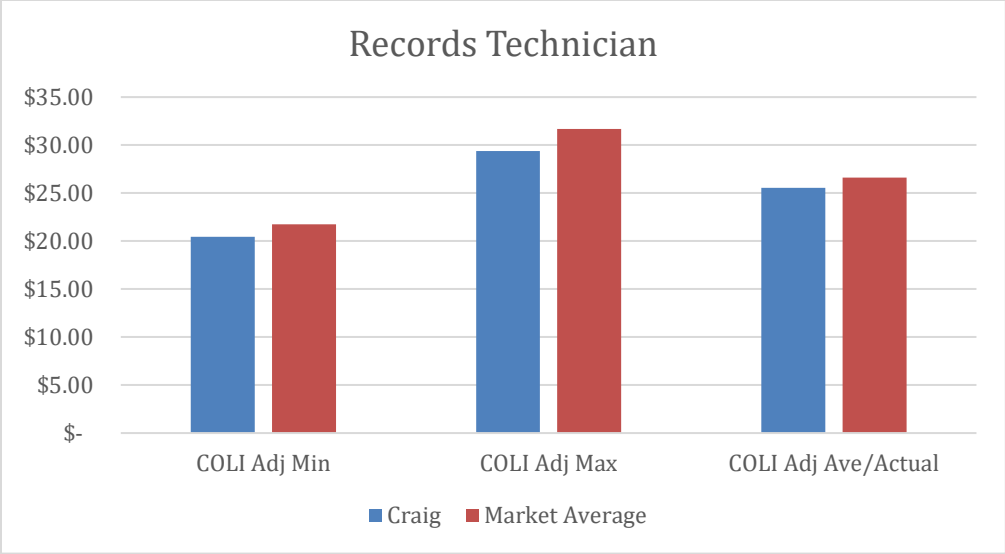


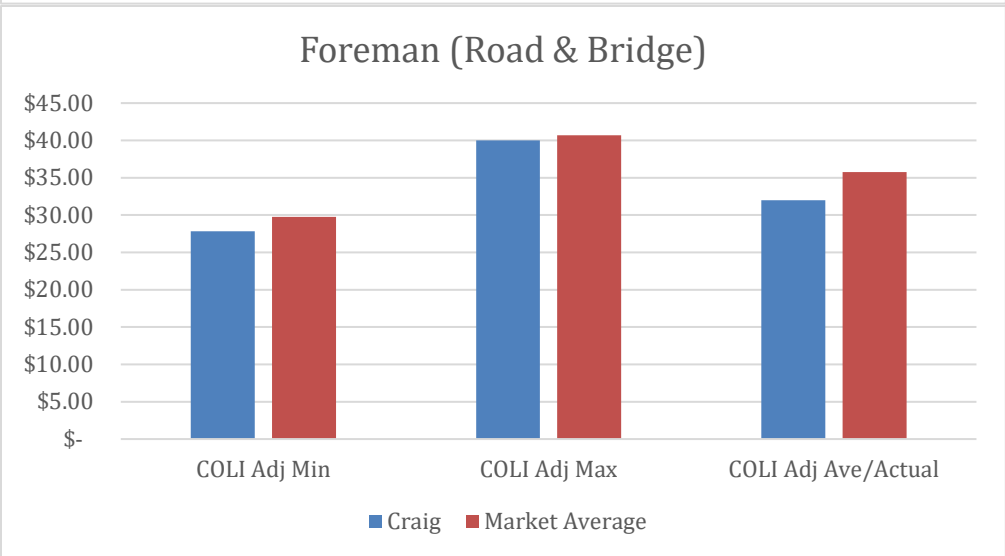
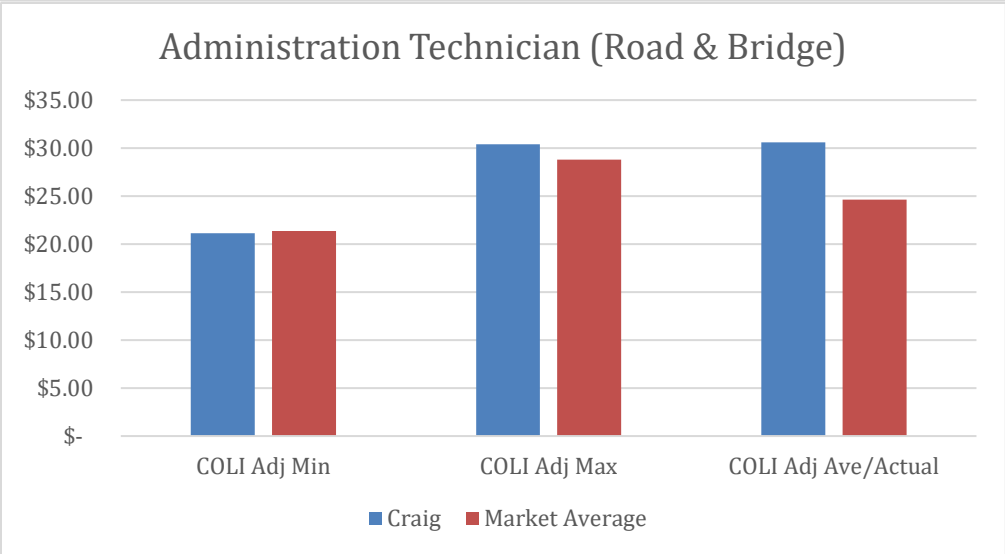
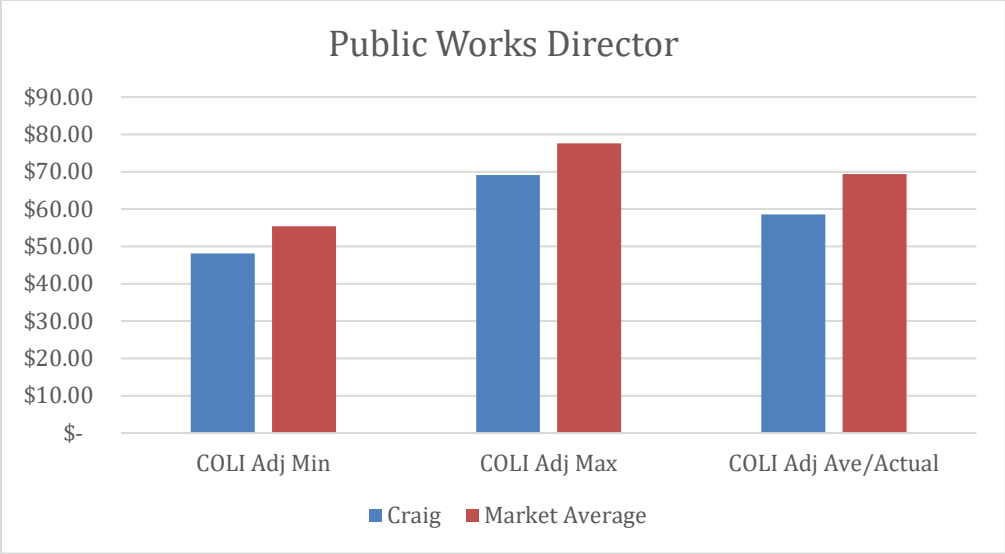


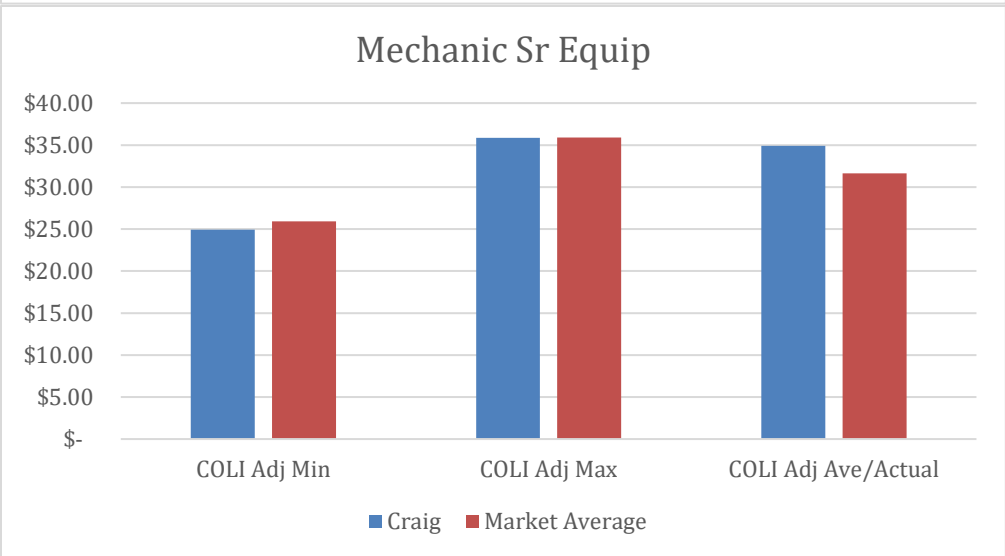
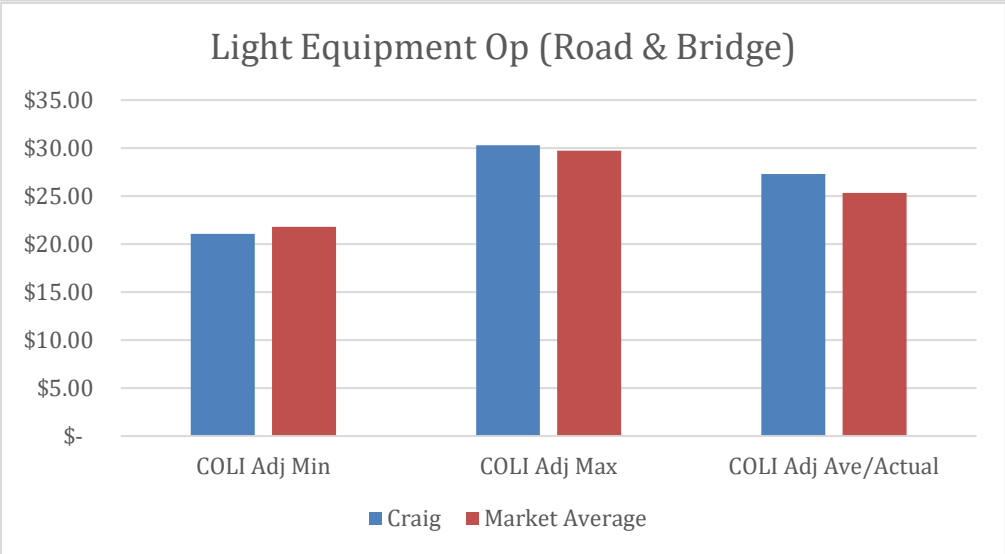
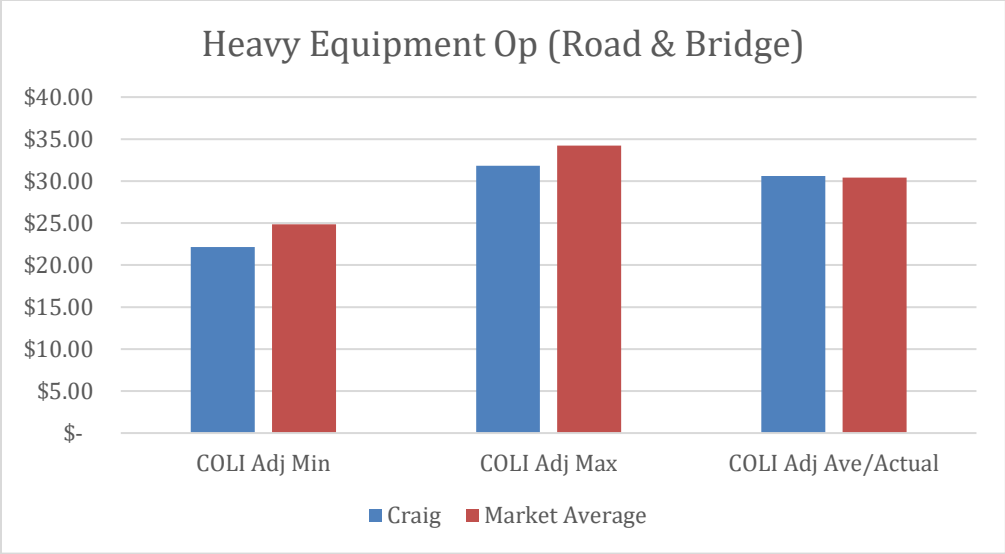


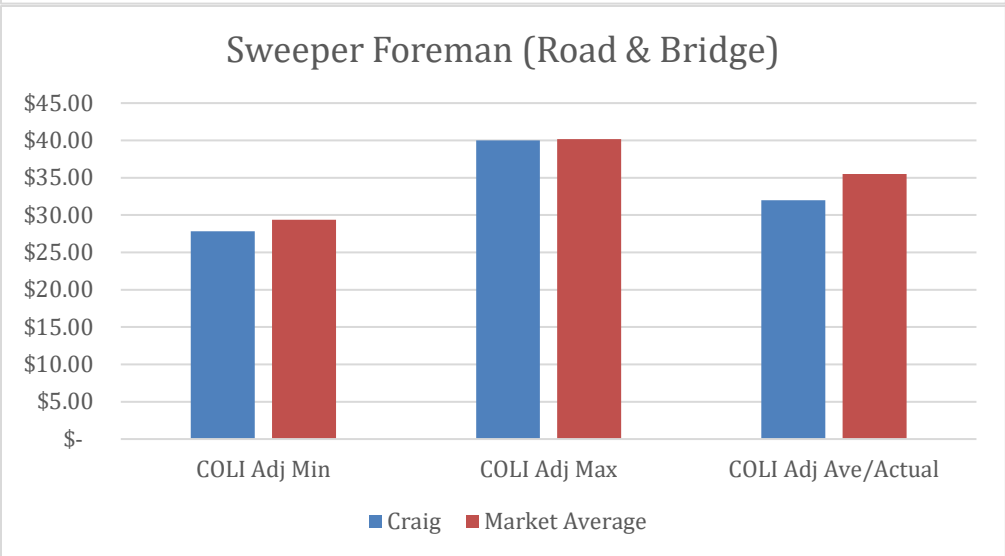
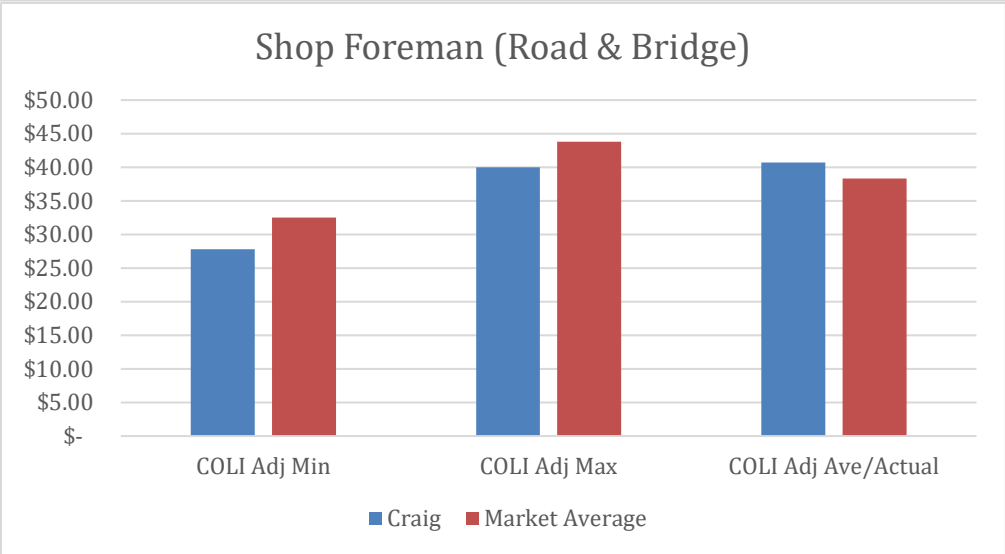
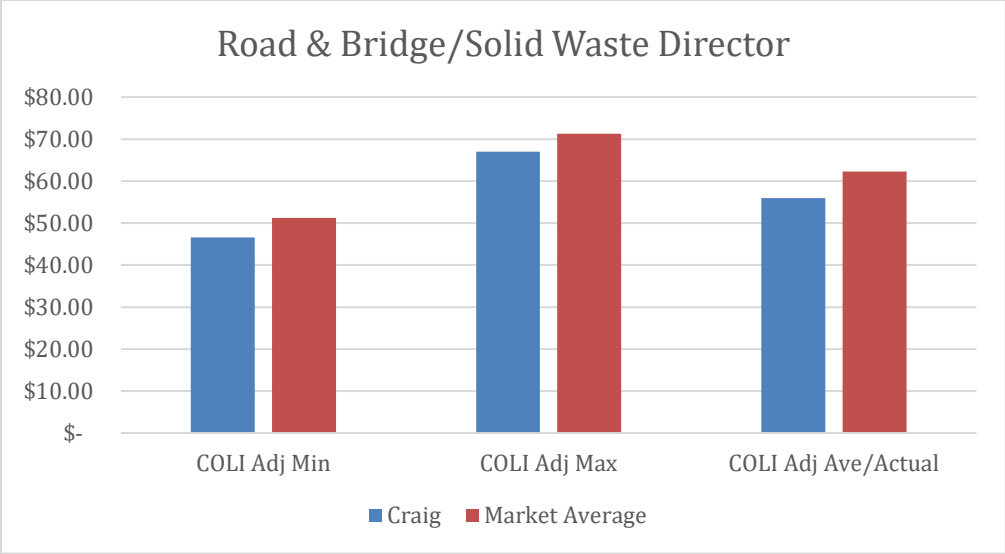


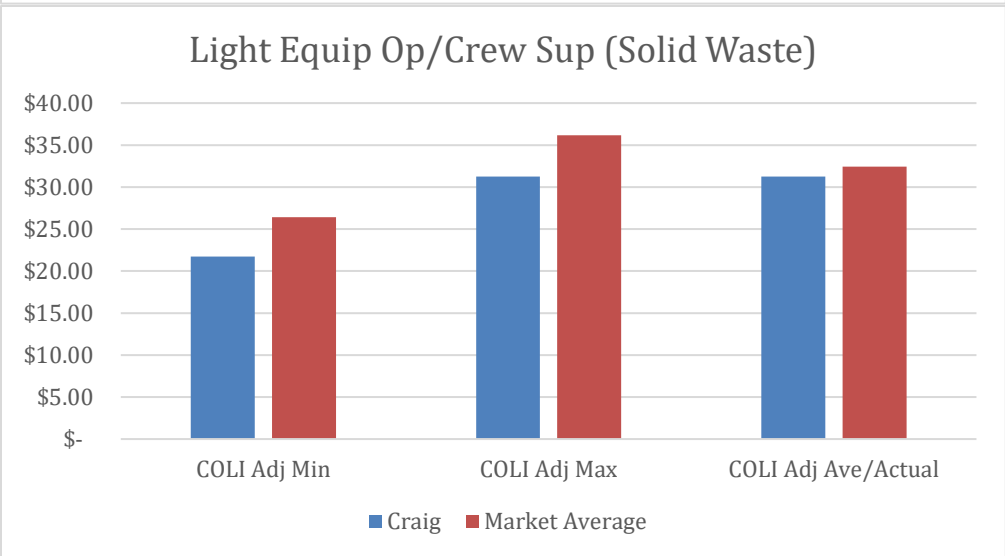
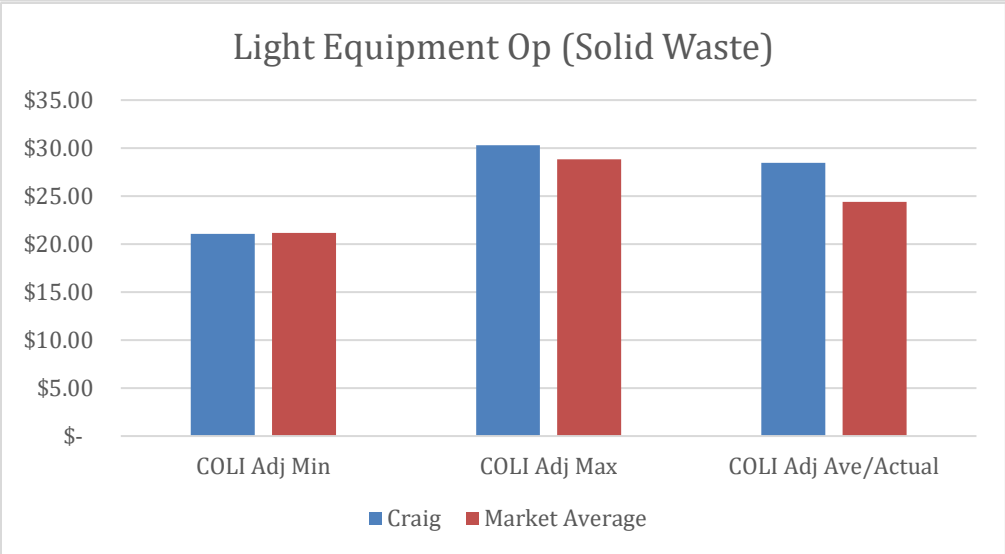
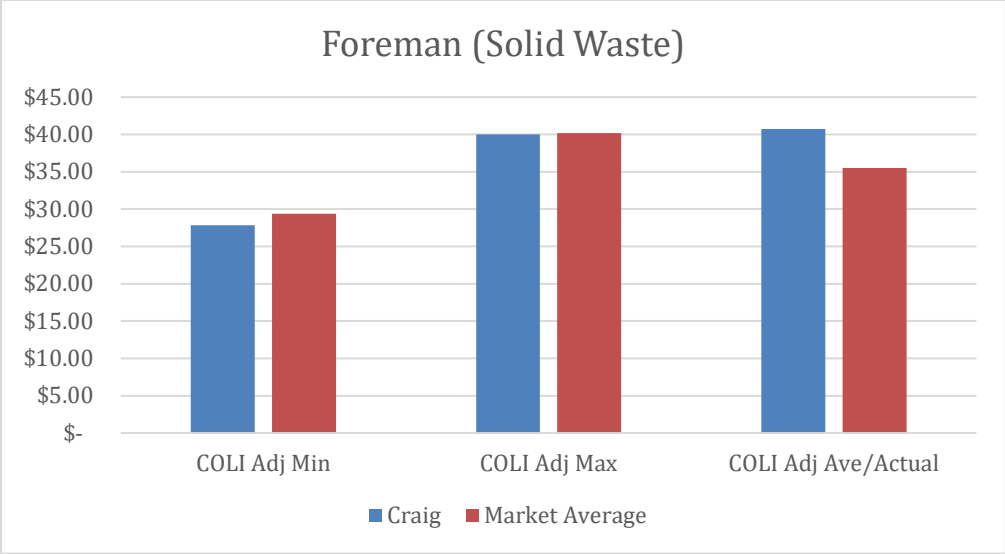


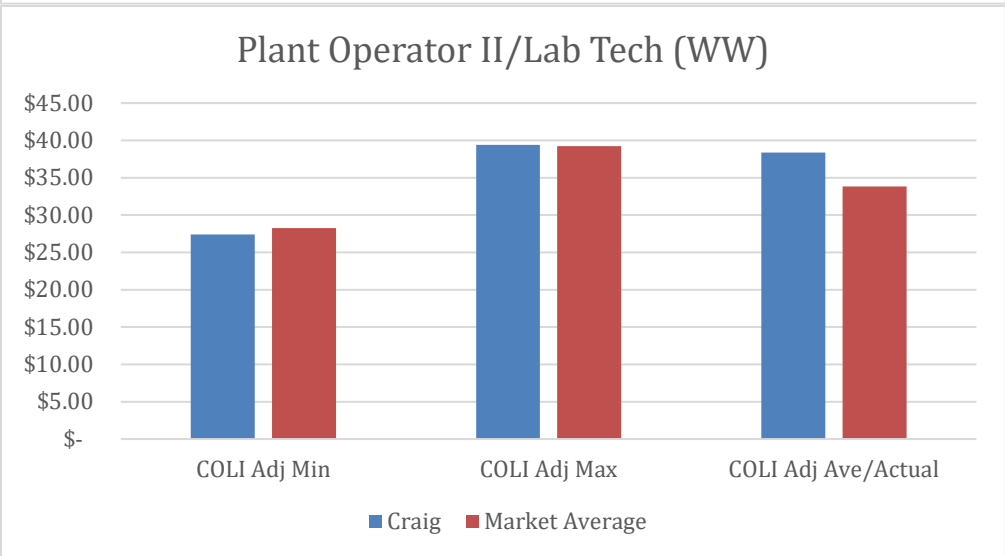
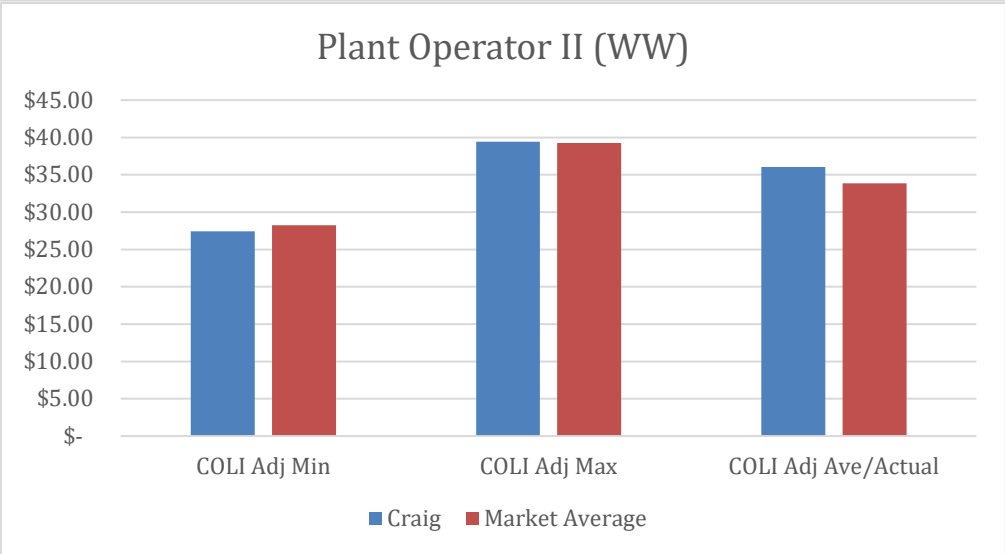
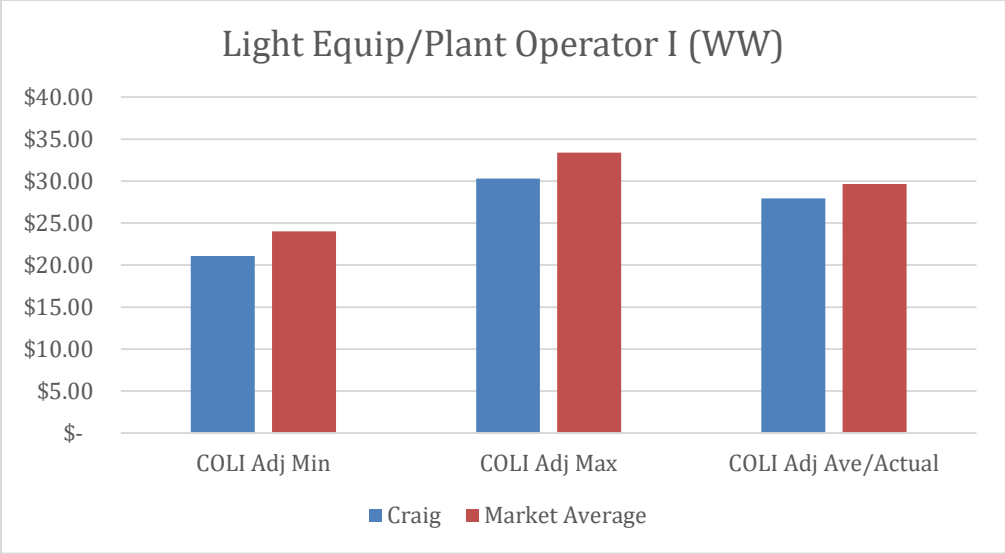




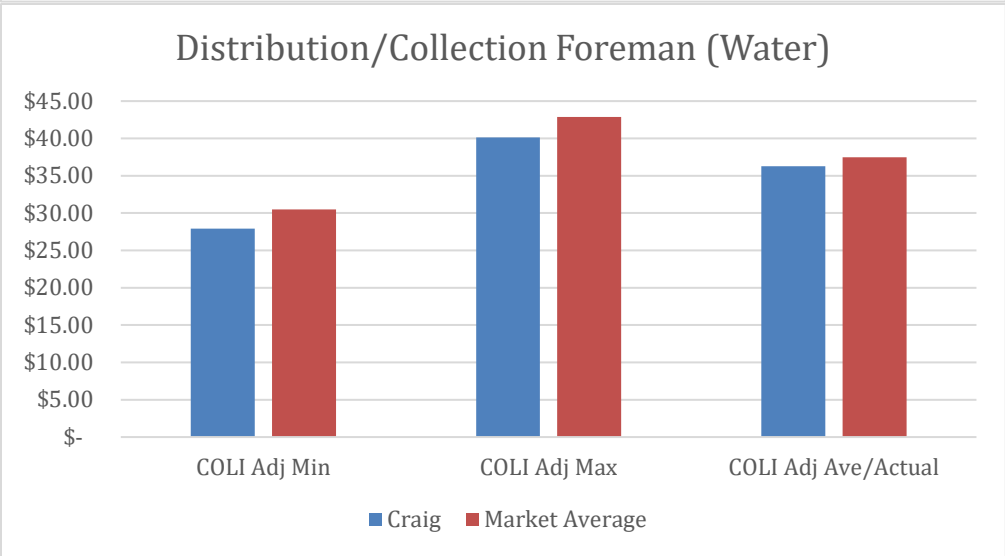
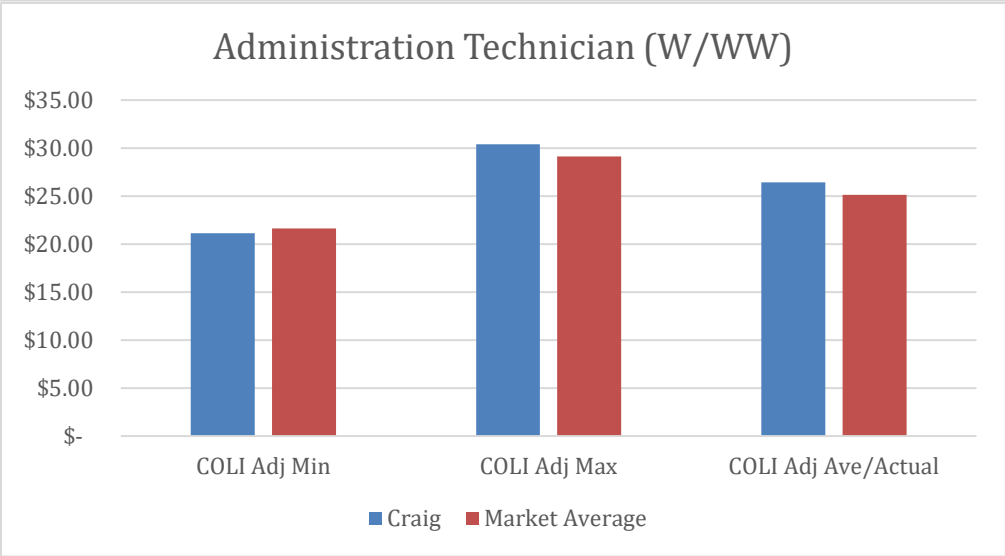
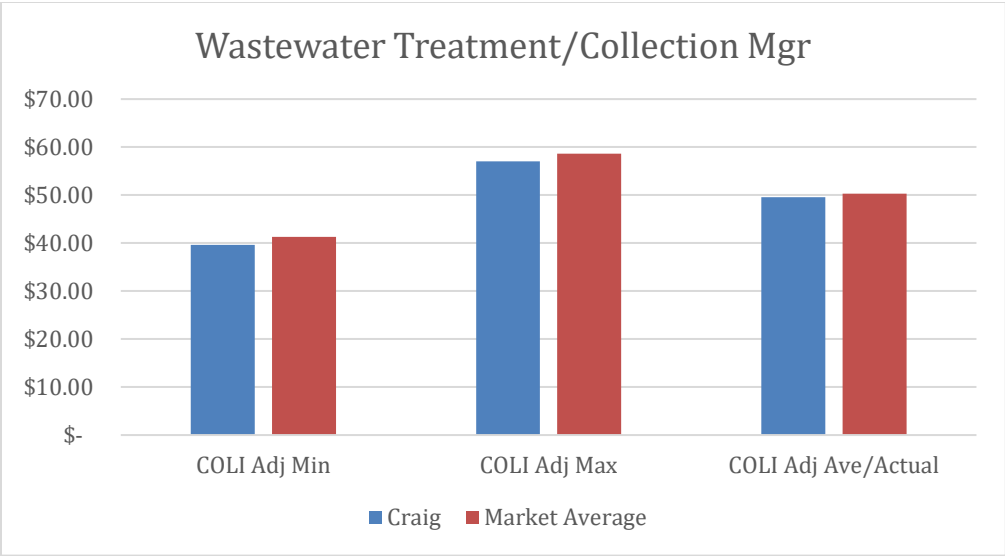


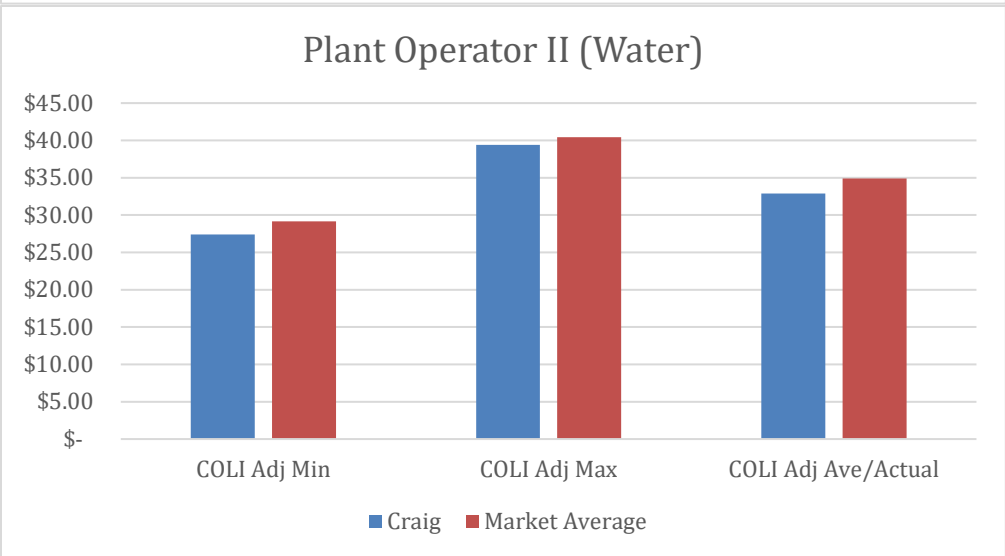
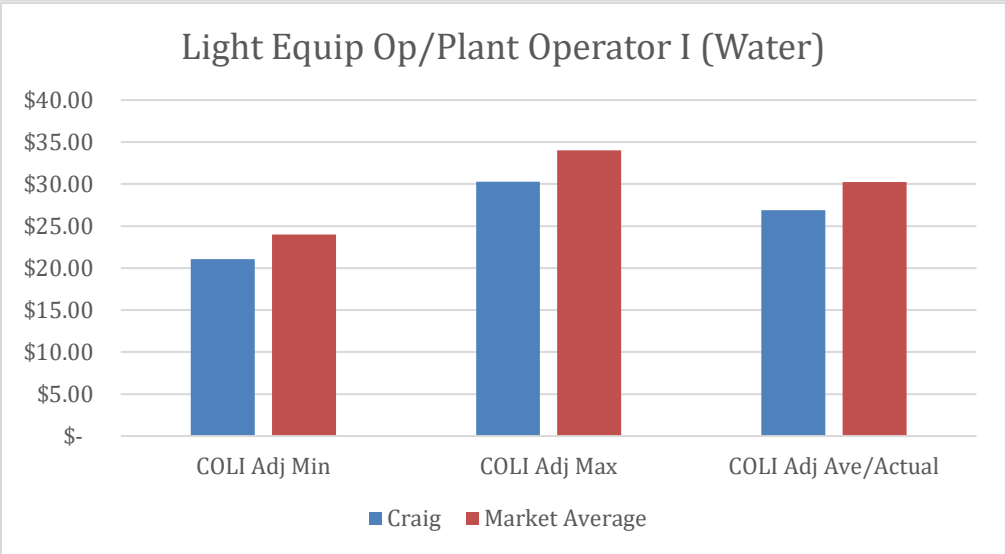
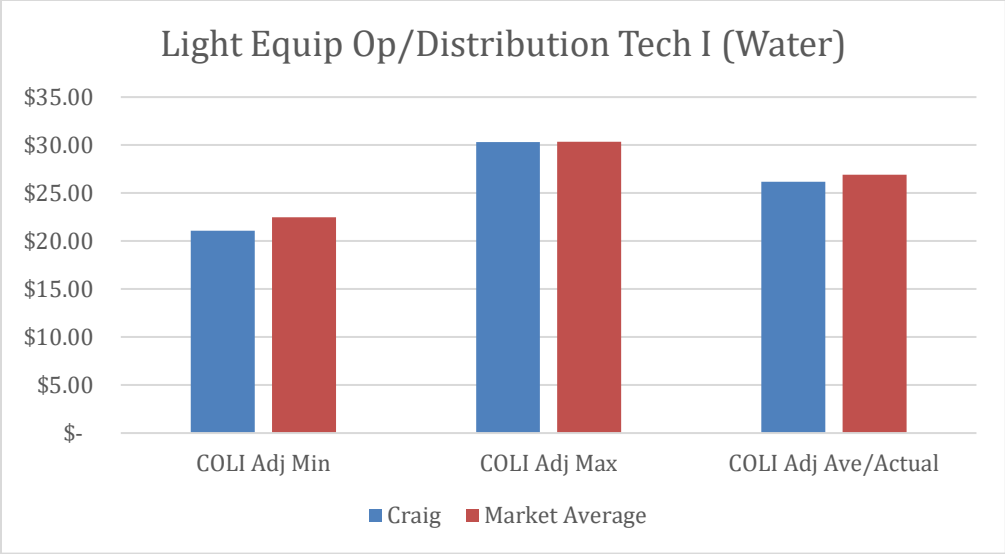


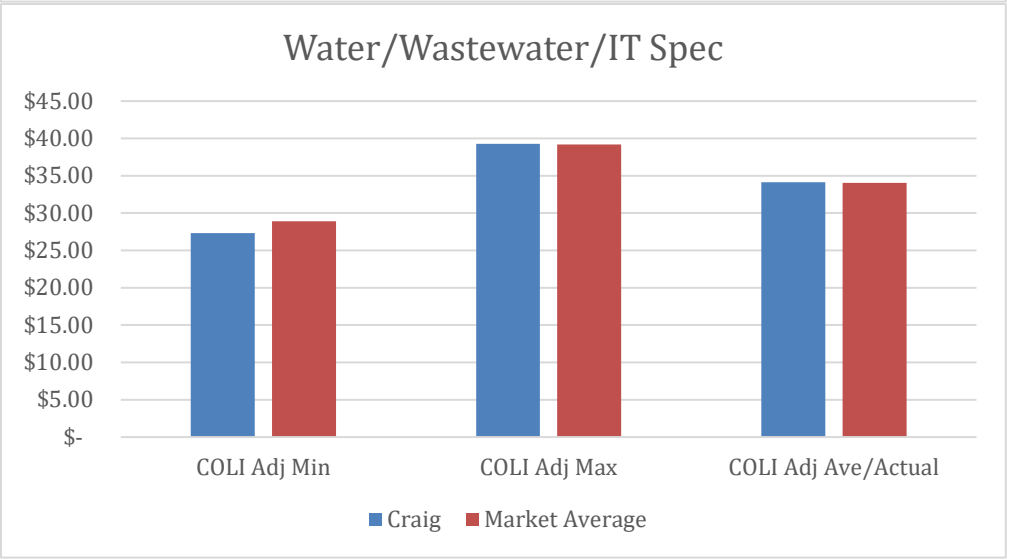
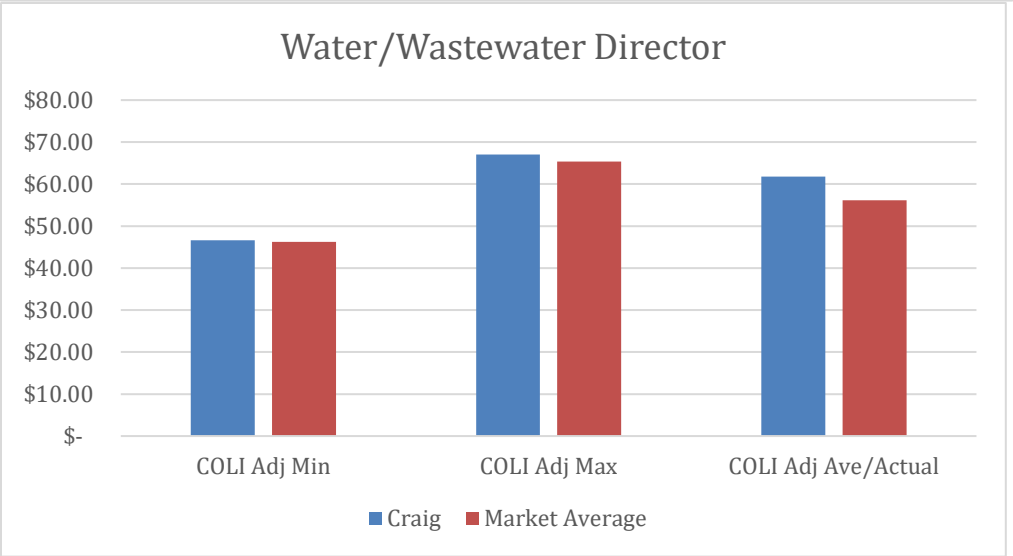
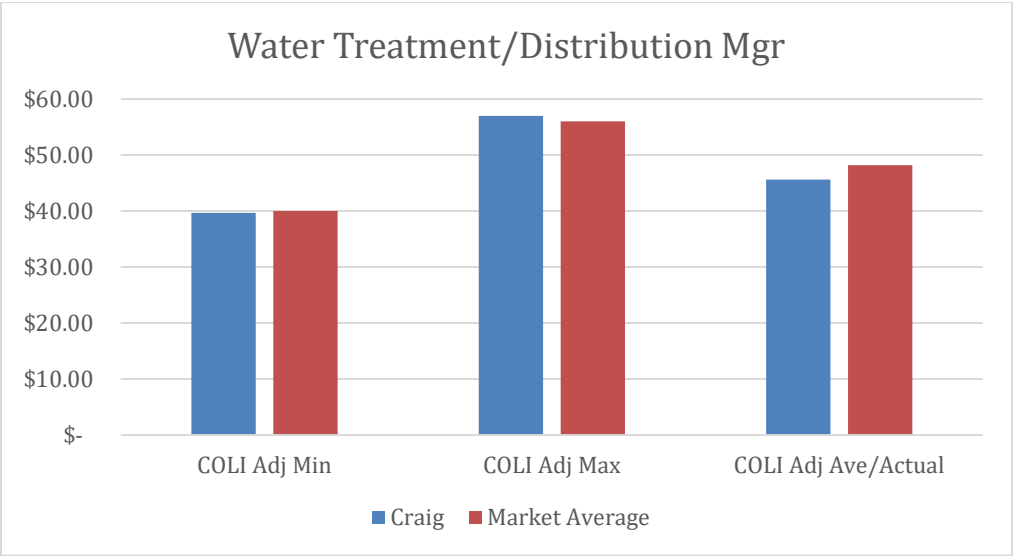












## **Appendix B. Policy Samples for City XYZ**

The pay plan is integrated from top to bottom, with each range based on market analysis and point factors assigned to each position.

### **Application of the Compensation Plan**

The compensation plan, contains standard salary ranges for all positions, is applied in accordance with the following:

- (a) **RATES.** All rates prescribed in the ranges of pay represent the remuneration authorized for employment.
- (b) **MINIMUM AND MAXIMUM RATES.** Under each salary range there is set forth a minimum and a maximum salary rate. Except as otherwise provided in these rules, appointment to any position shall be made at the minimum rate and advancement from one salary rate to the next higher rate, and to the maximum rate for the salary range shall be made on the basis of performance. City XYZ may choose to move the ranges each year, which will include moving the employee's pay accordingly.

Rates of pay may be recommended using the following guidelines:

1. A condition of any appointment above the minimum rate will depend upon the department's budgeted wage line item, the employee's documented experience and or documented education, or documented certifications that make the employee's training time in the job minimal and it is expected the employee is able to fully take on all the duties within 30 days of hire. The applicant clearly exceeds the minimum requirements for the position as set out in the official position description and clearly meets all of the preferred requirements for the position as set out in the official position description.

- 2 years of additional education and or job-related experience – 0-5% above the range minimum
- 3 years of additional education and or job-related experience – 5% to 7.5% above the range minimum
- 5 years of additional education and or job-related experience – 7.5% to 10% above the range minimum
- 7-10 years of additional education and or job-related experience – 10% to 15% above the range minimum

The requisitioning department must also provide documented evidence that the position opening has been extensively advertised in local and regional publications or online sources.

2. When an employee is re-employed, the department head may request authorization of an appointment at a salary in the range for the position corresponding to that which the employee had been receiving upon the termination of his/her previous service.

3. When an employee is hired into a position and does not meet the minimum requirements as outlined in the position description but is given time to acquire certifications within a specific amount of time as outlined in the position description, then the employee will be paid at 10% below the range minimum until the qualifications to perform the position are met at which time the employee will be moved to the range minimum.

## **Policies for Pay Considerations**

### **Merit Pay**

Merit Pay is a positive recognition of increased effectiveness in performing the duties of a position as described in the job descriptions for that classification. As an employee's performance in a position continually improves as evidenced by greater production, improved judgment, and increased initiative, recognition is given to the employee by means of a merit payment.

When an employee's performance fails to meet the measures of competency required by the position description, lacks initiative, lacks in judgment, has poor attendance, or other reasons as described by the Department Head in the employee's Performance Evaluation, a merit payment shall not be granted. The appointing authority and his or her supervisor shall be responsible for informing the employee of his or her employment deficiencies and the expected improvements and establish a time of the next scheduled evaluation. Employees who fail to meet performance expectations within the time frame established in the prior evaluation may be released from City XYZ employment, with or without cause.

### **Promotion**

An employee promoted to a higher classified position shall be given a minimum of a seven percent (7%) pay increase but not less than the base rate for the range in which the position is classified. The date for the employee's performance evaluation shall remain unchanged and will be the anniversary date of the employee.

### **Demotion**

Definition of demotion: A demotion is the movement of an employee to a position with a range level lower than the current range level. It is the policy of City XYZ to ensure effective levels of performance are maintained. Depending upon the availability of a vacant position for which an

individual is qualified, an employee may be demoted for inadequate performance, as a means of disciplinary action, or upon voluntary written request.

**Involuntary Demotion:** An employee demoted to a lower pay classification for inadequate performance or as a means of disciplinary action shall be given a minimum of a three percent (3%) reduction in pay from their current salary.

**Voluntary Demotion:** An employee may request a voluntary demotion in writing and must follow the recruitment process.

- The Department Head shall consult with the Department of Human Resources to ascertain the appropriate salary.
- The salary will be commensurate with the range and position.
- The amount authorized shall be based upon internal equity and qualifications of the applicant for the position.
- The salary shall not exceed the maximum pay of the appropriate range.
- An employee begins the evaluation period on the date of demotion and is subject to all City XYZ rules.

#### Report of Performance Evaluation

A report of Performance Evaluation must accompany the Personnel Status Form when an employee is being considered for a merit payment, being promoted, demoted or terminated.

#### **Samples for Step Up Pay**

##### Sample #1:

“Acting Appointments”. When a vacancy, extended absence, or occurs, the City may assign an employee to temporarily perform the duties of the vacant position. If the employee’s “acting appointment” is at a higher classification than their regular position and extends thirty (30) or more calendar days, the employee shall be compensated at the minimum wage on the range of pay for the higher classified position, but not less than four percent (4%) more than their regular rate of pay.

“Step Up Appointments”. When a position is temporarily performing at a higher level, the City may assign an employee to temporarily perform the duties of the higher level position. If the employee’s “step up appointment” is at a higher classification than their regular position and extends thirty (30) or more calendar days, the employee shall be compensated at the minimum wage on the range of pay for the higher classified position, but not less than four percent (4%) more than their regular rate of pay.

##### Sample #2:

##### Out-of-Position Pay

The purpose of this policy is to set out a policy for rewarding and recognizing an employee who is appointed to serve Out of Position by adjusting their pay to reflect the added responsibilities and duties.

- A. Out of Position Pay is defined as the appointment of an employee by the City Manager to serve temporarily at a minimum, 1 week or 5 business days in a higher grade position. Compensation shall start the beginning of the service in the appointment.
- B. Out of Position Pay will be contingent upon the Department Head's recommendation in writing to the City Manager and the City Manager's approval. The recommendation will have to show a definite increase in responsibilities and authority, a clear change in duties, estimated duration of the temporary appointment and the higher pay grade.
- C. A Personnel Action form must be completed prior to the start date of the temporary assignment. A Personnel Action form must be completed to document the end date of the temporary appointment. An exception to this rule may be made in emergencies situations.
- D. Out of Position Pay Appointments to serve out of position may occur at any time during the year.
- E. When an employee is appointed to serve out of position, the rate of pay for the Out of Position work shall be at the lowest step of the higher position which is at least 5% greater than the employee's current regular rate of pay.
- F. Should the employee's annual review come due on their regular position during the Out of Position appointment, they are entitled to be evaluated for that increase and if awarded, a Personnel Action form is to be prepared so that the employee will return to that step following the Out of Position Appointment.

### **Green Circling and Red Circling**

SHRM outlines options for Green Circling and Red Circling of employees<sup>3</sup>. After the salaries for current employees have been placed into the range, several employees will inevitably not be in line with the guidelines and ranges the employer has established.

"Red circle rates" are salaries/wages that are above the maximum rate the organization has established for the position's salary range. Strategies to rectify red circle rates include the following:

- In lieu of base salary increases, offer star employees a bonus that is roughly the amount of what the pay increase would have been. This allows for recognition of an employee's outstanding performance without raising his or her base pay even more.
- Explore developmental opportunities to facilitate promotion into the next pay grade.
- Restrict further salary increases by freezing pay.

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<sup>3</sup> Society for Human Resources (SHRM), "How to Establish Salary Ranges", SHRM How To Guides, September 15, 2021.

- Lower an employee's base pay to bring it in line with the range. This option will likely lower employee morale and may motivate an employee to start job hunting. For this reason, it is important to encourage valuable employees to seek developmental opportunities that could lead to promotion.

"Green circle rates" are salaries below the minimum rate the employer has established for the position's salary range. Green circle rates are equally as problematic as red circle rates in that they do not follow established guidelines. A solution is to provide pay increases up to at least the minimum in the range. An exception may be if an employee has been performing below expectations. In this case, the employer may want to consider requiring successful completion of a performance improvement plan prior to receiving a pay increase.

### **Updating and Aging**

Compensation rarely remains static. The rate of pay is constantly changing with external market and economic activity.

Aging is the activity of increasing salary grades with the market without the cost of purchasing new salary survey data each year. One way to do this is by using the Employment Cost Index (ECI). The ECI is a component of the [National Compensation Survey](#), which is produced by the BLS. It measures changes in the cost of total compensation, which includes wages, salaries and the employer's cost of employee benefits. Another option is to use the annual [Cost of Living Adjustment](#), published each year by the Social Security Administration. There are additional sources through the National Compensation Board and Economic Research Institute.

Ultimately, salary survey data should be gathered and reviewed at least every three years so that appropriate adjustments can be made to the organization's salary ranges.