

MARICOPA SPECIAL HEALTH CARE DISTRICT EMPLOYEE COMPENSATION PLAN

I. PURPOSE

The purpose of this document is to outline the Maricopa Special Health Care District's ("District") comprehensive compensation plan, and to set forth the policies for establishing employee pay rates. This document also outlines the District's plan for compliance with the Fair Labor Standards Act (FLSA). It is the policy of the District to adhere to the provisions of the FLSA, and to compensate employees appropriately for all hours worked.

This plan applies to all employees: probationary, contract, classified, unclassified, or temporary, whether full or part time, except for individual elected officials and the appointed chief deputy of an elected official. Volunteers are not employees and, therefore, are not subject to the provisions of this policy.

II. AUTHORITY

This Plan has been authorized by the District Board of Directors. All pay rates recommended by the Chief Executive Officer are subject to approval by the Board of Directors. Any form of compensation not authorized by this Plan shall require the separate approval of the Board of Directors.

III. DEFINITIONS

- A. **Appointing Authority:** The single administrative or executive head of a department, or the designated representative authorized to act in this capacity.
- B. **Band:** A very broad grouping of employees/positions. It may be defined by function, i.e., administrative, technical, support services, professional, physician, supervisory, managerial, upper management, or such other additional band as may hereafter be established by the Human Resources Director.
- C. **Base Pay Rate:** An employee's established rate of pay, exclusive of any differentials, incentives, or other pay.
- D. **Budgeted Rate of Pay:** The amount allocated to the position in the budget. An employee's base pay rate cannot exceed the budgeted rate of pay for the employee's position.

- E. **Career Path:** A formal plan adopted by an Appointing Authority that establishes a career enhancement and advancement for specifically identified functions that typically encompass a large number of employees within a band. A career path that includes management assignments must be formally approved by the Board of Directors.
- F. **Classified:** Includes all positions in District service that are covered by the applicable set of Merit Rules. Excluded are those employees identified as temporary or contract employees and those positions specifically identified as unclassified.
- G. **Contract Employee:** An employee whose terms and conditions of employment are subject to a written agreement. The written agreement must be in a form approved by the Human Resources Director, and shall expressly provide that the contract employee is unclassified (i.e., not covered by the provisions of the District's Merit System Rules and may be released from employment for or without cause). The contract may be terminated at any time by either party. Each contract employee shall at the beginning of each fiscal year execute a form acknowledging their continued contract employment as herein defined. Contract employees may, with the consent of the Human Resources Director, be benefit-eligible. Contract employees who work on District observed legal holidays are subject to the same Employee Leave Plan provision Section 12.06A. (2) Working on Holidays, for District observed legal holidays as regular employees, but do not accrue paid leave.

The total number of contract employees, when combined with the number of other full time unclassified employees, may not exceed five percent (5%) of the department's total number of full time employees. The Human Resources Department may give approval to an individual department to exceed the 5 percent cap, based on the individual circumstances of the department. A contract employee is subject to the same budgetary requirements as a regular employee.

- H. **Demotion:** A change in the assignment of an employee to a lower base pay rate.
- I. **Department:** A unit designated as an department under the annual budget for the District.
- J. **Exempt Employee:** An employee who meets the definition of an executive, administrative or professional employee as stated in the Fair Labor Standards Act and its regulations. Exempt employees are not eligible for overtime.

This exemption has no effect on an employee's classified or unclassified status in relation to the District Employee Merit Rules.

- K. **Flex (Alternative Work) Schedule:** Any schedule that differs from the traditional schedule of eight hours per day, five days per week. Certain alternative work schedules may require a revision of the employee's work week, and may require close monitoring.
- L. **Hours Worked:** Any time the employee is "suffered or permitted" (required or allowed) to work. Hours worked **do not** include paid or unpaid leave time, lunch periods, or holiday pay when the holiday was not worked. Hours worked **do** include short break times (such as "coffee breaks") and time worked away from the employee's work site.
- M. **Initial Probation:** A specified period of time following the employment, or reemployment of an employee in a classified position during which the work performance of the employee is evaluated. An initial probationary employee serves in an unclassified status, and may be released from initial probation for or without cause.
- N. **Non-exempt Employee:** An employee who does not qualify for exemption (see "exempt employee") from the overtime provisions of the Fair Labor Standards Act. Overtime pay for non-exempt employees must be calculated at a rate of time and one half based on the employee's regular rate of pay.
- O. **Overtime:** Time actually worked over the maximum number of hours permitted by the Fair Labor Standards Act in a non-exempt employee's established work period.
- P. **Position Control Number:** A number used to identify a specific position. Each position has a unique position control number. All employees except temporary employees occupy specific budgeted positions.
- Q. **Promotion:** The movement of a regular employee to another classified position with a different position control number at a higher base pay rate through an announced recruitment process.
- R. **Range:** Refers to a range of pay, from minimum to maximum, based on the market for the functions to be performed. A band may include many ranges.
- S. **Regular Employee:** An employee occupying a classified position who has successfully completed an initial probationary period. (This should not be confused with an employee who is eligible to be considered for benefits.)

- T. **Regular Rate of Pay:** The rate used for calculating overtime pay, includes the base pay rate plus differentials and other pay that is paid for hours worked or available to work.
- U. **Regular Status:** The status an employee achieves under the applicable Merit System Rules when retained in a position of the classified service following the successful completion of the initial probation period.
- V. **Salary Advancement:** An increase in an employee's base pay rate to a higher base pay rate as the result of any process other than a recruitment process or appointment to an unclassified position with a different position control number.
- W. **Temporary Employee:** An employee who works on an as-needed basis, does not accrue paid leave, and is not eligible for benefits or participation in a retirement program. A temporary employee must meet one of the following conditions:
1. Work 20 or more hours per week for up to 19 weeks and less than 20 hours per week for the remainder of the fiscal year;
 2. Work 20 or more hours per week for less than 20 weeks in a fiscal year;
 3. Work less than 20 hours per week for the entire fiscal year; or
 4. Is not subject to Social Security coverage under section 218 of the Social Security Act (e.g., some student employees).

Temporary employees are eligible for holiday pay when actually working on a District observed legal holiday, as provided in the Employee Leave Plan, and are eligible for pay increases through the salary advancement process. Temporary employees are not covered by any provisions of any Merit System Rules, and may be selected by either certification from an established employment register or through verification of minimum requirements. Temporary employees serve in an unclassified status, and may be released from employment for or without cause. Temporary employees must execute an acknowledgment of their continued temporary employment as herein defined in a form approved by the Human Resources Department and are non-exempt under the FLSA.

- X. **Unclassified:** Not covered by any set of Merit Rules. It may refer to either a position or an employee, and includes all who are categorized as contract and temporary employees, as well as those who are otherwise designated as unclassified. The total number of full time unclassified employees may not exceed five percent (5%) of the department's total number of full time employees. The Human Resources Department may

give approval to an individual department to exceed the 5 percent cap, based on the individual circumstances of the department. An unclassified employee may be released from employment for or without cause.

- Y. **Volunteer:** An individual who performs hours of service for civic, charitable, or humanitarian reasons, without promise, expectation, or receipt of compensation for services rendered. An employee may not volunteer to perform the same, similar, or related duties for the District that he or she is normally paid to perform.
- Z. **Work Week:** A regular work week is a fixed period of seven consecutive 24 hour days, for a total of 168 hours. For most District employees, the work week begins on Monday at 12:01 am and ends on Sunday at midnight. This is the period used to determine whether overtime has been worked by a non-exempt employee, and each work week stands alone in determining overtime worked. Certain flex schedules may require the establishment of an alternative work week for non-exempt employees.

IV. **ENTRANCE SALARY**

Upon initial employment, each employee shall be assigned to the appropriate band and range based on the functions to be performed. Ranges shall be established by the Human Resources Department in consultation with Appointing Authorities. The appropriate base pay rate within the range and band shall be established by the Appointing Authority, with the assistance and advice of the Human Resources Department, based upon the qualifications and essential functions of the position. The qualifications and essential functions will include the skills, effort, and responsibilities to be performed by the particular position, working conditions where the work is performed, related market data, and the employee's relevant background, education, and experience. The entrance salary recommended by the Appointing Authority must be within the advertised salary , and cannot exceed the budgeted rate of pay for the position. Any rate exceeding the maximum of the market range within the applicable band requires the express approval of the Board of Directors as an exception to this Plan.

V. **EXECUTIVE COMPENSATION PACKAGES**

The Board of Directors may establish executive compensation packages for certain identified top management positions. Executive compensation packages may be offered to the Chief Executive Officer and executive staff, department directors and appointed administrators above department director level, and executive staff of the Board of Directors. Other unclassified employees may, upon the recommendation of the Human Resources Department, be offered a total compensation package with the approval of the Board of Directors.

The executive compensation package must be in writing. Any provision for leave or benefit not expressly included shall not be provided to the employee.

VI. **PERMANENT SALARY ADJUSTMENTS**

Upward salary adjustments must be budgeted in the current fiscal year, shall be subject to the department's ability to demonstrate the availability of sufficient funds for the next fiscal year's budget, and be consistent with the District's long-range financial plans. The salary adjustment may not exceed the maximum market range of the duties to be performed. Any salary adjustment must be within the established range and at or below the budgeted rate of pay for the specific position.

- A. **Salary Advancement:** A salary advancement is an increase in an employee's base pay rate to a higher base pay rate as the result of any process other than through a recruitment process or appointment to an unclassified position with a different position control number. Any employee for whom an Appointing Authority makes a recommendation for a salary advancement must have a performance evaluation completed within the last twelve months and on file in Human Resources Employee Records. A performance evaluation will not be required only where the department, with the concurrence of the Human Resources Department, has increased the entrance salary for a work group. In such cases, no performance evaluation will be required with a salary advancement request to increase the salary of probationary employees to the new entrance rate. A salary advancement shall not be available to employees whose performance has been rated below an acceptable level of performance.

The Human Resources Department shall provide recommended guidelines for salary advancements, based on such factors as changing market trends, employee performance categories, budgetary constraints, and the District's strategic plans.

A salary advancement must be based on identified written criteria as determined by the Appointing Authority prior to the salary advancement becoming effective. The criteria may include but are not limited to:

1. Meritorious performance, i.e., a minimum of "meets standards" (or equivalent), or higher at the discretion of the Appointing Authority.
2. Technical or specialized knowledge.
3. Market competitiveness.
4. Internal (departmental) equity.
5. Depth of experience.

6. Change of assignment of duties.
7. Career path committee review.

The level at which the position is budgeted must be sufficient to support any recommendation by an Appointing Authority to adjust an employee's base pay rate.

Combined salary advancements in excess of ten percent within a 12 month period preceding the effective date of the requested salary advancement shall be subject to review by a compensation review committee. The committee shall include at least one representative from each of the following: the Office of Chief Executive Officer, the Human Resources Compensation Services, and Human Resources Employment Services - employee relations. Designation of the committee members shall be made by the County Executive Officer.

Absent extraordinary circumstances, the effective date of a salary advancement will be the first date of the pay period following the pay period in which the salary advancement request was submitted to the Human Resources Department for review. Departments may request an earlier effective date through separate Board of Directors action for non-performance issues such as correction of clerical errors, miscalculations, or misapplication of rules or procedures. No salary advancement will be processed for inclusion in an employee's pay check until after the Board of Directors has approved the Personnel Agenda on which the salary advancement appears.

- B. **Promotion:** Any movement of a classified employee to another classified position with a different position control number at a higher base pay rate through an announced recruitment process is considered a promotion. The salary offered must be within the advertised salary range, and cannot exceed the budgeted rate of pay for the position.

C. **Reduction in Pay**

1. Unsatisfactory Promotional Probation Period: Promotional probation will only occur following an announced recruitment. The base pay rate of an employee who fails to satisfactorily complete a promotional probationary period and who is returned to the previous position or another position budgeted at the same or a lower , base pay rate shall be reduced to the base pay rate received prior to the promotion and then increased by any market or general rate increase occurring subsequent to the promotion which would have been applicable to the employee. The new rate must be at or below the budgeted rate of pay of the position the employee will occupy.

2. Disciplinary Demotion: The base pay rate of an employee who has been demoted following formal disciplinary action may be reduced, except that the new base pay rate must be at or below the budgeted rate of pay of the position and within the range of the market value of the duties to be performed.
 3. Voluntary Demotion: Any pay reduction as a result of a voluntary demotion must be agreed to in writing between the Appointing Authority and the employee. The base pay rate may be reduced, except that the new rate must be at or below the budgeted rate of pay for the position and within the range of the market value of the duties to be performed. If the voluntary demotion results from an announced recruitment process, the salary offered must be within the advertised salary range.
 4. Involuntary Demotion: The base pay rate of a temporary, contract, or other unclassified employee may, subject to Board of Directors approval, be reduced at any time, for or without cause.
- D. **Career Path**: An Appointing Authority may adopt a formal plan that establishes a career enhancement and advancement program for specifically identified functional groups that typically encompass a large number of employees. Each plan shall establish specific criteria for salary advancement and movement along and within the career path as skills are developed, and may provide separate, clearly defined paths for professional growth and for management functions, and may utilize peer or client/customer review committees. All salary adjustments made in accordance with a career path must be budgeted, and are subject to approval by the Board of Directors.

A career path may also provide for a separate management career path. A management career path for certain identified professional work groups may utilize management assignments and management pay in lieu of management positions. Professions that are appropriate for management pay typically fall within the definition of "professional" employment under the Fair Labor Standards Act. Examples of professions which may be considered for career path plans are attorneys, engineers, information technology, and nurses. All career paths which call for the use of management pay must be approved by the Board of Directors.

VII. NON-PERMANENT SALARY ADJUSTMENTS

- A. **Management Assignment**: With the approval of the Board of Directors, a career path may provide for non-permanent assignments to a management role, which may be accompanied by an increase in the actual pay rate based on the assignment ("management pay"). Upon the

conclusion of the management assignment, the pay rate of the employee shall be reduced to the base pay rate received prior to the management assignment, and then increased by any market or general rate increase occurring subsequent to the management assignment which would have been applicable to the employee. A reduction in, or rescission of, management pay does not constitute a demotion and is not subject to appeal to the Merit Commission. Any salary adjustment must be within the established range and at or below the budgeted rate of pay for the specific position. No management assignment will be processed for inclusion in an employee's pay check until after the Board of Directors has approved the Personnel Agenda on which the management assignment appears.

- B. **Special Work Assignment:** The base pay rate of an employee may be temporarily increased to a higher base pay rate because of the assignment of a major project or higher level responsibilities within a defined time period. The new pay rate must be budgeted, and cannot exceed the maximum of the band of the assigned duties. The assignment must be for a minimum of 30 calendar days, and may not extend beyond the end of the current fiscal year without the concurrence of the Human Resources Director. The assignment may not exceed a total of twelve months without the written concurrence of the Appointing Authority, the employee, and Human Resources. The effective date of a special work assignment shall be based on the date that the Appointing Authority determines that the employee officially began the assignment. A special work assignment differs from a management assignment, which is limited to Board of Directors-approved career paths. Special work assignments ordinarily must be submitted within thirty days of the date that the Appointing Authority determines that the employee officially began the assignment. No special work assignment will be processed for inclusion in an employee's pay check until after the Board of Directors has approved the Personnel Agenda on which the special work assignment appears.
- C. **Returning from Special Work Assignment:** The base pay rate of an employee who returns from a special work assignment shall be reduced to the same rate received prior to the special work assignment and then increased by any performance, market, or general rate increase which may have been approved during the assignment which would have been applicable to the employee. The pay of employees who have received a special work assignment must be returned to the rate received prior to the assignment before any other personnel action can take effect, except for performance or other similar pay rate adjustments. A reduction in, or rescission of, special work assignment pay does not constitute a demotion and is not subject to appeal to the Merit Commission.
- D. **Performance Incentive Award:** The District's performance incentive program is intended to foster an environment that encourages exceptional

performance in the future from employees. It allows Appointing Authorities to identify organizational values that typify such performance in their departments, and provide discretionary awards to those employees who exhibit those characteristics to further enhance their performance levels. A performance incentive award is not a permanent increase to the employee's base pay rate.

Department and employee eligibility requirements may be established by the Board of Directors each fiscal year, based on organizational need.

- E. **Differential Pay:** The Board of Directors, upon the recommendation of the Human Resources Department, may authorize a schedule of differential pay for certain employees. When market or industry standards warrant it, differential pay in the form of a flat rate per hour or a percentage of the base pay rate may be paid to employees for evening or night shifts, weekend shifts, multi-lingual capabilities, or other Board of Directors-approved circumstance. Any differential shall only apply to actual time worked, and will not be included in the calculation of pay for any non-productive time, i.e., paid leave time, for which the employee may be paid. Application of differentials shall be made at the discretion of the Appointing Authority to all similarly-situated employees under the Appointing Authority's direction and control. The Human Resources Department shall monitor all differential pay rates, shall conduct reviews as needed, and shall make recommendations to the Board of Directors when adjustments are needed.
- F. **Standby Pay:** The Board of Directors, upon the recommendation of the Human Resources Department, may authorize the payment of standby pay to non-exempt employees who are required to be available to report to work in emergency situations within a reasonable amount of time when the employee is not regularly scheduled to work. This additional pay is in the form of a flat rate for each hour the employee is required to be on standby, and will only apply to the actual time the employee is required to be available to report for work. Such additional compensation is paid at the option of the Appointing Authority with proper authorization as noted above. An employee who is called back to work is no longer on standby.
- G. **Callback Pay:** When a non-exempt employee is called back to work outside regular work hours, the employee shall receive his or her regular rate of pay, including any applicable authorized differentials, for all hours required to work. When a non-exempt employee is required to report for work directly to a location other than the employee's regular work site, all travel time to and from home to that location will be considered hours worked. An employee will not receive standby pay for any hours for which callback pay is received.

VIII. **ALTERNATIVE COMPENSATION**

The Board of Directors, upon the recommendation of the Human Resources Department, may approve a plan for an alternative method of compensation, such as piece rate or production pay, when the specific circumstances indicate that there will be an ultimate benefit to the District to have such a plan in place. Such plans must be clearly defined and well documented.

IX. **TUITION REIMBURSEMENT**

Subject to the availability of appropriated funds for such purposes, the Chief Executive Officer may adopt a tuition reimbursement program. Refer to the Tuition Reimbursement Policy for specific costs that may be reimbursed.

X. **RECOGNITION REWARDS**

The Human Resources Department may administer a recognition rewards program by offering a catalog of nominally priced, non-monetary items, none of which exceed the value of \$25.00.

In addition, Appointing Authorities may provide employees plaques, certificates of achievement, pins, and similar nominally priced, non-monetary items as recognition for exemplary performance, attendance, or other types of job-related achievements.

XI. **OVERTIME**

All District employees are covered by the Fair Labor Standards Act (FLSA) except for very limited exceptions identified in the Act itself. Some employees who are covered by the FLSA may still be exempt from its requirements (see definition of Exempt Employees in Section III. I).

- A. **Determination of Exempt versus Non-Exempt:** Exempt status is based on the duties and level of responsibility of each individual position. It will be the responsibility of management of each department to monitor the duties and responsibilities of each employee within the department and to contact Human Resources if they believe an employee is improperly categorized. Upon notification by an Appointing Authority that a position may be inappropriately categorized, the Human Resources Department will review and make the appropriate determination based on FLSA regulations. Information is available from the Human Resources Department to assist departments in identifying exempt positions.

- B. **Overtime for Non-exempt Employees:** The FLSA requires that any hours worked over the maximum number permitted by the FLSA in a non-exempt employee's established work period be considered overtime, and that payment for this overtime be calculated at a rate of time and one half the employee's regular rate of pay. Generally, the standards are 40 hours

in a seven day work week; however, different work periods with different overtime requirements may be utilized in hospitals and for law enforcement activities.

Overtime pay computation is based on the number of hours actually worked, and does not include holidays that are not worked, leave times whether with or without pay, or any other time that is not actually worked.

- C. **Overtime for Exempt Employees:** These employees are exempt from the overtime requirements of the FLSA, and the District does not provide additional pay when an exempt employee works beyond the normally scheduled hours. These normally scheduled hours may be changed or adjusted from time to time without affecting the exempt status.
- D. **Prior Authorization:** All overtime worked, with the exception of emergency situations, should have the prior written authorization of the supervisor. Each department has the responsibility for establishing what constitutes an emergency, and procedures for obtaining prior authorization.

Unauthorized overtime hours worked by a non-exempt employee are still hours worked, and must be compensated; however, disciplinary action may be taken with regard to an employee who works unauthorized overtime.

- E. **Regular Work Hours:** An Appointing Authority may designate regular work hours for both exempt and non-exempt employees.
- F. **Breaks:** Paid employee breaks, commonly referred to as "coffee breaks", are considered work time. While the District encourages regular breaks for employees, they are neither required nor a right of the employee. They are given subject to the needs of the department, and the loss of a break during one part of the day does not entitle the employee to add the missed break to another period of non-work, such as another break, the beginning or end of the day, or lunch time.

Unpaid lunch breaks, on the other hand, are not work time. Non-exempt employees are to be completely free of all duties during their lunch break, and should not take their lunch break at their work stations. Prior approval from the supervisor is required before an employee is allowed to work through a lunch period.

- G. **Flex ("Alternative Work") Schedules:** Non-exempt employees may work a flex schedule, at the discretion of the Appointing Authority, so long as the regular hours worked do not exceed 40 hours in the work week. (Certain flex schedules may require the establishment of an alternative work week for non-exempt employees.)

An Appointing Authority may, upon consultation with the Human Resources Department to ensure compliance with the FLSA and after notifying all affected employees, adopt an alternative work week or schedule other than the standard five eight-hour days per week.

Exempt employees may also work a flex schedule at the discretion of the Appointing Authority.

- H. **Recordkeeping:** In addition to those records required for District payroll purposes, departments must maintain a record of the time of day and day of week on which each employee's work week begins if it is different from the standard Monday through Sunday work week defined in Section III. Z., and a record of each employee's regular work schedule.

These records must be kept for three years and be available for audit.

- I. **Exception For Extraordinary Circumstance:** An Appointing Authority may, upon the recommendation of the Human Resources Department, request that the Board of Directors authorize the accrual of compensatory time in lieu of overtime for non-exempt employees.

XIII. SEPARATION PAY

- A. In addition to any wages due at the time the employee is separated from District service, the employee shall be paid at the employee's regular base pay rate (special work assignment pay, differentials, overtime rate, etc., shall not be used) for:
1. All accrued personal leave hours if the employee has completed at least 6 months of continuous eligible employment.
 2. Accumulated compensatory time.
 3. An employee who is officially retiring from the District as verified by the applicable retirement system and will receive a pension under one of the state retirement systems, and who has accumulated a minimum of 1,000 hours or more of family/medical (sick) leave is eligible to receive a payment of \$3,000.

- B. No other payments are allowed absent express Board of Directors approval.

- C. Wages, personal leave hours, accumulated compensatory time, and a lump sum \$3,000 payment for the accumulated 1,000 or more hours of family/medical leave, if applicable, may be paid to the heir, beneficiary or estate of a deceased employee upon the receipt and approval of appropriate authorizing documentation.f