

Number 12.8 - COMPENSATION FOR EXEMPT EMPLOYEES

Effective Date: March 1, 1996

Subject: Compensation and Leave Benefits for Exempt Employees

Applicable To: All exempt employees with the Executive Branch of the State of Vermont.

Issued By: Department of Personnel

Approved By: William H. Sorrell, Secretary of Administration

PURPOSE AND POLICY STATEMENT

The Department of Personnel has the primary responsibility for ensuring that exempt salary rates are established using a consistent procedure for review and approval. The Department of Personnel also establishes and maintains salary administration plans for particular groups of employees outside the classified service.

The purpose of this policy is to provide for a consistent and systematic method of ensuring that salary rates, salary administration plans, and leave benefit accrual plans for non-classified employees are implemented and periodically adjusted in a manner consistent with established principles of compensation, statutory limitations, and internal review procedures.

This policy does not create a vested interest for any exempt employee for salary or benefit provisions. No exempt employee shall be offered any paid leave benefit or salary, or be granted any expectation of such, unless it is within the parameters of this policy and has the appropriate approvals as defined in this policy.

GENERAL GUIDELINES:

This policy does not apply to temporary employees.

The Governor has the authority to establish salary levels for all agency and department heads, deputies, and principal assistants, within statutory limits. When recruiting for these positions it is imperative to refrain from any discussion of specific salary until the name of the prospective appointee has been approved by the Governor, through the Commissioner of Personnel and the Secretary of Administration. This protocol ensures that the salary offer meets statutory requirements and is consistent with compensation levels of comparable positions. A statutory salary range, if established, may be disclosed to a prospective candidate, but a specific salary must not be offered until final approval is received from the Governor (or designee). Appointing authorities may elect to receive pre-approval for a hiring range permitting them to negotiate salary with a potential candidate within that range.

Questions regarding any aspect of this policy should be directed to the Department of Personnel, Compensation Unit, 802-828-3609.

ELECTED OFFICIALS

The annual salaries for elected officials are set by statute. The only salary adjustments available are those approved by the legislature. Salaries for these officers are usually outlined in the "Pay Act" (See Number 2.2, Pay Act).

DEPARTMENT HEADS

Appointing authorities may elect to receive pre-approval for a hiring range permitting them to negotiate salary with a potential candidate within that range. To receive authorizations, the appointing authority must send a request briefly describing the candidate's qualifications, salary history, and resume, to the Department of Personnel, Compensation Unit. An analysis for comparability within the State system and a recommendation is forwarded to the Secretary of Administration by the Commissioner of Personnel. If a request is approved by the Secretary of Administration, the appointing authority is authorized to negotiate with the particular candidate within that range.

The appointing authority recommends a specific salary offer by completing an *Exempt Salary Approval* form (See Attachment A) for review and approval by the Commissioner of Personnel, Secretary of Administration, Secretary of Civil and Military Affairs, and the Governor. The Governor will issue an appointment letter to the candidate which signifies approval of the specific salary offer.

Base salaries for agency secretaries, commissioners, and heads of certain other free-standing organizations are established in 32 VSA 1003(b). A hiring range for new appointees may be established within 30% of the current base salary for the position. Exceptions may be made for persons who are actively employed by the State at the time of the appointment.

The salary range maximum for positions listed in 32 VSA 1003(b) is 50% above the established base salary. Periodic salary adjustments granted to individuals under this subsection may not exceed the average of the total rate of adjustment available to classified employees, as announced by the Commissioner of Personnel. The Governor may grant a special salary increase or bonus subject to statutory limits. Special salary increases or bonuses granted to any individual shall not exceed the average of the total rate of adjustment available to classified employees, as announced by the Commissioner of Personnel.

The maximum for the salary range may be exceeded if the appointment is an existing permanent status employee whose salary already exceeds the maximum. In that instance the Governor, through the Department of Personnel, may approve a request from an appointing authority for that individual to retain his or her present salary.

DEPUTIES AND PRINCIPAL ASSISTANTS

Hiring salaries and salary increases for deputy department heads and principal assistants are subject to the approval of the Governor under 32 VSA 1020.

The Governor has the authority to establish hiring salaries and salary ranges for these positions. When recruiting for a deputy or principal assistant, a working salary range must first be authorized. No specific salary may be offered to the candidate until that salary has been approved. The procedures detailed in the General Guidelines section above shall be followed, and an *Exempt Salary Approval* form for all salary offers must be completed by the appointing authority and forwarded to the Department of Personnel, Compensation Unit, for approval by the Commissioner of Personnel, Secretary of Administration, Secretary of Civil and Military Affairs and the Governor.

OTHER EXEMPT EMPLOYEES

The following administrative salary approval process is used for all other exempt employees.

1. **Exempts Covered by a Unique Pay Plan or the Classified Service Pay Plan:**

Unique Pay Plan: The compensation of an exempt employee who is covered by a unique pay plan (i.e., Exempt Attorney Pay Plan, Executive Director's Pay Plan, etc.) is governed by the terms and conditions of that pay plan. The Commissioner of Personnel (as the Governor's designee) has final authority to review and approve: all salary requests at the time of hire, annual adjustments, cost-of-living adjustments, end-of-probation raises, promotions, or merit increases for all employees covered by these plans.

A completed *Exempt Salary Approval* form must accompany each salary adjustment request and be forwarded to the Department of Personnel, Compensation Unit. Documentation requirements are specified in the Pay Plan. The Department of Personnel, Compensation Unit is responsible for administering each plan and for submitting salary range revisions to the Secretary of Administration which are consistent with percentages periodically outlined in legislative appropriations.

Classified Pay Plan: Some exempt positions may be covered by the Classified Pay Plan for salary administration purposes and the normal rules for that plan apply. All requests to hire above the minimum of the pay grade or to grant merit increases or non-recurring bonuses for such positions are submitted for approval to the Department of Personnel, Compensation Unit. These requests are reviewed for compliance with policies for merit awards/bonuses (See Number 7.1 Employee Recognition - Merit Awards/Bonuses), and Hire-Into-Range requests (See Number 12.2, Hire-Into-Range Requests).

2. **Exempt Employees Not Covered by Any Pay Plan:** All requests to hire, or to grant annual increases, end-of-probation increases, or merit increases for exempt employees not covered by any pay plan must be forwarded in advance for review to the Department of Personnel, Compensation Unit. Final approval may only be granted by the Secretary of Administration as the Governor's designee.

Salary offers cannot be extended to employees, or potential employees, before submission to the Department of Personnel for review and final approval by the Secretary of Administration.

MISCELLANEOUS

The following chart outlines who has delegated authority from the Governor for certain salary approvals (See Page 5).

DELEGATED AUTHORITY FOR SALARY APPROVAL				
IF THE POSITION IS:	HIRING RATE APPROVAL BY:	ANNUAL ADJUSTMENT APPROVAL BY:	END OF PROBATION APPROVAL BY:	MERIT/ BONUS APPROVAL BY:
Covered by Unique Pay Plan	Commissioner of Personnel	Commissioner of Personnel	Commissioner of Personnel	Commissioner of Personnel
Covered by Classified Pay Plan	Commissioner of Personnel	Per Plan Rules	Per Plan Rules	Commissioner of Personnel
Not Covered by Any Pay Plan	Secretary of Administration	Per Guidelines issued for Exempt Salary Adjustments	Secretary of Administration	Secretary of Administration
Department Heads, Deputies or Principal Assistants	Governor	Governor	Governor	Governor

Section 12.80 - Exempt Pay Plans

The Personnel Department, Compensation Unit is responsible for administering all Exempt Pay Plans, for providing periodic analysis of the compensation history of plan participants, and for developing new Exempt Pay Plans for review and approval by the Governor.

SECTION 12.81 – Exempt Leave Benefits and Accruals

The Department of Personnel has been delegated responsibility for the administration of this policy: to standardize leave benefit allowances, to approve an employee's paid

leave status, and to provide for consistent record-keeping. Any questions regarding this policy can be directed to the Department of Personnel, Compensation Unit.

Certain categories of exempt positions cannot be assigned to a leave benefit accrual plan. Leave benefits for exempt employees, which are outside the parameters of one of the established accrual plans, are not recognized by the Agency of Administration as binding unless approved in advance by the Commissioner of Personnel in writing.

Leave benefit provisions may be modified for specific individuals upon written request of the appointing authority and approval by the Department of Personnel.

CATEGORY OF EMPLOYMENT AND ASSIGNED BENEFIT ACCRUAL PLAN

Exempt (non-classified) employees whose positions are:

- assigned to the Classified Pay Plan are assigned to the **Classified** Benefit Accrual Plan.
- included in a specific exempt pay plan (except for Executive Directors) are assigned to the **Exempt** Benefit Accrual Plan.
- not assigned or included in any formal pay plan may be assigned to either the Classified or Exempt Benefit Accrual Plan if authorization has been given, in writing, by the Department of Personnel.

EXCLUSIONS

The following positions are **not** eligible to participate in any leave benefit or leave accrual plan:

- Agency and department heads
- Deputies
- Principal assistants
- Executive assistants
- Executive directors of small departments, boards, commissions or councils

Appropriate time off is granted at the discretion of the appointing authority and the administration of time off is maintained on an informal basis, and is not reflected on the employee's pay stub.

Exception: Executive directors and executive assistants who are on leave of absence from the classified service may be eligible to retain their sick leave benefit accruals and transfer their balances at the time of their appointment if approved in advance under 3 VSA 220.

TRANSFER OF ACCRUED BALANCES

An exempt employee transferring to another position in the exempt service may have leave benefits transferred, if both positions are covered by one of the leave accrual plans.

An employee transferring from an exempt position to the classified service will have the balances transferred only to the extent that the accruals do not exceed what would have been accrued in the classified leave benefit accrual plan.

No payments will be made for any annual, sick, or personal leave accruals should the employee transfer to a position not assigned to a leave benefit plan.

Balances of compensatory time off may be transferred to a new position (exempt or classified) if approved by the new appointing authority. If not, then the balances are automatically paid in full, unless the appointing authority notifies the Department of Personnel at the time of the transfer to not pay. Compensatory balances for overtime payments required under FLSA may not be withheld.

PAYMENT OF LEAVE BALANCES AT TIME OF TERMINATION OF EMPLOYMENT

Accrued leave balances are paid at the time of termination from State service as follows:

- Annual leave (not to exceed 160 hours) is paid at the hourly rate then in effect, and at the discretion of the appointing authority. If the appointing authority elects not to pay for the leave, the Department of Personnel must be notified at the time of termination. Otherwise annual leave is paid automatically.
- Personal leave is **not** paid and is forfeited.
- Sick Leave is **not** paid and is forfeited.
- Compensatory time off, including holiday compensatory time, is paid at the hourly rate then in effect. Unless the compensatory time off is for overtime payments required under FLSA, the appointing authority may notify the Department of Personnel at the time of termination. Otherwise it is paid automatically.

Payments for leave or compensatory time are **not** made to any employee whose position is not officially assigned to a leave benefit accrual plan and whose leave benefits records are not maintained by the Department of Personnel. This exception may be waived with prior approval from the Commissioner of Personnel at the time of termination.

Under no circumstances can payments be made for unused time off for an agency/department head, principal assistant, deputy, executive assistant, or executive director.