

EUREKA COUNTY SCHOOL DISTRICTCRITERIA FOR SETTING EMPLOYEE COMPENSATION

The overall goal of the District is to pay competitive and equitable compensation to its employees. Compensation includes base pay, retirement, paid leave, and health insurance. It may also include less tangible items such as work locations, working environment, and unpaid leave time.

Compensation is **competitive** when it allows the District to attract and retain competent staff. To attract competent employees, the District seeks to offer new employees compensation which is equal to or better than that which they could received elsewhere. To retain competent staff, the District seeks to provide similar employees by other employers, and to provide compensation increases which allow the employees to maintain their standards of living. Changes in the financial condition of the District and the value of particular skills in the labor market will strongly influence the degree to which compensation is adjusted.

Compensation is **equitable** when salary levels are based on such factors as the qualifications required to perform the work, the level of responsibility assigned to the position, the level of the employee's performance, and the duration of an individual's employment with the District.

The District will consider three (3) types of equity in its compensation policy:

- **External equity:** The degree to which the salary for a given job is competitive with that being paid by other employers in the labor market.
- **Internal equity:** The appropriateness of the salary being paid for a particular position when compared with the salary for other jobs in the District (the relative value of one job in comparison to another).
- **Personal equity:** The manner in which the individual employee's personal qualifications, individual performance, and length of employment are considered when determining each individual employee's pay rate **within** the salary range.

There are five (5) basic elements to the compensation policy:

- A definition of the labor market. (external equity)
- A statement of the District's desired position within the labor market. (external equity)

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- The classes used as the benchmark or reference classes for setting salaries (internal and external equity)
- The job hierarchy – the relationship between the levels of job duties. (internal equity)
- A statement describing the qualifications for movement within the salary range. (personal equity)

Like any policy, each component of the compensation policy is subject to change at any time at the discretion of the District Board.

IDENTIFICATION OF THE LABOR MARKET

The District's labor market includes employers who share the following traits:

- A. Employers with persons performing the same or directly related tasks** – The employers selected will be public sector agencies. The agencies selected will be those most likely to have employees assigned similar work and to schedule employees to work a similar number of days per year. Agencies similar in the **size** of their work force and similar in the services offered will be selected since they have the greatest potential for competing for staff with similar **qualifications and responsibilities**.
- B. Employers competing to hire individuals with the same qualifications** – The other employers which lie within the shortest commuting distance from those areas in which employees typically live.
- C. Employers located in areas with similar cost of living** – Employers who have similar **revenue sources** and who are influenced in similar ways by changes in **economic conditions** are most appropriate for comparison.

In general, external equity for all District jobs can be achieved by recognizing a single labor market. However, if there is particular difficulty recruiting or retaining qualified employees for a particular job, a broader labor market will be considered when setting the salary for a District position. In this circumstance, additional employers to be included in the broader labor market will be selected from employers competing to hire individuals with the same qualifications (*criteria B above*).

Attachment A depicts those public sector employers most recently evaluated for inclusion in the Eureka County School District's labor market. An examination of the statistical information confirms the common perception – Eureka County School District is in a very unique

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position. The District shares size and geographical location, two (2) key criteria in selecting comparison employers, with some of the employers considered for inclusion in the labor market. The District's revenue, another key criteria in identifying a labor market, is most similar to a different set of employers – mid-sized districts located closer to urban areas. Thus, the decision regarding selection for comparison purposes becomes more judgmental and less technical. It remains no less important to make a decision and to abide by the decision.

Attachment B presents the labor market. The labor market includes twelve (12) employers who fall into the following categories:

- The principal local government employers in the Eureka area.
- The school districts in adjacent Counties.
- Mineral County School District.

It is anticipated that the local government employers will provide the most useful information for determining salaries for clerical and maintenance staff. The information from other school districts will be particularly useful in evaluating salary levels for educational aides and for supervisory staff.

The District will re-evaluate its labor market at least once every five (5) years or when there is a substantial change in the size or organization of either the District or one (1) of the employers in the labor market.

Some employees have chosen, as a group, to be represented through the collective bargaining process. When negotiating the salaries for represented employees, the District will seek settlements consistent with this policy, as it may be modified from time to time.

BASIS OF COMPARISON

The salary **range** for a job class is determined on the basis of external and internal equity policy, **not** on the competence or performance of individuals employed in the class. Personal equity will be addressed through the criteria for advancement on the District's salary schedule.

Typically, levels of compensation offered by different employers are compared on the basis of both base salary and **total compensation**. Base salary is the hourly or monthly rate of pay offered to the employee. Total compensation adds such factors as retirement contributions and payment towards health insurance to the base salary. Other factors which may also be considered when comparing total compensation include amount of paid leave, performance incentives, and the cost of other fringe benefits.

POSITION WITHIN THE LABOR MARKET

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Factors that influence the District's position within the labor market are:

- Priorities of the District;
- Financial condition of the District (current revenues and expenses as well as future projections); and
- Market competition and the value the District places on stability in the work force.

The District will consider both its current position in the labor market and its current financial condition when determining what, if any, adjustments will be made in the compensation of its employees.

Current labor market position will be determined after a survey of salary and other compensation practices in the labor market.

Current financial condition will be determined on the basis of such factors as:

- Per pupil revenue available for expenditure for educational program operation and administration;
- Need for construction, maintenance, and repair of facilities, equipment, and other capital items;
- Opening fund balances.

Specifically, when the:

- Available revenue per pupil is equal to or greater than that available in the previous year; AND
- Cost of needed construction, maintenance, and repair of facilities and equipment is equal to or less than that in the previous year; AND
- Opening fund balance for the current year is not significantly less than that for the previous year.

The District will seek to adjust the salary schedules so that all employees will receive compensation which is at least equal to the average of the highest three paying employers in the labor market.

When all three (3) of the above criteria are not met, the District will seek to provide increases which maintain the purchasing ability of the employees; however, in the event the revenue per student is less than that available in the previous year and the beginning fund balance for the year is less than in the previous year, the District may elect to not provide any salary increase for the year.

PERSONAL EQUITY CONSIDERATIONS

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Personal equity considerations will be based upon the individual employee's contribution to the District. The District's salary schedule will provide employees opportunities for recognition for their individual contributions to the District. Factors that may be considered when determining contribution to the District include individual job performance, education and training completed, special efforts such as completion of extraordinary assignments, and length of service with the District.

The criteria for determining eligibility for advancement on the salary schedule shall be appropriate for the type of work and the level of responsibility assigned to employees in each job classification. It is the District's goal that only employee's whose performance is rated at least satisfactory shall be advanced on the salary schedule.

The administrative procedures shall provide:

- Annual opportunities for employees to be evaluated for their contribution to the District; and
- Clear criteria for the evaluations.

It is recognized that not all employees will be eligible for salary advancement each year.

Reference: NRS 239.012; NRS 239B; NRS 425; Fair Credit Reporting Act (FCRA);
NRS 613