
	JOHNS HOPKINS HEALTH SYSTEM CORPORATION AND THE JOHNS HOPKINS HOSPITAL HUMAN RESOURCES POLICY and PROCEDURE MANUAL	Policy Number	HR300
		Effective Date	December 1, 2010
	<u>Subject</u> COMPENSATION	Page	Page 1 of 13
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I. POLICY

The principal objective of Johns Hopkins Health System Corporation (JHHSC) and The Johns Hopkins Hospital (JHH) compensation program is to ensure that JHHSC/JHH is able to attract, motivate and retain a highly qualified workforce in order to achieve organizational goals in the most cost effective manner possible.

In order to accomplish the stated objective, the following guiding principles have been adopted:

- A. A pay range will be established for each of the organization's non-union jobs and these ranges will be (a) internally equitable, i.e., fair when compared with the ranges established for other JHHSC/JHH jobs, as well as (b) externally competitive when compared with the rates paid by other employers for comparable jobs. Each employee whose performance is "proficient" or better will receive a rate of pay that falls within the pay range that has been established for his/her job.
- B. The position of each employee's salary within the range that has been established for his/her job will be determined primarily by the employee's relevant experience and job performance.
- C. JHHSC/JHH's compensation programs will be designed and administered in such a way as to comply with all applicable laws and to provide fair and equitable treatment for all employees.

II. DEFINITIONS

The following terms, and definitions of terms, will be used in JHHSC/JHH's compensation policy and procedure statements:

Exempt Employees- Exempt employees are not subject to (i.e., are exempt from) the minimum wage and overtime provisions of the Fair Labor Standards Act. They are exempt from these provisions due to the duties, responsibilities, and nature of the work performed.

Non-Exempt Employees- Non-Exempt employees are subject to the minimum wage, overtime and other relevant provisions of the Fair Labor Standards Act.

Job Family- A job family is composed of two or more jobs which are similar in terms of the principal duties and responsibilities, but different in terms of the overall worth of the jobs. An example of a job family would be an Accountant, a Budget Accountant, and a Senior Accountant.


Base Hourly Rate- The base hourly rate is straight time rate of pay per hour for the individual employee, exclusive of any shift, overtime or other premium pay.

Regular Hourly Rate - The regular hourly rate is average rate of pay per hour for the individual employee, which includes the base hourly rate and all shift differentials and other premiums paid to the employee in any one work week.

III. RESPONSIBILITIES

- A. The Board of Trustees

The Board of Trustees reserves the right to approve the salaries of the President, the Vice Presidents, and other key executives.

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B. The President

The President has the ultimate responsibility for JHHSC/JHH's pay program and has the authority to make the final decisions in all matters related to the compensation of all JHHSC/JHH employees. The President reserves the right to approve any changes to JHHSC/JHH compensation policy.

C. Vice President, Human Resources

The Vice President, Human Resources is responsible for establishing the procedures necessary to implement approved compensation policy and has the authority to ensure that the procedures are followed and the policies are implemented.

D. The Office of Compensation

The Office of Compensation has the authority to make the day-to-day decisions that are necessary to implement approved compensation policy in accordance with established procedures. The Director is responsible for ensuring that non-union jobs are properly evaluated and assigned to the correct pay structure, grade and range consistent with JHHSC/JHH's organizational structure. The Director is to conduct periodic audits of JHHSC/JHH's organizational components in order to ensure that this is, in fact, the case.

E. Directors and Senior Management

Directors and/or Senior Management are responsible for establishing departmental procedures, as necessary, to implement approved policies.

F. Supervisors and Managers

Supervisors and managers are responsible for ensuring that employees are assigned to the correct job title and that the corresponding job description accurately reflects each position's current job duties and responsibilities.

IV. PAY STRUCTURES FOR NON-UNION JOBS


Separate pay structures are used for JHHSC/JHH's non-union jobs below the Senior Executive/Vice President level.

Each job is then evaluated utilizing the appropriate job content evaluation plan (which includes a comparison of job content, market analysis, and other comparative data, as applicable) and assigned a pay grade.

All jobs (including exempt, non-exempt, hourly, and salaried) are assigned to the appropriate pay structure (i.e., for Management, Technical, Clinical and Non-clinical).

V. ADJUSTMENTS TO PAY STRUCTURES, GRADES AND RANGES

JHHSC/JHH's compensation program for non-union jobs is intended to be competitive with those used by other organizations for comparable jobs. Pay data will be collected and reviewed annually, and/or more often as necessary, by the Office of Compensation within the Human Resources Department. Based on the data collected, and JHHSC/JHH's financial position, adjustments to pay structures, grades and/or ranges will be proposed, approved, and implemented as appropriate.

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VI. DETERMINING THE PAY GRADE ASSIGNMENTS OF NON-UNION JOBS

JHHSC/JHH's procedures for determining the pay grade assignments of non-union jobs are as follows:

A. Adding New Jobs

1. When a new job is created, a job description draft will be completed by the responsible supervisor/manager. The job description draft will be approved by the appropriate Director and/or Administrator and then forwarded to the Office of Compensation for review/approval.
2. Based on the information contained in the job description, as well as other data gathered through additional means (i.e., interviews and/or other data analysis as appropriate), the Office of Compensation will review the job description draft for applicable information including:
 - a) Appropriate FLSA status and pay structure for the job.
 - b) Essential job functions, standards and measures (see Performance Management Policy).
 - c) Minimum knowledge, skills, and competencies the job incumbent(s) must have in order to perform the job 'proficiently' (see Performance Management Policy).
3. The completed job description draft will then be returned to the responsible supervisor/manager for final review and appropriate revisions as necessary.
4. Upon completion of the final review, the supervisor/manager will return the final draft to the Office of Compensation.
5. Upon receipt of the final draft, the Office of Compensation will perform an appropriate job content evaluation, and then assign the job's pay grade/range to the supervisor/manager.

B. Job Re-evaluations


A job re-evaluation may be requested when job responsibilities have changed substantially. The appropriate pay grade will be assigned to the re-evaluated job in accordance with the same procedures used for determining pay grade assignments for new jobs (as above).

VII. SALARY PLANNING

The Office of Compensation will issue approved Salary Planning Guidelines on an annual basis. These guidelines will include information regarding: salary structures, grades, and ranges; annual Performance Management Merit Increase Matrices; promotional increase guidelines; and other pertinent information.

Each year, the Office of Compensation will recommend merit increase budgets for JHHSC/JHH's organizational components. Merit increase budgets are approved based upon market analysis and JHHSC/JHH's financial position.

Refer to the Annual Salary Planning Package for specific guidelines on non-bargaining unit employees.

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A. Acting Pay

Acting pay may be granted when an employee is temporarily assigned, for a period of at least one (1) week or more, to assume a substantial portion of the responsibilities of a job with a higher pay range. The amount of the acting pay is determined consistent with the guidelines for promotional increases (refer to the annual salary planning package). If the employee assumes only some, but not all, key elements of the higher position, than a pro-rated portion of acting pay may or may not apply. In all cases, if the employee is later promoted to the higher position, the amount of any acting pay will be subtracted from the amount of the total promotional increase that would have otherwise been awarded.

B. Promotional Increases

Promotional increases may be granted when an individual is promoted to a job with a higher pay range. Normally, these increases will be granted concurrently with the employee's assumption of the new job responsibilities.

1. Guidelines for determining promotional increases are reviewed once a year and included as part of the annual Salary Planning Guidelines (refer to current guidelines).
2. Requests for promotional increases that exceed annual Salary Planning Guidelines must be submitted by the manager in advance and reviewed/approved by Career Services or the Office of Compensation.
3. The following factors will be considered by Career Services and Compensation when determining exceptions to the promotional guidelines;
 - a) The amount of any 'acting' pay (see guidelines above); and
 - b) The amount and timing of any pending merit increase; and
 - c) The magnitude of the promotion as measured by the difference between the pay ranges between the employee's old and new jobs; and
 - d) The pay relationships between the promoted individual and those occupying identical and/or similar jobs, and those between his/her supervisor, and his/her subordinates.
 - e) For individuals who receive a promotion and are eligible for a merit increase within six (6) months, the promotional increases specified above are to be awarded in addition to the pro-rata merit increase. Pro-rated merit increases are to be based on the incumbent's performance level during the period of time since his/her last review. The manager of the sending department should:
 - (1) Copy the employee's last review
 - (2) Note on the review that the information was received, with both the manager and employee initialing and dating this information on the Summary Page.

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- (a) If there was no significant change, the employee would receive a prorated merit increase as part of the SAP HR Transactions Form which would be completed by the receiving department. In the "Comments" section it should be clearly noted that the new pay rate includes the prorated merit and any other applicable salary change.
- (b) If there was a significant change, the manager should note changes on the copies performance evaluation and recalculate the score. Again, manager and employee would both initial and date the evaluation and summary page.
- (c) That amount is to be pro-rated by the number of months since the employee's last review.

- f) For a promotional increase that is less than six (6) months from the incumbents last review date, the review date will not change.
- g) The increase amount must bring the employee's wage or salary to the minimum of his/her new pay range, regardless of the percentage amount.
- h) An increase may not result in a wage or salary that exceeds the pay range maximum for the new pay grade.

C. Advancements

Some positions within the Health System have established career ladders. Requirements for advancement to the next level or position are outlined in the job descriptions which have previously been approved by both the Department and the Office of Compensation. Advancements differ from promotions in the following ways:


1. Advancements are not required to be posted, nor is a requisition required.
2. Employees who are advanced to another position do not have a change in their review date and therefore no prorated merit is required.
3. Typically, advancements occur during the annual review process and the employee is entitled to both a merit increase and advancement increase at that time.
4. Pay increases associated with advancements are typically predetermined by the department with approval by the Office of Compensation. Any additional increases must be approved by the Office of Compensation.

D. Bonus Pay

1. Definitions/Conditions

Bonus (and/or Incentive or Reward) Pay is additional compensation paid to an employee, or group of employees, in addition to their normal rate of pay. Bonus pay may be granted only under the following, limited circumstances:

- a) Due to a particular and/or unusual labor market demand or condition; and/or,

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- b) In recognition of an extraordinary work effort, above and beyond the “outstanding” performance rating level, that has resulted in both a direct, uniquely positive, and *measurable outcome* in either the operations and/or the financial results of JHHSC/JHH.

2. Procedure:

- a) All requests for bonus pay must be approved in advance by the Office of Compensation under the direction of the Vice President of Human Resources.
- b) All such requests must be in writing, and include the written concurrence of the appropriate Functional Unit Director/Director of Nursing/Administrator, as well as that of the appropriate Senior Executive.
- c) As appropriate, such requests must include a detailed explanation and justification, including the operational and/or financial results achieved, as described below.
- d) Any ongoing and/or annual bonus pay arrangement(s) will be reviewed periodically. At that time, all such arrangements must receive re-endorsement by the Office of Compensation and/or Vice President of Human Resources. Such bonus pay arrangements will be endorsed in advance of the particular period of time and/or work effort that the bonus is intended to cover.
- e) All bonus payments and arrangements, and their terms, are at the discretion of JHHSC/JHH management and are subject to modification and/or termination at any time without notice.
- f) Sign-on bonuses will be granted only when particular and/or unusual labor market demand or condition warrants their payment.


E. Market Adjustments

Market adjustments may occur when market demand has resulted in an increased rate of pay for a particular job or job family. In such cases, JHHSC/JHH may increase the salary of incumbents and/or range(s) for a particular job(s) in order to address imbalances between JHHSC/JHH and its competitors.

VIII. DEMOTIONS

A. Reductions In Pay

For a variety of reasons, an employee may be reassigned to a job that has a lower pay range than the job previously held. In such cases, the following reduction in pay guidelines will apply:

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1. When an employee is assigned to a job with a lower pay range due to unsatisfactory job performance; or an employee requested job reassignment; and, when the assignment is expected to last for a period of four weeks or more, the employee's rate of pay will typically be reduced by whichever amount is the greater of the following:
 - a) the amount of any promotional increase the employee received in conjunction with their former job.
 - b) the difference between the employee's base rate of pay and the maximum of the pay range (or the pay rate) of the new job.
2. When an employee is assigned to a lower pay grade for reasons other than those above, and when the assignment is expected to last for a period of four weeks or more, the employee's rate of pay would also normally be reduced in accordance with the above guidelines. However, based upon the particular circumstances involved, requests for exceptions will be considered.
3. For pay grade reductions/job reassignments, the action and all necessary documentation must be approved by the Office of Compensation at the request of the appropriate Director/ Administrator.
4. The performance review dates for employees assigned to jobs with lower pay grades will change to reflect the date the employee assumes his or her new job.
5. For individuals who are eligible to receive a merit increase within six months, the employee may be eligible to receive a pro-rata merit increase. However, in no case is the employee to receive a pro-rata merit increase that will bring their rate of pay above the maximum for the pay range of the new job, or, that will exceed the guidelines described herein.

IX. OVERTIME PAY

When a JHHSC/JHH employee is required to work more than forty (40) hours in any given work week (JHHSC/JHH's work week is regularly a seven day, 168 hour period, beginning at 7:00 a.m. each Sunday), the following applicable overtime pay policies will apply as follows:

A. Non-Exempt Employees


Non-exempt employees are to be paid one and one-half times their 'regular hourly rate' for all hours worked in excess of forty (40) hours in a work week. If a non-exempt employee works over eight hours in a day, but fewer than forty (40) hours in a work week, he or she will not receive any overtime pay for that work week. In addition, non-exempt employees are not eligible for compensatory time off.

B. Exempt Employees

Exempt employees are paid a salary commensurate with their job responsibilities regardless of the number of hours worked, and therefore are not eligible for overtime pay.

C. Meals During Overtime

No payment shall be made for bona fide meal periods taken during an overtime period.

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E. Advance Approval

All overtime must be approved in advance by the appropriate department head. Overtime is to be avoided except where required to maintain patient care or efficient operations.

F. Rest Periods

Non-exempt employees who work overtime are to be given one (1) fifteen (15) minute paid break for each additional four (4) hours of scheduled work. These breaks count as time worked for overtime pay calculation purposes.

G. Time Off

Paid Time Off (PTO), Vacation, Sick, and all other Leaves of Absence (with the exception of holiday pay and jury duty) are not counted as time worked for the purpose of overtime pay computations.

H. Calculation of Overtime Rate

1. The overtime rate is to be equal to one and one-half times the employee's average, regular hourly rate for the workweek. The regular hourly rate includes the 'base rate', plus additional payments earned in the form of shift differentials, on-call pay, etc. Thus, an employee's regular hourly rate for any given week may be higher than his/her base hourly rate.
2. There should be no duplication in the computation of over-time and other premium wages. If more than one premium rate is applicable to any hours worked, the employee shall be paid at the highest rate applicable, not both.


Example: If a full-time, non-exempt employee works a holiday, he/she is entitled to holiday pay at the rate of one and one half (1½) times their regular hourly rate. However, if that holiday is also the sixth (6th) day worked in that week (thus the first day of overtime), the employee is to receive one and one half (1½) times his/her regular hourly rate for each hour worked on the holiday. In this instance, the employee is not paid double.

F. Students

Students in a JHHSC/JHH school (such as Radiology, Anesthesia, etc.) who receive payments, stipends, or scholarships applicable to hours spent in "on-the-job" experience are not considered as "working" if such hours are required as part of the curriculum.

X. EASTERN STANDARD TIME and DAYLIGHT SAVINGS TIME

- A. When going from Eastern Standard Time to Daylight Savings Time, employees will be paid their normally scheduled hours. For example, an employee would be paid for ten (10) hours of work even though they may work only nine (9) hours as a result of the time change.
- B. When going from Daylight Savings Time to Eastern Standard Time, non-exempt employees will be paid for all hours worked.

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XI. SHIFT DIFFERENTIALS¹

Employees receive shift differential pay, for all hours worked, if they work a minimum of six (6) consecutive hours during a shift where a differential applies. **For the purposes of this policy, evening shift is defined as beginning 3:00 p.m. and ending 11:00 p.m. The night shift is defined as beginning 11:00 p.m. and ending 7:00 a.m.**

The amount of shift differential paid to each eligible employee is intended to be competitive with the amounts offered by JHHSC/JHH's competitors. The Office of Compensation annually reviews survey data and will recommend changes as appropriate.

Employees regularly assigned to the evening or night shifts also will receive shift differential payments for time off, such as PTO and other paid leaves.

XII. WEEKEND DIFFERENTIALS¹

An employee who works four (4) or more consecutive hours during JHHSC/JHH's designated weekend period is entitled a weekend differential for all hours worked on that shift. For the purposes of this policy, the weekend is defined as beginning 11:00 p.m. Friday and ending 7:00 a.m. Monday. Weekend differentials are paid in addition to any shift differential the employee is entitled for working the evening or night shift.


XIII. ON-CALL PAY

- A. Non-exempt employees who are scheduled to be "on-call" (continuously available and ready to report to work immediately) will receive on-call pay for each hour while on-call.
- B. Exempt employees are not eligible to receive on-call pay. Should operational needs require regular on-call status for exempt employees, the Office of Compensation will work with the department in determining appropriate compensation.
- C. Employees are not eligible for on-call pay if they are being paid concurrently for other work, or, if they are receiving time off with pay (e.g., paid time off, vacation, sick, etc.).
- D. If an employee is called into work during the on-call shift, they will receive their base hourly rate for the hours worked. Employees who are called into work will be guaranteed a minimum of four (4) hours paid time. The total amount of on-call hours to be paid is to be reduced by the paid hours.

Example: An employee who is scheduled on-call from 3:00 p.m. to 11:00 p.m., and is called in three (3) times for one (1) hour each, shall be paid a total of eight (8) hours times the base hourly rate. In this example, the employee would not receive on-call pay *in addition to* the guaranteed hours paid for the scheduled on-call period.

- E. In any scheduled on-call period, the total amount of pay shall not exceed an amount equal to the employee's base hourly rate times the number of hours the employee was scheduled to be on-call.
- F. Hours not worked, but paid for in accordance with the above guarantee, will *not* be credited as time worked for purposes of computing overtime. Time records must reflect such time accurately and are coded as CBN (callback non-productive).

¹ Corporate Security is exempt from shift and weekend differentials.

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G. The above guarantee will not apply when the call-in period immediately precedes or follows an employee's regularly scheduled shift.

XIV. INTERNAL SERVICE REQUESTS

Refer to policy number HR202 for information on SAP HR Transactions Forms.

XV. PAY PERIODS AND TIME KEEPING ADMINISTRATION

A. Work Days

1. A regular work day consists of eight (8), ten (10) or twelve (12) consecutive hours, exclusive of meal periods.
2. Each non-exempt employee will be allowed to take fifteen (15) minute paid rest periods according to the number of scheduled work hours, as follows:
 - a. if the employee is scheduled to work less than eight (8) hours, but four (4) or more, the employee will receive one (1), fifteen (15) minute paid rest period.
 - b. if the employee is scheduled to work eight (8) or ten (10) hours, the employee will receive two (2), fifteen (15) minute paid rest periods.
 - c. if the employee is scheduled to work twelve (12) hours, the employee will receive three (3), fifteen (15) minute paid rest periods.
 - d. Rest periods are to be scheduled by each employee's immediate supervisor.

B. Pay Days


Employees are paid biweekly, and receive a paycheck every other Friday for pay earned in the week ending at 7:00 a.m. the previous Sunday.

C. Time Records

The maintenance of accurate time records is the responsibility of the department head. The time record must show all times worked, including on-call, etc., and must also identify all absences, whether paid or unpaid. The time record must be approved by the department head before it is submitted to the Payroll Department. Specific approval of the department head on the time records is required for overtime pay.

When a non-exempt employee is docked for lateness, he or she is docked according to the nearest quarter hour. Docking is not considered a grace period for lateness. The following guidelines will be followed:

MINUTES LATE	MINUTES PAY DOCKED
8 to 22 Minutes	15 Minutes
23 to 37 Minutes	30 Minutes
38 to 52 Minutes	45 Minutes
53 Minutes to 1 Hour	60 Minutes

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D. Deductions from Pay

In accordance with Federal and State Laws, required deductions are made from each paycheck for Social Security (FICA), Federal, State and local taxes, and/or for other legally required deductions (as applicable). Upon written authorization of the employee, additional voluntary deductions may be made on the employee's behalf for such things as Direct Deposit, the Credit Union, Tax Sheltered Annuity, Health and Welfare Insurance, Life Insurance, United Way, etc. Any deductions from pay will be reflected on the employee's pay stub.

E. Incorrect Pay

When an error has been made in an employee's pay, JHHSC/JHH will make the appropriate corrections. Retroactive corrections are made up to a maximum of two years. It is an employee's responsibility to check for and immediately report errors to his/her supervisor.

XVI. EXCEPTIONS TO SALARY PLANNING GUIDELINES

All requests for exceptions to the annual Salary Planning Guidelines will be reviewed and approved according to policy guidelines as follows:

A. The Manager


1. Requests for exceptions to the established Salary Planning Guidelines must be submitted, in advance, by the respective manager to the Office of Compensation. In order to properly evaluate certain exception requests, written justification by the manager and/or the concurrence of the appropriate Director/Administrator, and/or Senior Executive may be required.
2. No exception(s) to Salary Planning Guidelines should be communicated by the manager to an employee or job candidate in advance of securing prior approval.

B. The Director of Compensation

The Director of Compensation is authorized to approve exceptions to the Salary Planning Guidelines for non-union, non-supervisory, supervisory and managerial employees as authorized by the Vice President of Human Resources. If the Director of Compensation and the appropriate Director/ Administrator should disagree regarding a starting rate, pay grade, or other compensation issue, the matter will be referred by the Office Compensation to the Vice President of Human Resources and the appropriate Senior Executive for resolution.

C. The Vice President of Human Resources

The Vice President of Human Resources is authorized to approve exceptions to Salary Planning Guidelines for non-union, non-supervisory, supervisory and managerial employees. If the Vice President of Human Resources and the appropriate Senior Executive disagree regarding a compensation issue, the matter will be referred by the Vice President of Human Resources to the President, or his/her designee, for final resolution.

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XVII. COMPENSATION POLICIES SUBJECT TO CHANGE

- A. While JHHSC/JHH is committed to the compensation policies described herein, the policies and procedures may be changed at any time should conditions warrant and as approved by the President or his/her designee.
- B. The language used in this statement of compensation policies and procedures is not intended to create, nor is it intended to be construed to constitute a contract between JHHSC/JHH and any of its employees for employment, remuneration or the provision of any benefit.

REFERENCE

The Fair Labor Standards Act, 29 U. S. C. Section 201 et seq.

SPONSOR

Vice President, Department of Human Resources

REVIEW CYCLE

3 years

APPROVAL



Vice President, Human Resources

12/1/10
Date