STAFF REPORT

MEETING DATE:	**June 30, 2022**
SUBJECT:	**Approve Changes Regarding Management Expense Allowance for Conducting and Promoting Agency Business**
AGENDA ITEM:	**5-11**
STAFF CONTACT:	**Sean Tiedgen, AICP, Executive Director**

STAFF RECOMMENDATION:

It is recommended that the board of directors remove the management expense allowance for conducting or promoting agency activities from SRTA's Human Resources (HR) Policies and budget it as a reimbursement expense line item under SRTA's Indirect Cost Allocation Plan (ICAP).

DISCUSSION:

The management expense allowance (SRTA HR Policy Section 5.10.020(F)) was put on hold with the new executive director employment agreement at the April board of directors meeting pending further information. The expense allowance is a common benefit for government agency managers and directors to pay for small expenses to promote agency business and activities. Examples include food for staff appreciation days or holiday gatherings, food for guest participants on an all-day interview panel, or a meeting over coffee with a board member or partner agency.

SRTA's human resources consultant (Teamwork HR) confirmed the benefit is considered taxable income when paid directly to an individual. This does not allow for the full benefit of the allowance to be realized. Additionally, as a fixed-cost benefit it doesn't factor in increases or decreases in material costs or expenditures. Staff recommends that the management expense allowance be removed from SRTA's HR policies and that a line item be budgeted for reimbursement of those activities under SRTA's ICAP. This provides more transparency on SRTA's expenses and allows for changes in actual costs.

FISCAL AND POLICY COMMITTEE REVIEW:

The Fiscal and Policy Committee reviewed information presented by staff and recommends approval.

ALTERNATIVES:

The board of directors may choose to modify or decline the proposed revisions.

FISCAL IMPACT:

This action has no fiscal impact to the Overall Work Program. A line item would be budgeted and approved annually under SRTA's Indirect Cost Allocation Plan as part of adoption of the Overall Work Program to reimburse management staff for expenses to conduct or promote agency business and activities.

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Sean Tiedgen, AICP, Executive Director

Attachment: Human Resources Policies and Procedures Manual Recommended Revision accrual. A new eligible employee will receive a portion of the time, in advance, on a prorated basis consistent with his/her date of appointment.

2. Pre-retirement Leave: employees who are depleting leave balances immediately prior to retirement shall not be eligible for additional administrative leave credit which might otherwise accrue during the leave period.

3. A management employee separating from Agency employment will not receive payment for unused administrative leave.

~~F. EXPENSE ALLOWANCE~~

~~Each management employee shall receive an allowance for legitimate business expenses based upon the following:~~

~~1. Each manager shall receive a lump sum allowance on or near each January 1, of $100.00, for un-reimbursed expenses incurred in the conduct or promotion of Agency business.~~

~~2. Each executive manager shall receive an additional $50.00 biweekly stipend for reimbursement of business expenses within the Agency which are not otherwise claimable under current Agency policy.~~

G. MANAGEMENT PAY DIFFERENTIAL

1. Principles of a Management Pay Differential: The salary of an employee in a management classification should be set at a range that is at least 5% more (F step to F step comparison including subordinates' pay stipends, if appropriate) than the subordinate classifications the manager is required to supervise. This concept includes as a principle that the manager be responsible for performance evaluations, direction of the work performed, and input into the hiring and discipline process.

2. Process for Management Pay Differential: A manager may apply in writing to the executive director or authorized designee for consideration of a pay class stipend if a subordinate classification is at a salary range that is not at least 5% less than the manager's classification. Such stipends will be granted in one-half percent (.5%) increments. When applied, the effect of this stipend will be that the manager's salary range will be 5% above the subordinate's salary range (based on F step comparisons including subordinates pay stipends, if appropriate), without regard to the salary step of the current subordinate. The pay stipend will be processed as a salary earnings type on a personnel action. The executive director or authorized designee will review the stipend periodically for continued appropriateness or when classifications are changed