



# City of Austin

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## Office of the City Auditor

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June 30, 2011

To: Mayor and Council

From: Kenneth J. Mory, City Auditor

Subject: Special Request on City's Gain Sharing and Bonus Programs

Our office received an inquiry about gain sharing and bonus programs within the City. Specifically, we were asked to answer the following questions:

- Which departments have gain sharing or bonus programs?
- What are the eligibility criteria?
- How much is paid out per fiscal year per program?

In order to address these questions, we obtained information from the Human Resources Department (HRD) and some of the individual departments participating in these programs.

**There are three goal based pay programs and three safety pay programs in the City of Austin, each with their own criteria and total payout amounts.**

### *Goal Based Pay Programs*

Three departments have goal based pay programs (Aviation, Convention Center, and Austin Energy). These programs reward employees for working together to meet predetermined goals above minimum expectations and are meant to be progressive in nature. These programs are similar to private sector gain sharing, incentive plans, or commissions and have been approved by HRD. Eligibility varies by department and includes such measures as employee status and performance.

The table below summarizes the eligibility and approximate monetary payout by Fiscal Year for each goal based pay program.

<b>Department</b>	<b>Eligibility Criteria</b>	<b>Approximate Monetary Payout (FY)</b>
Aviation	<ul style="list-style-type: none"> <li>- Meeting program goals</li> <li>- Employee status</li> <li>- Days employed in period</li> <li>- Employee performance</li> </ul>	'08: \$ 575,000 '09: \$ 410,000 '10: \$ 645,000
Austin Convention Center	<ul style="list-style-type: none"> <li>- Meeting program goals</li> <li>- Employee status</li> <li>- Hours worked in period</li> <li>- Employee performance</li> </ul>	'08: \$ 655,000 '09: \$ 515,000 '10: \$ 570,000
Austin Energy	<ul style="list-style-type: none"> <li>- Product and service sales</li> <li>- Specific position titles</li> <li>- Fixed percentage payout</li> </ul>	'08: \$ 270,000 '09: \$ 250,000 '10: \$ 220,000

The Aviation Department's program is based on program goals such as providing a specific level of service, meeting training requirements, and improving processes. The Austin Convention Center Department's program has goals related to increasing revenue, decreasing expenditures, and maintaining a specific level of customer service. Austin Energy has a goal based program titled Austin Energy Sales Commission. The program is self-funded based on product and service sales with eligible employees receiving a fixed percentage of either gross sales revenue or profit.

*Safety Pay Programs*

Three departments have safety pay programs (Austin Water Utility, Solid Waste Services, and Public Works). The programs are based on the employee's position and performance related to safety. HRD has only approved the Austin Water Utility's program. The Solid Waste Services and the Public Works- Transportation programs were not approved by HRD. HRD was unaware of the programs' existence and is currently reviewing them.

The table below summarizes the eligibility and approximate monetary payout by Fiscal Year for each safety pay program.

<b>Department</b>	<b>Eligibility Criteria</b>	<b>Approximate Monetary Payout (FY)</b>
Austin Water Utility	<ul style="list-style-type: none"> <li>- Employee position</li> <li>- Assigned risk level</li> <li>- Safety performance</li> </ul>	'08: \$ 230,000 '09: \$ 320,000 '10: \$ 320,000
Solid Waste Services*	<ul style="list-style-type: none"> <li>- Employee level</li> <li>- Licensure status</li> </ul>	'08: \$ 125,000 '09: \$ 125,000 '10: \$ 107,000*
Public Works	<ul style="list-style-type: none"> <li>- Street and Bridge Division employees</li> <li>- Position risk level</li> <li>- Individual safety measures</li> </ul>	'08: \$ 13,000 '09: \$ 13,000 '10: \$ 13,000

*\*In FY2010, the Code Compliance Department was formed. Their program is the same as Solid Waste Services. The payout for Code Compliance was about \$17,000 of the total \$107,000 noted above.*

The Austin Water Utility's program is based on the employee's position, assigned risk level, and safety performance. The main goal relates to reduction of injuries and collisions. The Solid Waste Services (SWS) Department's program is based on the employee's level and licensure status. Information related to safety goals was not provided. The Public Works Department- Transportation program is for employees of a specific division in Public Works. Employee payout is based on the position's risk level and achieving individual safety measures.

If you have any additional questions, please contact me at 974-2064 or Jason Hadavi at 974-2469.

cc: City Manager  
Assistant City Managers  
Human Resources Department