

LONGEVITY PAY

Overview

Longevity Pay is a pay incentive offered to long-term employees as an incentive for continued service. Longevity Pay has been implemented at peer agencies within our service area (notably, the City of Las Cruces and Doña Ana County) with the intent of giving a long-term goal to new employees and a way to reward existing employees for loyal service, particularly in cases where an employee may have reached the end of their ability to move up within the organization or are happy with their current position.

Why SCRTD?

As a relatively new agency in the region, SCRTD has found ourselves at odds with competing employers in the area. This added benefit will make SCRTD more competitive with these competing employers and could reduce employee turnover and training costs by increasing employee satisfaction. Attracting the best talent to our agency is key to growing our services and offering reliable transit service to our constituents.

Start with Modest Longevity Increments

Due to the young age of SCRTD as an organization, more modest increases in longevity pay would make sense at earlier intervals. This strategy of earlier longevity pay would recognize staff that has been on board since the early days of the organization. Example: Start recognition at 5 years rather than later in someone's tenure.

Tiered Longevity Pay Structure

An example of a tiered longevity pay structure would be as follows:

- After 5 years: 2% salary increase or a flat dollar bonus (e.g. \$1,000 annually)
- After 7 years: 3% salary increase or a slightly larger bonus (e.g. \$1,500 annually)
- After 10 years: 5% salary increase or a significant bonus (e.g. \$2,500 annually)
- Every 5 years after that: Continue with percentage increases (e.g. 2% or 3% increments for each additional 5-year period)

Bonus or Pay Differentials Based on Job Role

Consider offering different types of longevity pay based on job role and responsibility. Senior or specializes staff might receive a higher percentage or flat bonus than other positions. For example:

- Frontline Staff (drivers, dispatchers, etc.): A flat bonus structure
- Mid-level staff (managers, coordinators): A percentage-based increase.
- Executive or senior staff: A larger percentage increase and a bonus.

Non-Monetary Recognition

In addition to financial compensation, you could implement non-monetary recognition (e.g. additional vacation days, plaques or awards, special privileges) to complement longevity pay and make employees feel valued in a well-rounded way.

Flexibility in Compensation

Some employees may prefer different types of rewards. Consider giving long-serving employees the option to choose between rewards, e.g.:

- Longevity Pay
- Additional Vacation Days
- Contributions to Retirement Accounts

Cap Longevity Pay Over Time

To ensure the program remains sustainable, you might consider capping longevity pay increases after a certain number of years (e.g. after 20 or 25). This avoids disproportionately high salary increases that may burden the agency's budget.

Example Plan 1

- Years 5-7: 2% salary increase or \$1,000 bonus
- Years 7-10: 3% salary increase or \$1,500 bonus
- Years 10-15: 5% salary increase or \$2,500 bonus
- Years 15+ Continue with 3% increments or \$2,500 bonuses every 5 years.

Example Plan 2

Employees could get an annual bonus at a certain rate per year (e.g. Years of Tenure X \$100) and then receive the bonus at a set time of year (e.g. in November, to help with Holiday shopping).

QUESTIONS?