Hendricks County Council Subcommittee on Payroll Matters
MINUTES
September 10, 2025

Following duly provided public notice, the appointed members of the Hendricks County Council Subcommittee on Payroll Matters convened a meeting at 9:32 a.m. on Wednesday, September 10, 2025 in Room 2 at the Hendricks County Government Center, 355 S. Washington Street, Danville, Indiana.

Members of the subcommittee present were: Councilmember Larry Hesson, Councilmember Charles Parsons, Councilmember David Wyeth, County Human Resources Administrator, Erin Hughes (Subcommittee Advisor). Member of the subcommittee absent was: Auditor, Ann Stark (Subcommittee Advisor).

Also present were Council attorney, Rhonda Cook and Councilmember Nancy Marsh.

Attorney Cook called the meeting to order and noted that the subcommittee was tasked with making recommendations to the full council on payroll matters, especially in regard to practices that were happening that may have been out of compliance. She referred to a packet of information provided to the subcommittee that she had prepared after speaking to various individuals involved with the payroll process. Attorney Cook explained the statutory authority that allows the Council to oversee the process of setting salaries and determining the number of employees and explained that the salary ordinance and the budget ordinance must be used in conjunction with one another. She also noted that there was confusion over the use of terminology and she hoped that the end result of this process would be for formal guidance to be developed in writing and approved by the full Council along with providing guidance on how to address the payroll changes that were made that were not in compliance.

Salary Ordinance/Budget

Cook noted that it was not unusual for a salary ordinance to set the positions and provide a range of pay for each graded position. Hesson said that at one time, the midpoint for the range was done away with. Cook said the Council must appropriate monies before they are spent, therefore, one must also consult the budget ordinance to see how much was appropriated for each employee. If there is need for more money to be spent than what was appropriated in the annual budget, the law requires that an additional appropriation hearing be held, after publication of the hearing in the newspaper, ten days in advance, and approval by the Council. Cook noted that each year, the elected officials or department heads request the amount of money that they want to pay each employee and the approved amount is included in the budget; however, if there is a need to change that pay throughout the year, the Council needs to approve and if there is not enough money appropriated, the additional appropriation process must be followed. She explained that the 100R form is submitted to the Department of Local Government Finance (DLGF) at the end of each year listing all employees by name and their salary.

Defining Terminology

A discussion continued about the need to define terminology that the Council will use. For the term "Performance Pay," Hesson said that with Performance Pay, it was his understanding that each year, adding in the Performance Pay changed the Base Pay. Parsons said he didn't think that was the previous practice. Cook said we need to make some determinations and recommendations about how that will work going forward. Wyeth questioned the term Total Salary which was Base Salary plus Performance Pay and whether it should be Base Salary plus COLA plus Performance Pay. Cook noted that under this terminology, COLA (if given) would be factored into the Base Salary and the Wage Schedule would be revised accordingly.

Use of a Midpoint

Cook said a policy question that needed to be decided upon was about the midpoint and whether a new hire must start at or below midpoint. Hughes said there are different philosophies about where to start a person's starting pay. She said there are no written rules, but the general practice has been to start the person somewhere between the minimum and the midpoint. Cook said it wasn't a bad idea to know what the midpoint number is as a point of reference because if you have a vacant position, you need to plug a number into the budget to hold those funds, although you may not want to make it a rule that a new hire can't be paid more than the midpoint amount. Parsons said that we may want to say a new hire can come in at an amount no higher than the midpoint, but if we have someone with enough talent and skill, it should be allowed that Council could do an additional appropriation to go above midpoint. Hesson said the midpoint is arbitrary. His recollection is that a few years ago, we did away with midpoint and used the range. Hesson said we have had situations where extraordinary people want to work for the county and we need to pay them more than the minimum. Hesson said he would be supportive that if the situation warranted, it would be allowed for a new hire to go to the max of the range or even beyond the range. Huges said at one time, you could only hire someone between the minimum and the mid and to go higher, it required a signature of the Council President or Commissioner President. The presidents at the time were signing these forms all the time, she said. Wyeth said, as we try to make a recommendation, should we go to a percentile? We could get away from the midpoint and pay someone who has talent what they need. Parsons asked whether we could increase someone's pay after a probationary period. Cook said that she thought some of the concerning issues that have been happening are because there is more money sitting on the line item than what the person is initially paid. Hughes said that it is common practice to hire someone in and start paying them a lesser amount and then give them a bump after a period of time – either 90 days or a few months, however, the bump is within the salary appropriation. Hesson said the reason for the wage study was to provide parity so that we wouldn't have these situations. He said, it used to be the practice that a new hire was brought in at 90% of their pay until the probationary period was over and then their pay went to 100%. Parsons said he was confused about how this practice was happening. Hughes noted that she did not have the spreadsheet that showed each employee's budgeted amount.

There was consensus that we midpoint be shown on the Wage Schedule and that number would be used for reference of the half-way point of each wage level. The midpoint number would be used to plug in an amount to be appropriated for a vacant line/open position, however, there should be no rule that a new hire be required to start at or below midpoint. Marsh stated that it was extremely important to know the base wage and it needs to be separated. Parsons said he liked being able to give someone an increase, but if you bring them in so high within the range, you can never give them an increase besides COLA. He noted that there are some people paid over their range. Hughes said we have some employees who have creeped over the max wage for the position due to the fact when the county switched from the Oliver system, that was the result. Hesson said for those above the scale, we agreed that we wouldn't cut the pay, but they wouldn't be eligible for a raise until the scale caught up.

Performance Pay

Cook read from the next slide in the presentation explaining that in 2024 for 2025, there was a pool of dollars allocated for performance pay in the amount of 1.3% of all employee wages within the department. There was little guidance on how the money could be awarded. Hughes said when extra money was sitting in the pool, there was nothing telling the department heads that they couldn't award it. Marsh said in 2024, there was a line item in everyone's budget that was called "Pool Increase," and most departments awarded their money and had zero left in the pool. However, she noted that as people come and go, money could be sitting on that line. The next year for 2025, the money awarded from the pool was added to each individual's wages. Parsons asked if the pool award put anyone over their maximum wage? Hughes said, no – no one was taken above their maximum. There was discussion about the 2026 budget. Performance Pay has been set at 1% for each individual. The 3% COLA will be built into the Wage Schedule.

Performance Pay Worksheet

Cook circulated a Performance Pay worksheet as an example of a way to tie evaluations to amount of Performance Pay. She said this is important to be able to show on paper that money was awarded for verifiable reasons based on score instead of being arbitrary. Hesson questioned whether everyone would get Performance Pay. Hughes said yes, because the minimum score on the evaluations is a 4. Hughes explained the evaluation process. Hesson said the department head could give every person a full 1%. Hughes said some people do that. Parsons asked if Hughes had ever seen an award of performance pay that was skewed from the evaluation. Hughes said sometimes she sees anomalies and she tries to address those on a case-by-case basis. Parsons said he was supportive of the worksheet on its face. He thought it would be beneficial. Hesson questioned whether years of service should be rewarded, as proposed on the worksheet. Hughes said that years of service was built into the other matrixes, so it was advisable to keep all employees the same. Parsons said that by nature of the process, it is subjective, except for years of service, but he thought the worksheet helped to correlate evaluations with the performance pay. Hughes said performance evaluations were important because employees need to know where they stand. Cook said she was told by Stark that the worksheet could be implemented yet this year for 2026. The actual worksheet amount would be what would be awarded in Performance Pay for the 2026 budget, not the amount of the full 1%. Hughes said there is a department that hasn't completed all of their evaluations, which were due at the end of May. It was recommended that no Performance Pay be allowed for departments that don't complete their evaluations. Parsons said we should clarify that the Performance Pay is *up to* 1%, based on the worksheet calculation. Parsons asked if there was time for those who haven't gotten their evaluations done to get them completed. Hughes said yes and we can remind them. Wyeth summarized that we are going to propose to the full Council that the worksheet be used and that if we can get it done in time, we want it to be used for 2026.

Practices Happening that May Not Have Been in Compliance

Next, Cook reviewed the slides in the presentation that provided examples of practices that have been occurring that may not have been in full compliance with proper procedure. To make it easier for the Council, Marsh provided input that when she was auditor, it was her practice to use the appropriated amount on the line items (even though actual pay was less). She was able to monitor these. Hughes noted that you sometimes you have payouts for retirees. Marsh noted that she doesn't think it was understood that all transfers on personal services have to come before the Council, so in instances where you need to pull from another line items for a payout, it requires Council approval.

Wyeth asked whether written guidance was needed to explain that an employee cannot transfer some of their salary or performance to another employee? Parsons said you should not be able to do this without coming to the Council. Wyeth asked whether we should reverse it. Parson and Hughes said that is probably water under the bridge, however, Cook noted that this is another example of why we need to see the Performance Pay breakout from the Base Salary. Hughes said in the Bamboo system, she can see the amount of the performance pay that was given. They track it separately.

Discussion re: Recommendations

Next there was a discussion of subcommittee recommendations. The first items discussed was when an employee should be eligible for performance pay. Parsons asked whether there should be a minimum time before we evaluate an employee. Hughes said evaluations run through the month of May. Hughes said, currently 90 days is the probationary period. Wyeth proposed that an employee be employed six months and then have the supervisor do an evaluation using the worksheet. The supervisor could come to the Council for an additional appropriation to get the performance pay approved and then, the employee would get on the regular evaluation cycle.

Next, a recommendation was discussed about paying out Performance Pay at the end of the year versus building it into the salary. Hesson said if you are going to have Performance Pay, you could stack it. Parsons said it would be difficult to pay out that way. Hesson said if we are going to have Performance Pay, the cleanest way is to have a lump sum that is paid at the end of year or early the next year for good performance. Then, the next year, employees would start off again working for that pay. This way, the base pay isn't interrupted. Hesson noted that the reward might be better appreciated if it came in a lump sum. Parsons said if it is going to be an ongoing thing where it is going to increase their salary, then the person slides back in their performance, he would have trouble paying them less one year from the next. Wyeth said would it be cleaner to keep base pay the same and do performance pay as a one time thing. Then, performance pay is not being included in the base salary. Would employees like to have that sum of money at one time or would they rather have it built into the salary over 26 paychecks? We would use the base as it is now, then adopt the worksheet for 2026 and the performance pay is a one time thing. Parsons said, I'm not opposed to that, but it would not allow the performance pay to accrue over time as part of the base salary, but we are going to raise the base salary by the COLA anyway. Marsh said it would simplify things. Cook questioned whether employees who wanted to leave mid-year -- would they feel like they needed to stay in order to receive their performance pay. Parsons said he didn't think $500 would alter a decision unless the employee was within a week or two or being able to receive the performance pay. Marsh noted that every change we make in being generous, it costs money. She noted, for example, the move to add two extra holidays is going to cost the county $400,000. She noted that changes in compensation also affect the amounts to PERF and for retirement. Parsons noted the challenges the county will face from SEA 1. Marsh said when you add the extra money to the pay, 30% added is an additional $4 million impact to the county, then you have the additional 30% more for benefits – its major money.

Parsons discussed the timing of Performance Pay payout when someone leaves employment. Parsons said, I don't think we should stack performance pay because the end payout would be too much. Parsons said, if we are going to do a one-time payout, we should do it solely for that performance year. Parsons said, the amount of Performance Pay can only be the amount we set for that year, according to the worksheet, otherwise, we are committing ourselves to a lot of money.

Hesson referred to a sheet that he circulated. For each $100 of Performance Pay that is added to the base, assuming 3% COLA, I ran the figures for 25 years. At the end of 25 years, we are paying that person $3,648.06 per $100 that we awarded that person for the first year. Wyeth said by going with the lump sum, it would simplify things in the auditor's office, and simplify things in HR with the base pay, and it would also make it more excitable that the employee gets one larger amount at one time. Hesson said, you would not have stacking because Performance Pay would be awarded each year and not added to the amount awarded the previous year. Wyeth ran through a scenario. You have an employee that makes $50,000, they get a 3% COLA, which is an increase of $1,500 that would be spread out over 26 pay periods. If an employee gets all 4s on their worksheet for a total of 20 points and that employee gets $1,000 in Performance Pay, that $1,000 is totally separate. It does not stack onto the $50,000 plus the COLA. Their new salary going into the next year is $51,500. It would be great to give the $1,000 to them in November or December. Marsh asked what to do about the two years of performance that has now been added to the employees' base pay? Parsons said, I think we move forward from today. Whatever base they are getting today, is now in their base pay and it stays there.

Cook asked what to do if the evaluations are not done by the evaluation deadline date. All agreed that going forward, if the supervisor does not have the evaluations done by the May 31st deadline date, no Performance Pay should be awarded. Parsons noted that if an employee's performance evaluation was done in May, then if the employee left, they would get their Performance Pay. Hughes asked, what if the employee transfers. Parsons asked if there was a probationary period within the new job and Hughes said yes. Hughes said if a person transfers to a new job in June, the employee has already completed the evaluation at his/her old position, now they will have a new hire evaluation in six months, so there are two evaluations in one year. Parsons said, and all agreed, that it would create multiple Performance Pay payout obligations for transfers, so for a transfer, who has already had his/her evaluation done in May by their previous supervisor, they will get the Performance Pay based on that worksheet. Parsons clarified this scenario -- when an employee who is a transfer is up for evaluation in May, the evaluation shall be done by the supervisor where the employee spent the most amount of time during that evaluation year. Marsh noted that the old supervisor may be biased.

Parsons said that if you start an employee in the middle of the Wage Scale, he/she will likely never reach the top because the scale will continually move upwards with the COLA increase. Wyeth noted that if you take performance out of the base, they should not reach the max. Hughes said, then, eventually, everyone will be back into the wage schedule.

The next scenario Cook mentioned was when an employee leaves or retires, you use the money sitting on the employee's line item for the payout. When the new employee is hired, you may need an additional appropriation to fully fund the new employee. Hughes said sometimes, you want to hire a new employee before the old employee retires in order for the new employee to be trained. In this scenario, an additional appropriation request needs to come before the Council to have enough money to pay both employees simultaneously. Marsh noted that this has always been the procedure followed in the past.

Cook read the next proposed recommendation which was each budget year, supervisors shall only ask the council to appropriate an amount for an individual employee that matches the amount the employee is paid for the entire year. Changes in pay for employees should not happen midyear. If it does happen, it should be only in extreme circumstances and after Council approval and determination of whether an additional appropriation is necessary. Marsh said that the state board of accounts is so strict on budgeting and advertising because we owe it to the public to be transparent. SBOA does not to see requests for changes in the middle of the year, she said. Fixing a line that is short for payouts or for extra training, are completely legitimate, but just to pay someone more money, SBOA frowns on that. It's approved if you do the steps, but they want the public to know exactly what you're spending money on.

Cook asked where this policy we are developing should be written. Hughes said she thought it is important to include it with the salary ordinance. Cook said, we could make it an exhibit added to the salary ordinance. Parsons said he thought it could go into the handbook as well.

The next discussion was about the payroll changes that were made that were questionable. Stark had provided a spreadsheet of those items. Hesson said he thought we would ratify the changes that were made where employees were given a bump in pay after 90 days, even though this wasn't a permitted policy of the Council. Cook noted that going forward, the process would not work this way, but the Council could ratify the past changes. On the IT employees, Marsh noted that there should definitely have been transfer approvals. Parsons asked, do we know if the money was there? Parsons asked for the items, was there an appropriation? Parsons said we need to know which one of the items required an additional appropriation and did not get it. He said, we may need to go back and ask the auditor which employees went beyond the appropriated amount. Then, we need to decide if we want to revert them to maximum amount and/or grant the additional appropriation.

Wyeth said, employees will notice the Performance Pay if one lump sum. Hesson agreed. Parsons said he thinks this is a way of judging people for their performance instead of making awards random. Hesson asked if there should be a minimum amount of points on the worksheet. Cook said you could change the scoring to go from zero to four instead of one to four. Parsons said if someone is getting a one, maybe they should not get any performance pay or maybe they only get performance pay if they have a minimum score of five or more. Cook noted that if performance pay does not stack, it is not as much of a concern. Wyeth said, what if COLA goes to 1% and we decide to give performance at a higher level, like 3%? How would this skew the mindset? Hesson noted, that it caps per person. Parsons said it would be a portion of 3% based on their evaluation. Hughes said, please don't do that because the managers don't have enough training to accurately evaluate employees.

Wyeth noted that we got through more discussion than what he thought we would. Cook noted that we probably will miss some scenarios and after a formal policy is adopted by the Council we will make continual tweaks as needed.

The meeting adjourned at 12:22

HENDRICKS COUNTY SUBCOMMITTEE ON PAYROLL MATTERS

Larry Hesson	David Wyeth
Chuck Parsons	ATTEST: Ann Stark, Auditor