City Council Retreat: Total Compensation Update

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Presentation Overview

- Overview of Total Compensation Study.
- Increasing minimum salary and associated compression issues.
- Market Survey information.
- Recommendations.

Takeaways

- Plan $31,200 minimum implementation and address compression in current fiscal year.
- Initial information suggests City is below market.
- More information and recommendations will be provided in the consultant's report.

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Project Scope

The Archer Company was engaged to analyze compensation and benefits package, and provide recommendations on:

- Competitiveness of current pay and benefits.
- Feasibility of raising minimum salary to $31,200 (based on 40 hour work week).
- Addressing any existing compression issues.
- Addressing any existing pay inequities.

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Work Completed to Date

- Evaluation of raising minimum salary to $31,200 and associated compression within impacted pay grades.
- Market survey of comparable employers to benchmark salary and benefits.

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Increasing Minimum Salary to $31,200 & Associated Salary Compression

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$31,200 Minimum & Compression

- Information on cost to raise annual minimum salary to $31,200 and address resulting compression was provided at January work session.
- Compression:
  - Occurs when there is only a small difference in pay between employees regardless of skills or experience.
  - Is the result of the market rate for a given job outpacing pay increases received by longer-tenured employees.

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Impact of Increasing Minimum Salary

City Employment	
Full-time & Part-time regular	1,256
FT & PT earning less than $31,200	92

Estimated Cost (Annual)	
Salaries & Benefits	$409,341

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Adjusting for Compression

To adjust to compression, employees would move to a new “target salary” based on years of service in current job.

- Review all employees in pay grades impacted by new minimum (201-207).
- Most equitable method to solve compression within pay grades.

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Example of Compression Adjustment

Range of Pay Grade	Range Minimum							Range Midpoint							Range Maximum
Years of Service	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14+
Salary	$29,679	$30,866	$32,053	$33,240	$34,427	$35,614	$36,802	$37,989	$39,176	$40,363	$41,550	$42,737	$43,924	$45,111	$46,299

Pay Grade 205 Example:

Groundworker

- Current salary: $31,546
- Job tenure: 5 years
- Adjusted salary: $35,614 (13% increase)

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Impact of Adjusting for Compression

- Many employees already at or above new "target salary."
  - Total employees in pay grades 201-207: 181
  - Employees impacted by adjustments: 29
- Adjustments range from $326 to $8,699 annually (1% - 23% base increase).
- **Total estimated salary and benefits impact of adjustment: $164,965.**

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Total Financial Impact (Annual)

Component	Estimate
Minimum to $31,200	$ 409,341
Compression Adjustments	$ 164,965
Total	**$ 574,306**

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Market Information

Market Survey Overview

Consultant selected 59 positions representing

- all departments,
- all pay grades, and
- all types of work

for comparison with with similar organizations.

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Market Survey Benchmark Organizations

North Carolina

- Buncombe County
- Chapel Hill
- Charlotte
- Concord
- Durham
- Gastonia
- Greensboro
- Greenville
- Hickory
- Huntersville
- Wilmington

Other States

- Knoxville, TN
- Greenville, SC
- Hilton Head, SC
- Rock Hill, SC
- Charlottesville, VA
- Portsmouth, VA
- Savannah, GA
- Boulder, CO

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Market Survey Benchmark Data

Salary Data

- Pay ranges
- Pay progression policies
- Overtime eligibility
- Hours per year

Benefits Data

- Vacation, sick, holidays & floating holidays
- Retirement plans
- Parental leave
- Tuition reimbursement

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Market Survey Initial Findings

- On average, City pay is below market.
- Additional consultant analysis will provide recommendations for further adjustments in late spring.

Takeaways

- Plan $31,200 minimum implementation and address compression in current fiscal year.
- Initial information suggests City is below market.
- More information and recommendations will be provided in the consultant's report.

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Discussion

- Implement new minimum in current fiscal year (May 2020).
  - Increase salary for 92 employees to $31,200.
  - Address compression impact for 29 employees.

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Discussion