



August 25, 2015

MANAGEMENT CLASSIFICATION & SALARY PLAN CHANGES

OVERVIEW

- ✘ Recommended actions approve phase one changes to management classification and compensation system:
 - + Changes are within budget
 - + Changes make improvements to existing system
- ✘ Future changes are described but are *not* before the Board for adoption today:
 - + Propose significant structural changes to system
 - + Implementation relies on future funding
 - + CEO has requested delay until new HR Director is in place

BACKGROUND

- ✘ Classification and Salary Plan governs various aspects of compensation for unrepresented executives and managers
- ✘ Current system largely unchanged since 2006 - does not provide for automatic annual merit increases nor contemplate cost of living adjustments

PHASE ONE CHANGES

- × Immediate – adjust salary ranges by 3% & standardize (four managers allocated to entry salary - \$35K)
- × Immediate – increase supervisory differential from 3% to 5% (absorbed by department budgets)
- × Immediate – CEO ability to adjust salary to retain, address issues, & for special projects/assignments
- × October 2015 – market/equity adjustments; criteria includes length of time in class and distance from market (1% budgeted)
- × January 2016 – merit increases; 0% to 6% based on performance (3% budgeted)

FUTURE ANTICIPATED CHANGES

- ✘ Market-based management compensation philosophy
- ✘ Revised classification structure with better descriptors for clarity
- ✘ Convert from broadband pay ranges to steps
- ✘ Revised performance management system

COMPENSATION PHILOSOPHY

- ✘ Set and maintain compensation to attract, retain, and manage within financial resources
- ✘ Establish and maintain competitive pay ranges (based on relevant market and similar jobs)
- ✘ Link salaries to level of responsibility, performance, contribution to the organization, and delivery of quality service
- ✘ Move to market in a reasonable amount of time
- ✘ Maintain internal equity
- ✘ Provide an appropriate supervisory differential

CLASSIFICATION STRUCTURE

- × Levels would include:
 - + Assistant CEO
 - + Department Head
 - + Deputy CEO
 - + Assistant Department Head
 - + Division Manager
 - + Department Program Manager I/II
 - + Manager I/II (non-departmental programs)

REMAINING PAY SYSTEM CHANGES

- ✘ Convert from broadband ranges to step ranges
- ✘ Ranges based on market data (median salary of benchmarked classes & slotting)
- ✘ Use same criteria for new hire and promotion salaries
- ✘ Move to Fiscal Year performance evaluations
- ✘ Civil Service Rule changes needed

PAY RANGES

CURRENT



NEW

Entry A-1 \$42.44	A-2 \$43.71	A-3 \$45.02	B-1 \$46.37	B-2 \$47.76	B-3 \$49.19	C-1 \$50.67	C-2 \$52.19	C-3 \$53.76	Excep- tional D-1 \$55.37	Excep- tional D-2 \$57.03	Excep- tional D-3 \$58.74
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HOW PAY RANGES WOULD WORK

Entry A-1 \$42.44	A-2 \$43.71	A-3 \$45.02	B-1 \$46.37	B-2 \$47.76	B-3 \$49.19	C-1 \$50.67	C-2 \$52.19	C-3 \$53.76	Exceptional D-1 \$55.37	Exceptional D-2 \$57.03	Exceptional D-3 \$58.74
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- ✘ Managers with salaries currently below A-1 would be allocated to A-1 (salary increase)
- ✘ Most managers would get some sort of increase at allocation – estimated cost 1.7%
- ✘ Approximately 30 managers whose salaries are already higher than C-3 would be Y-rated (may change by next year)

MERIT INCREASES

- ✘ Annual merit increase structure:
 - + Needs improvement – no merit increase
(improvement plan and reevaluate in six months)
 - + Successful performance – one step (3%)
 - + Exceptional performance – two steps (6%)

- ✘ One- or two-step merit increases available up to C-3; (D-steps reserved for exceptional performance; maximum one step per year)

MERIT INCREASES (CONT'D)

- ✘ At minimum, 4% to 5% needed annually to fund merit increases in new pay system (3% currently planned in financial forecast)
- ✘ More review required to ensure it can be implemented and is financially sustainable in the future

HOW THE PAY RANGES WOULD WORK

Entry A-1 \$42.44	A-2 \$43.71	A-3 \$45.02	B-1 \$46.37	B-2 \$47.76	B-3 \$49.19	C-1 \$50.67	C-2 \$52.19	C-3 \$53.76	Exceptional D-1 \$55.37	Exceptional D-2 \$57.03	Exceptional D-3 \$58.74
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- ✘ Could hire or promote up to C-3
- ✘ Supervisory differential to the step that provides for at least a 5% difference, up to C-3
- ✘ Annual equity/market increases would be available to those on steps A-1 to B-3 (3% or 6%, depending on performance rating) – estimated funding 1%

PERFORMANCE MANAGEMENT SYSTEM

- ✘ Working group put on hold
- ✘ Plan to resume work later this year
- ✘ Design improvements to the performance management system and convert to a fiscal year evaluation/merit increases

TODAY'S RECOMMENDED ACTIONS WILL

- ✘ Align Resolution with Civil Service Rule language
- ✘ Increase supervisory differential from 3% to 5%
- ✘ Implement January 2016 merit increases within budgeted amount +/- \$500 per department; 0% to 6% based on performance
- ✘ Market/equity adjustments within budgeted amount
- ✘ Special assignment/project pay (5% to 10%)
- ✘ CEO ability to make off-cycle salary adjustments
- ✘ Adjust/standardize pay ranges within budgeted amount