

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**

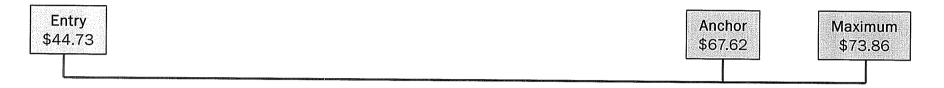
- \* Levels would include:
  - + Assistant CEO
  - + Department Head
  - + Deputy CEO
  - + Assistant Department Head
  - + Division Manager
  - + Department Program Manager I/II
  - + Manager I/II (non-departmental programs)

## 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

The Party of Charles and Mark The Carlotter of	2 A-3 3.71 \$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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# **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