CITY OF TURLOCK COMPENSATION STUDY OVERVIEW
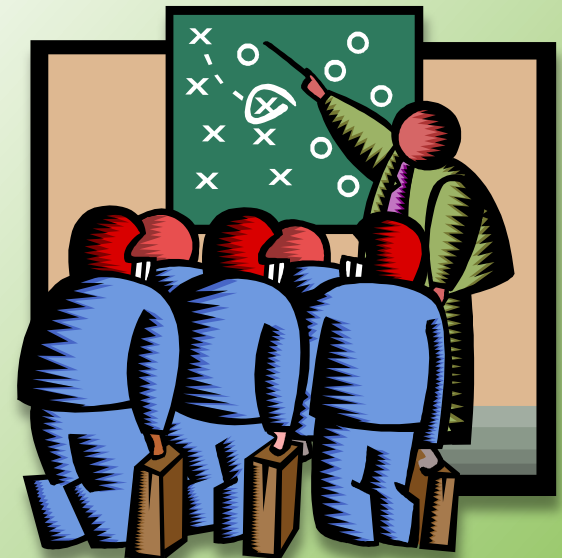
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Learning Program

❖ Understand Survey Process

❖ Compensation Philosophy

❖ Compensation Plan Elements

❖ Comparability Surveys

Project Steps

❖Select Consultant

❖Define Key Study Elements

❖Conduct the Study

❖Report Study Findings

Project Values

- ❖ Inclusion
  - ❖ All stakeholders

- ❖ Education
  - ❖ Understanding how's and why's

- ❖ Transparency
  - ❖ Process and outcomes
  - ❖ Open to dialogue
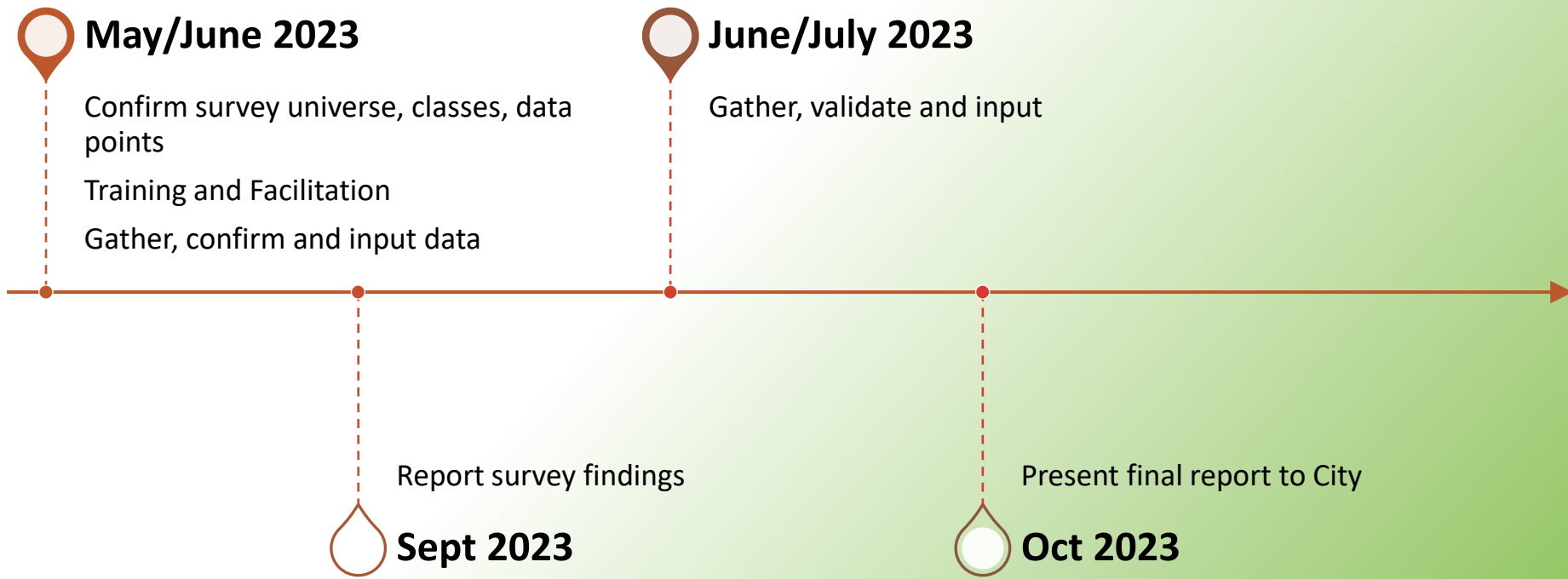
Consultant

Background

- Extensive public sector labor and employment experience
- Familiar with central coast compensation issues
- Extensive experience with public sector classification plans

Roles and Responsibilities

- Consult with staff
- Conduct survey
- Report survey findings

Project Schedule and Milestones

May/June 2023

Confirm survey universe, classes, data points

Training and Facilitation

Gather, confirm and input data

June/July 2023

Gather, validate and input

Report survey findings
Sept 2023

Present final report to City
Oct 2023

Compensation Program Predicates

Compensation Philosophy

Classification Plan

- Contemporary structure corresponding to organization
- Accurate allocation of positions to classes
- Will conduct study following compensation survey. May elect to resurvey for some classes

Valuation Principles and Strategies

- Internal valuation based on compensable factors
- External valuation based on market surveys

Compensation Philosophy

❖ Defines objectives and key elements of the compensation plan
   ❖ Connects pay and organizational strategies

❖ Compensation Philosophy
   ❖ The City is committed to providing **competitive compensation** as part of an overall strategy of **attracting and retaining** well qualified employees who exemplify our organizational values.

❖ Pay Balance
   ❖ Pay vs benefits
   ❖ Individual pay vs entitlements

❖ Structure
   ❖ Steps, width, method of advancement

Compensation Plan

❖ Goals of the Compensation Program
 ❖ Recruitment, retention, reward
  ❖ Ensure market competitiveness
  ❖ Ensure equity (internal and/or external)
  ❖ Reward desired behaviors
  ❖ Enable equitable, orderly and efficient administration of the compensation plan

Compensation Surveys

❖Objectives

  ❖Confirm market competitiveness

  ❖Provide objective and verifiable information as basis for informed decision making

  ❖Monitor market movement and developments in the labor 'market'

Compensation Surveys

Benchmark compensation surveys involve the <u>systematic collection, analysis, and interpretation</u> of data related to employee compensation within an organization or across multiple organizations (external and internal)

The goal of compensation surveys is to gather information about various compensation components, such as salaries, benefits, and other forms of monetary and non-monetary rewards.

The goal of compensation survey analytics is to apply statistical and data analysis techniques to gain insights and make informed decisions regarding employee compensation.

Survey Steps

Design Survey
Collect Data
Validate Data
Analyze Data
Visualize Data

Design requires the definition of

- ◦ Survey scope, objectives, and deliverables
- ◦ Survey comparators
- ◦ Classes/skill sets to survey
- ◦ Survey data points

Comparability Surveys

Comparability Survey Issues

❖**Survey scope, objectives, and deliverables**
❖Survey universe
❖Survey classes
- Benchmarks, individual classes, hybrid
❖Survey data points
- Cash, benefits, paid time off, etc.

Other Survey Issues

❖Frequency
❖Statistical considerations
❖Reporting/Visualizing the results
❖Implementing the results

Comparability Universe Selection Criteria

- ❖ Recruitment and retention
  - ❖ Employers with whom you compete for talent – recruitment and retention
  - ❖ Employers located where your employees and applicants reside

Comparability Universe Selection Criteria

❖Employers who share similar characteristics:
  ❖Proximity
    ❖Define appropriate distance
    ❖May vary by occupation
  ❖Demographics
    ❖Population
  ❖Community wealth
    ❖Income
    ❖Home values
  ❖Government
    ❖Type
    ❖Budget and source of funds
    ❖# of Employees

Comparability Universe

Clovis

Davis

Livermore

Lodi

Manteca

Merced

Modesto

Pleasanton

Tracy

Woodland

Benchmarks

Definition

❖A class which is representative of a group of classes for pay purposes
❖Sufficient to serve as a salary reference point for other classes
  ❖Others can be set above, below or at the same level

Characteristics of survey benchmarks

❖Typically journey level
  ❖Management classes may be an exception
❖Readily available counterparts
❖Relatively stable
  ❖Not prone to significant changes in form over a short time period
❖Representative of a sizable proportion of the workforce

Benchmarks

Account Clerk II
Accountant II
Animal Services Officer
Building Inspector II
Civil Engineer, Associate
Code Enforcement Officer
Crime and Comm Info Analyst
Electronic/Instrument Tech
Emergency Service Dispatcher II
Evidence and Property Spec II
Exec Asst to CM/City Clerk
Fire Chief
Firefighter
Fire Prevention Inspector
Fleet Maintenance Mechanic II
Housing Program Specialist II

Human Relations Analyst
Information Tech Analyst II
Laboratory Analyst II
Land Surveying Tech II
Maintenance Worker II
Planner Associate
Police Chief
Police Officer I
PW Construction Inspector
Public Works Director
Purchasing Specialist
Recreation Supv
Staff Services Analyst
Staff Services Assistant
Transit Analyst
Utility Maint Wkr II
Wastewater Operator II
Water Treatment Plant Operator II

Data points - Cash

- Base pay
  - Minimums vs. midpoints vs. maximums
    - **Using min and max for survey**
  - Broad bands
  - Control points

- Individualized Pay
  - Bonus and performance pay
  - Cash supplements
    - **Using some added pay for safety classes**
  - Education and Training
  - License/certification
  - Working condition or skill premiums
    - Maximum or indexed

Data Points - Benefits

❖Health and related insurance
- ❖ **<u>Using family plan</u>**
- ❖Maximum
- ❖Employer and employee contributions
- ❖Co-pays and deductibles
- ❖Benchmarked at an index level (plan and number of dependents)

❖Retirement
- ❖ **<u>Using Classic and PEPRA</u>**
- ❖Employer cost
  - ❖Normal
  - ❖Unfunded Actuarial Accrued Liability
- ❖Pickup of mandatory employee contribution (no longer relevant under PEPRA)
- ❖Social security
- ❖Deferred comp
- ❖Employee contributions
- ❖Other retirement supplements (PARS)

Data Points - Paid Time off

❖Holidays
  ❖Legal
  ❖Personal/Floating

❖Sick leave
  ❖Annual accrual
  ❖Caps

❖Vacation
  ❖accrual by length of service

❖Administrative leave

❖Cash out of unused leaves (sick leave or admin leave)
  ❖Annual
  ❖Retirement

❖**<u>Survey will not include PTO</u>**

Visualizing Survey Outcomes

❖ Measures of Central Tendency
  ❖ Mean
  ❖ Median
  ❖ Mode

❖ Other Measures
  ❖ Rank
  ❖ Percentiles

Communicating Survey Outcomes

- Reports
  - Prepare narrative summary of methods and other relevant study information
    - Include or reference source data
  - Spreadsheets or Tables
    - What is message
    - Identify Position

Internal Relationships

- Recognize and reconfirm historical relationships

- Vertical and horizontal orientations

- Vertical
  - Create promotive incentive
  - Avoid compaction

- Horizontal
  - Recognize valuation differential
    - Use of factor evaluation

- Setting value based on ranking

- Using external data to set internal relationships

Compensation Study

- Questions & Discussion