

Classification & Compensation Study

Executive Summary

The City contracted with Management Advisory Group International, Inc. (MAG) to conduct a salary and compensation study for City classifications. MAG's findings and recommendations are based on:

- salary survey results;
- job information from employees and their supervisors;
- a job profile analysis based on input from employees and supervisors; and,
- assisting Schertz in options to increase external competitiveness.

The goal of this project was to provide the foundation for an appropriate classification and compensation system and pay plan based on current compensation levels for peer and competitor public employers as well as private sector wage information. The objectives of the study were to: 1) conduct job analysis of included City classifications; 2) gather salary and compensation data from similar/competitor organizations; 3) develop a revised classification plan; 4) provide a Benefits Analysis and, 5) develop a revised compensation and pay plan.

In response, MAG has developed a proposed pay plan and salary adjustment recommendations for current City employees.

Study Methodology

The study methodology included:

- collection of current City budget, personnel, and organizational background information;
- development, distribution, collection, and analysis of Job Profile Questionnaires©;
- identification and selection of comparable agencies for the market salary survey;
- identification of classification benchmarks;
- analysis with recommendations concerning the relative ranking of City positions to develop a classification plan that will ensure internal equity; and
- a salary/wage survey and analysis.

Job Profile Questionnaires

MAG evaluated the included City classifications in order to assign positions to an appropriate pay range. Information about employee jobs was collected through a Job Profile Questionnaire© (JPQ). The questionnaire was available online, through MAG's website, and was made available to all incumbents in included City classifications. MAG collected responses from 297 of the 342 potential respondents for a response rate of 86.8%. The JPQ asked employees to rank their job in each of the above areas and provide written comments about their tasks in each area. Based on this information, each job class was evaluated by MAG's unique Job Evaluation System. The evaluation from this system resulted in an evaluation of each job and established the relative ranking of positions within the compensation system.

Market Salary Survey

The Market Salary Survey reflected the variety of duties and responsibilities in which City employees engage. In a collaborative effort with City management, MAG developed a list of target organizations to be surveyed. Upon City approval of the target list, the survey instrument, and the benchmark classifications, MAG conducted the survey and performed the technical analysis and evaluation.

Organizations typically included as targets in a salary survey are those that are:

- competing with the City for employees, for either lower level or higher level positions;
- geographically situated in such a fashion as to almost automatically be considered a competitor;
- structured similarly to the City, or providing similar types of services;
- attractive to highly valued City employees for one reason or another; and,
- within a reasonable commuting distance.

The proposed salary ranges for the pay plan are the result of both job analysis and a market salary survey of target organizations.

There were 50 job classes included as benchmarks in the survey, identified in collaboration with and confirmation by the City. Classes were chosen to reflect a cross section of the types, levels and organizational areas within the City. The titles were considered to be representative of the various functional areas within the various work areas/units. The data from the survey was used to assist with the classification of the various jobs within the pay structure. *It is important to note, however, that the market study simply serves as an indicator of market trends and, consequently, the internal job analysis is the most critical element in determining pay grade assignment.*

Proposed Pay Plan and Structure

MAG has developed a revised pay plan for all positions included in the study. The proposed pay plan is an open range plan. The City currently uses a grade and step compensation plan. However, the open range approach is less structured and allows for the recognition of variable employee performance. It is also much less costly to implement an open range pay structure. This approach has the benefit of flexibility and does not obligate the employer to increases based only on tenure.

Market Position

Current Market Position

Overall, the survey data indicates that the City generally lags the market about 16% at the midpoint. This is to say that the City currently pays at about the 34th percentile.

Proposed Market Position

MAG first prepared implementation reports to bring the City to 100% of the market, or the 50th percentile. However, due to the City’s financial constraints, MAG prepared an alternative option to bring the City to 97% of the market, or the 47th percentile. **Staff recommends implementation at the 47th percentile.**

Position & Cost Summary

Cost Summary

Current Payroll	\$18,721,085
Proposed Payroll plus FICA	\$19,957,310
% Change in Total Payroll	6.60%

Adjustment To Minimum*	\$427,816
Adjustment to Market**	\$808,409
Total Applied Adjustments	\$1,236,225

Position Summary

# of Positions reviewed:	368
# Adjusted To Minimum:	140
# Adjusted Toward Market:	241
# Not Adjusted :	86

*Adjustment to Minimum – adjustment to salary to bring a person/position up to the new proposed minimum salary range.
 **Adjustment to Market – adjustment to salary to maintain an incumbent’s depth penetration in their current range. This is an effort to maintain the merit system.

Budget Summary

- FY 19-20 - \$275,000 (YEAR 0)
- FY 20-21 - \$250,000 (YEAR 1)
- FY 21-22 - \$250,000 (YEAR 2)
- FY 22-23 - \$250,000 (YEAR 3)
- FY 23-24 - \$250,000 (YEAR 4)

We have a total of \$1.275M budgeted over the next five years for implementation of Class & Comp.

Implementation Timeframe

MAG recommends implementation beginning October 1, 2020. Staff recommends an accelerated implementation beginning July 1, 2020 (budgeted funds available).

City staff is working on implementation strategies and options that will facilitate a fair, equitable and “characteristic neutral” approach to transitioning to the new pay plan within the budgetary constraints of the City.

MAG’s implementation recommendations would accomplish the following:

- Bring about internal salary equity for employees;
- Greatly simplify the salary plan for internal administration;
- Provide a simple, easy to understand plan for employees;
- Freeze any salary that exceeds the range maximum;
- Simplify future adjustments to the structure to accommodate market changes.

Benefit Analysis

MAG completed a comparative benefit analysis, and the results are included with the report; though, they did not provide recommendations for changes to benefits. Looking at the City’s comprehensive benefit offerings, the City appears to be competitive overall. Based upon a recent news release from the Bureau of Labor Statistics, total benefits account for 37.7% of compensation of local government employees (national average). Finance has confirmed that the City is right about 37.76% (though individual positions may vary due to overtime, certification pay & Worker’s Comp).

Series	Total compensation ¹		Wages and salaries		Total benefits		Paid leave		Supplemental pay		Insurance		Retirement and savings		Legally required benefits	
	Cost (\$)	Percent	Cost (\$)	Percent	Cost (\$)	Percent	Cost (\$)	Percent	Cost (\$)	Percent	Cost (\$)	Percent	Cost (\$)	Percent	Cost (\$)	Percent
State and local government workers.....	52.14	100.0	32.50	62.3	19.63	37.7	3.89	7.5	0.51	1.0	6.08	11.7	6.30	12.1	2.86	5.5

Given the City’s financial constraints, staff recommends that all budgeted and available funds for Class & Comp implementation be allocated to adjusting wages.