



Employee Class and Compensation Study Results

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Background

- Initiated study in late 2019
- Consultant: Management Advisory Group, Inc (MAG) to conduct our study
- Pandemic delayed final results



Post-COVID Updates

- Consultant re-examined the numbers due to recent changes in the economy.
- Department Directors provided on-going feedback.
- MAG incorporated feedback into the final report.



A Compensation Study...

- Analyzes current pay practices.
- Determines if they are competitive for your labor market.
- Should examine overall salary structure at least every 3-5 years. (Society for Human Resources Management)



Why Now?

- Our last comprehensive Compensation Study was completed in early 2014.
- We conducted a small study in 2017.
- Our Base Pay is lagging in the Labor market for great candidates.



Town of Chapel Hill, NC Classification and Compensation Study Presentation



January 12, 2022

MAG COMPANY BACKGROUND

- The Principals of MAG International, Inc. have a proven track record in providing in-depth management and human resource consulting services for over 25 years in more than 40 states.
- Our clients range from various state and local government agencies to many Municipalities, Counties, Utilities, EMS, Police, and Fire organizations nationally.
- MAG principals have completed over 500 similar compensation studies over the years, including many in North Carolina.



This project **IS NOT** designed to:

- Identify staffing levels.
- Reorganize departments or functions.
- Evaluate individual employee performance/capabilities.
- Guarantee salary increases.
- Recommend salary decreases.

Town Goals/Expectations For Study.....

- Perform a review of the existing classification plan.
- Perform a market salary survey of identified labor markets.
- Examine and compare benefits in relation to other Local Governments.
- Review specific identified job descriptions and place them in the pay plan at the appropriate level.
- Provide recommendations for salary administration guidelines.
- Prepare one or more pay plan option schedules.



Approach & Methodology

- ✓ Identified jobs where recruitment and retention are concerns.
- ✓ Gathered salary and compensation data from competitor organizations;
- ✓ Reviewed job descriptions to validate classification duties and responsibilities.
- ✓ Evaluated each position within the study using MAG's 14-point criterion to establish internal relationships for equity.
- ✓ Recommended Changes to selected job titles to reflect work being done.
- ✓ Recommended policy changes to support new system.
- ✓ Developed implementation/transition costs.



Job Factors (Criterion)

- Data Responsibility
- Judgment
- People Responsibility
- Complexity of Work
- Assets Responsibility
- Impact of Decisions
- Education
- Equipment Usage
- Physical Demands
- Communications
- Math
- Unavoidable Hazards
- Safety of Others
- Experience



Targeted Agencies/Employers

- City of Raleigh, NC
- City of Durham, NC
- City of Greensboro, NC
- City of Charlotte, NC
- City of Burlington, NC
- Town of Carrboro, NC
- Town of Cary, NC
- Town of Apex, NC
- Town of Holly Springs, NC
- Wake County Schools, NC
- Alamance County, NC
- Durham County, NC
- Guilford County, NC
- Orange County, NC
- Wake County, NC
- O*NET
- Chapel Hill-Carrboro Schools, NC
- UNC-Chapel Hill, NC



Market Survey Results

- ✓ Overall, results show that surveyed Town positions lag the market at each level of the pay range:
 - ✓ At minimum: - 8.5%
 - ✓ At midpoint: - 9.0%
 - ✓ At maximum: - 9.2%



Market Survey Results Cont'd.....

- ✓ Examples of positions that have competitive market hiring rates :
 - ✓ Library System Manager
 - ✓ Fire Captain
 - ✓ Transportation Director
 - ✓ Public Works Director
 - ✓ Facilities Supervisor
- ✓ Examples of positions that have below market hiring rates:
 - ✓ Police Officer I
 - ✓ Planner
 - ✓ Solid Waste Collector
 - ✓ Budget Analyst
 - ✓ Fire Battalion Chief



Additional Recommendations

- Phase I: Bring any employee whose current pay is below the minimum of the new pay ranges up to the proposed minimum.
- Phase I: Give all current employees a general increase to address salary compression. Increase should be based on employee's current salary and in addition to any across the board increase.
- Consider developing a future Step-and-Grade pay plan structure for police, fire and transit operators to improve recruitment and retention.
- Starting July 1, 2023, the Town should consider adjusting the pay ranges on all plans based on a review of the Employment Cost Index (ECI), which is published by the federal department of labor.

Additional Recommendations Cont'd.....

- Reclassification requests should be limited to once a year and coincide with the annual budget process.
- Reinstate the Merit or Performance Pay program to recognize top performers. We recommend each department is allocated 2% of current payroll to distribute.
- Enhance the tuition reimbursement program to assist Town employees who are pursuing an Associates or Bachelors degree.
- Based on the police incentives suggested by MAG, adopt those deemed most impactful and fiscally sound for the FY'23 to address recruitment and retention issues.
- To address issues such succession, professional development and turnover, HR should develop a multi-year workforce plan and update annually.



Any Questions?



Phased Implementation

Goal: recognize the high level of service provided by our employees.

Goal: remain competitive with other employers in our region.

The final recommendations far exceeded our original estimates – use Phased Implementation.



- **Phase I** will bring all our Permanent employees up to the new minimums.
 - We recognize this will increase our existing Salary compression for existing workers who are not moved up.
- **Phase I** will begin to address compression



Compression

- Address initial compression during Phase I by providing increases to those who are not being adjusted.
- Continue to work on the existing compression issues while keeping pace with our labor market trends.

Phase I Implementation Costs

- FY 2022 cost estimate
 - Total cost = \$987,633
 - General Fund cost = \$774,379
- FY 2023 cost estimate
 - Total cost = \$2,668,439
 - General Fund cost = \$2,113,979
- If Council approves implementation, we will include total cost in FY 2023 base budget projections.

Recommendations

- Consider the recommendations of the Study and New Pay Plan
- Consider additional funding to implement Phase I
- Consider additional funding to start addressing Compression
- Review other recommendations and return to Council

