



Classification and Compensation Plan Review

Council Update and Compensation Philosophy

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Agenda

- City's Objectives
- Methodology
- Key Deliverables
- Job Evaluation
- Total Compensation Market Assessment
- Results
- Leadership and Union Feedback
- Next Steps and Implementation

City's Objectives

Objectives of the City of Columbia's project are to ensure that:

1. Staff are appropriately classified into the correct job title
2. Job descriptions are reflective of the work **currently** being done by employees
3. Relationships among jobs are consistent and objective
4. Total compensation is market competitive
5. The performance management system sets and measures effective goals and consistently links pay to performance (where applicable)
6. Drivers of individual pay are equitable and quantifiable, with outliers identified and explained

The primary goal of this project, therefore, is to ensure that the classification and compensation system is:



Accurate



Equitable



Market Sensitive

Methodology



Project Initiation

- Conduct initial meetings and stakeholder interviews
- Understand current situation and desired outcomes
- Gather required information
- Develop communication strategy, work plan, and timeline
- Review/update compensation philosophy



Classification Analysis

- Develop JDQ and conduct employee presentations
- Analyze job titles and coordinate employee interviews
- Develop classification structure and recommend individual position assignments
- Apply Segal Evaluator™ job evaluation approach
- Develop job descriptions



Total Compensation Market Assessment

- Finalize approach and methodology
- Validate market and determine benchmark jobs
- Collect and analyze total compensation data
- Determine the City's total compensation market position
- Prepare and deliver report



Recommendations Development

- Design a recommended salary schedule or schedules
- Recommend pay grade assignments
- Conduct pay equity analysis
- Review existing performance management system
- Develop implementation plan
- Calculate cost impact
- Assist with implementation and conduct training



Present Final Results

- Prepare presentation materials
- Present results to decision makers
- Conduct training and knowledge transfer

Key Deliverables



Classification Structure/Job Architecture

Redesigned job architecture, custom job evaluation system, career ladders, distinguishing characteristics among levels in a job family, standardized titles, updated job descriptions



Total Compensation Market Assessment

Public and private sector benchmarking, comparisons by peer, job title, etc.



Salary Structure(s)

New salary structure(s) reflecting the revised alignment of positions and the market data collected

**Still work in progress, pending Council compensation philosophy decision*



Pay Equity Analysis

Statistical analysis performed, variables impacting pay differentiation determined, outliers identified

**Pay Equity analysis to be based on final recommendations*

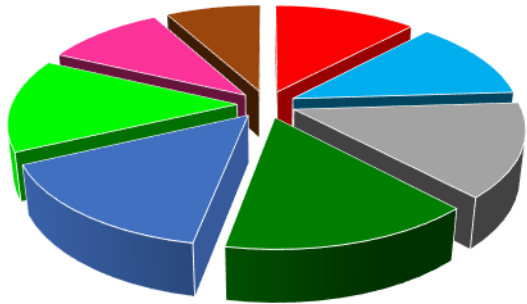


Implementation and Administrative Guidelines

Implementation/communication strategy and a framework for keeping the new program up to date going forward

Analysis was conducted internally to ensure consistency and objectivity

Segal Evaluator™



- | | |
|--------------------------------------|-----------------------|
| ■ Formal Education | ■ Work Experience |
| ■ Management/Supervisory | ■ Human Collaboration |
| ■ Freedom to Act & Impact of Actions | ■ Knowledge & Skills |
| ■ Fiscal Responsibility | ■ Working Conditions |

Segal Evaluator™ determines internal equity:

- Measures factors common to jobs across departments, workgroups, disciplines, etc. (***it's objective***)
- Quantifies differences that exist in the types of work being done (***it's consistent***)
- Involves stakeholders in the definition of internal relationships (***it's reliable***)

Segal Evaluator™ provides for the City:

- An organization-wide hierarchy, which establishes internal equity
- A complementary approach to market data structure development
- A quantitative methodology for maintaining the classification structure

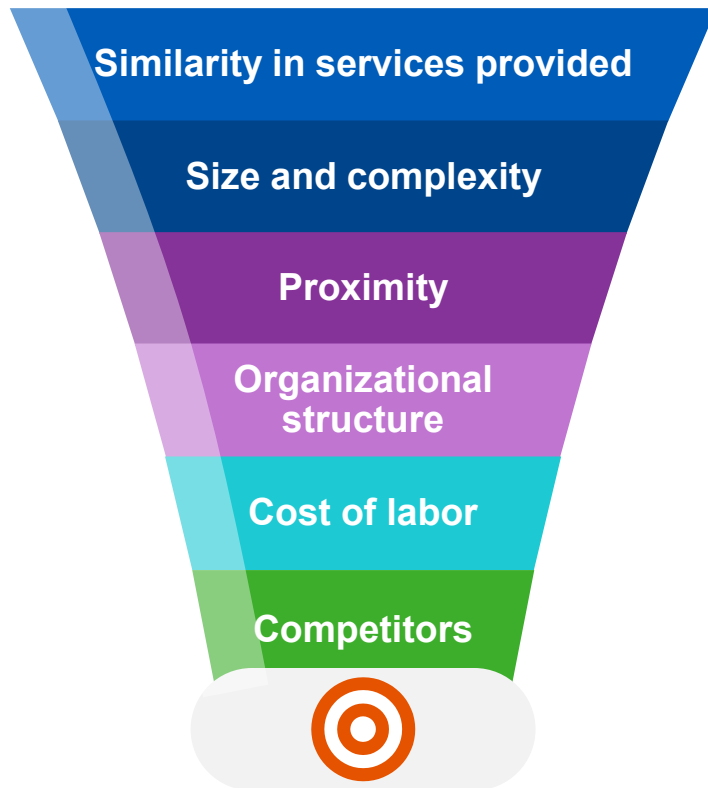
Segal Evaluator™ is a systematic process that, along with market data, helps ensure equal pay for equal work.

Extensive total compensation data was gathered to assess the City's current market competitiveness

Total Compensation Study Approach



Criteria for Peer Agency Selection



- 1 | Agencies most likely to have matching jobs are those that provide similar or overlapping services, and structure pay accordingly.
- 2 | Organizations similar in size and complexity are likely to have a broad enough employee base for meaningful comparisons.
- 3 | Across many positions, those most likely to work for the City of Columbia will be in proximity to the work that needs to be performed.
- 4 | Similar organizational structures are most likely to have jobs that can be accurately matched based on content (core functions and minimum qualifications).
- 5 | While the cost of labor will most certainly differ across regions, it's important to use geographic differentials to ensure accurate comparisons.
- 6 | Once you've identified agencies that meet some (though not necessarily all) criteria, it's important that they include historical competitors for the recruitment and retention of talent.

City-Defined Peer Agencies

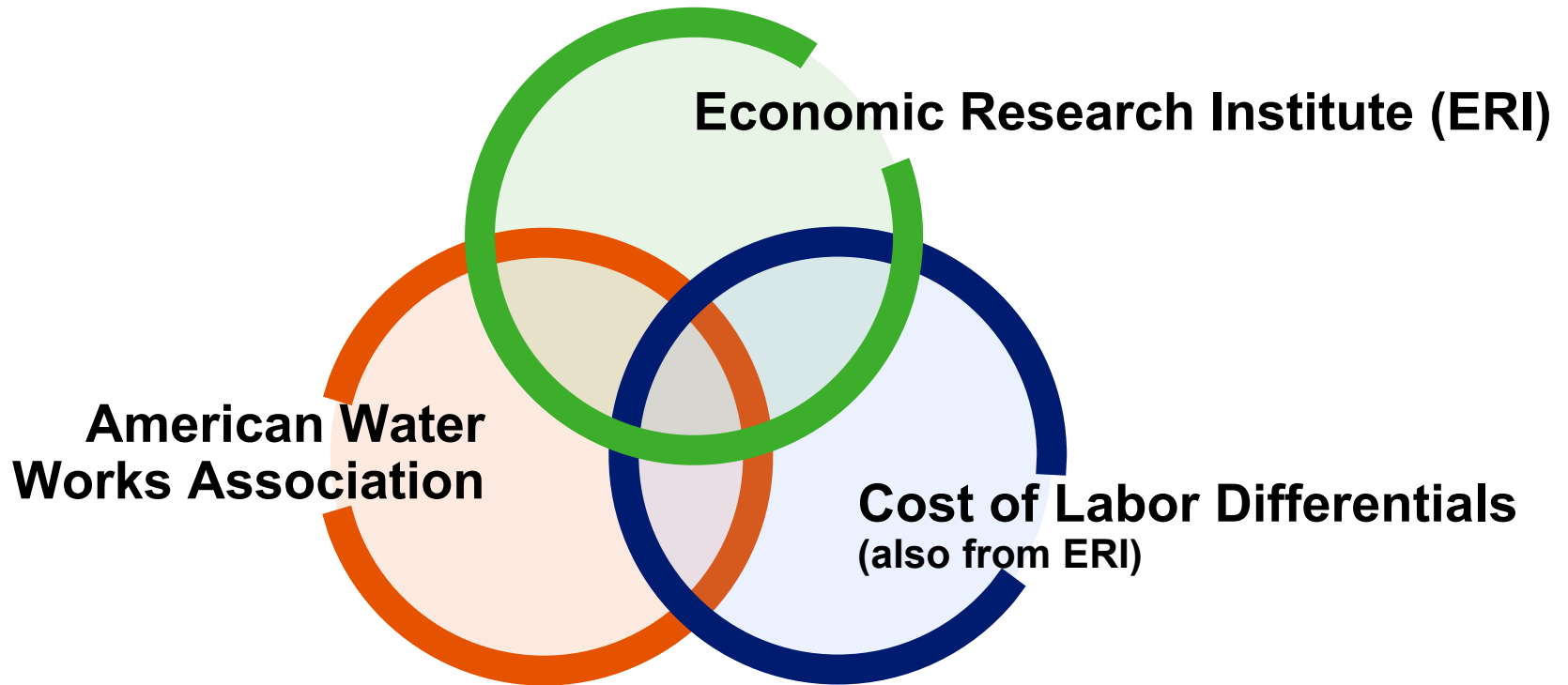
Missouri Cities	Other Regional Cities/College Towns	Other Public Organizations
City of Independence, MO	City of Columbia, SC	University of Missouri
City of Kansas City, MO	City of College Station, TX	City of Springfield, MO Utilities
City of Springfield, MO	City of Fayetteville, AR	State of Missouri
City of St. Charles, MO	City of Lawrence, KS	
	City of Norman, OK	
	City of Tuscaloosa, AL	

External Comparisons

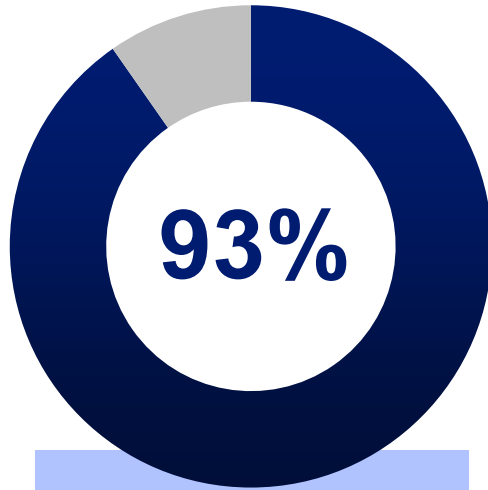


- 100 job titles were included in the custom survey document developed by Segal.
- Stakeholders provided their preferred list of peer agencies during the stakeholder interview process. The City then considered those agencies, and those with the most commonality among departments and services were selected for survey distribution.
- Matches were based on the documentation, analysis, and evaluation of questionnaires completed by employees, and reviewed by the City, to ensure “apples to apples” comparisons within other organizations.
- Published survey data, used to represent the private sector and other large, complex utilities, was incorporated from reputable sources.

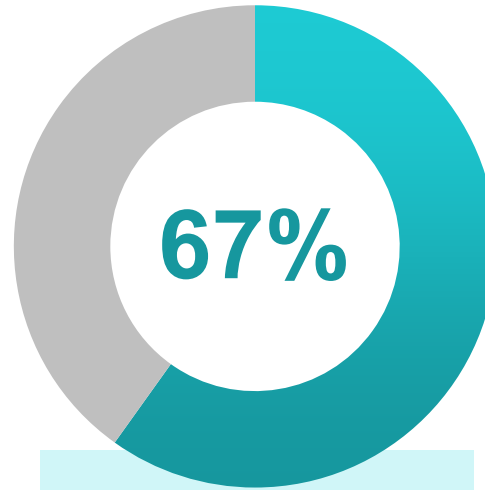
Published Survey Sources



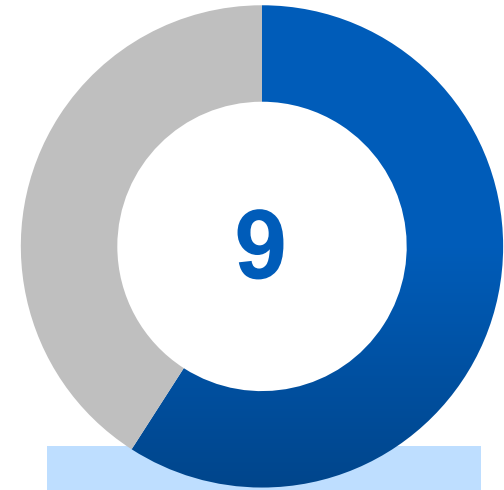
Survey Responses Summarized



Benchmark jobs with sufficient market data for comparisons



Benchmark jobs with at least one published survey source



Average number of matches across all benchmark jobs

Results

Base Pay

City of Columbia as a Percent of Overall Market (Base Pay)

	Base Pay Range as a Percent of Market		
	Minimum	Midpoint	Maximum
Overall Market Position	89%	95%	98%

Figures shown in **red** are below market (less than 95% of the market average)

Figures shown in **black** within the market range (95% to 105% of the market average)

Overall market average excludes benchmark job titles that did not have sufficient data for statistical validity.

Across all jobs, we found the City's base pay ranges are less than market competitive at the range minimum, but competitive at the range midpoint and maximum.

Base Pay (continued)

Market competitiveness varies across individual benchmark titles:

At Pay Range Midpoint	# of Benchmark Jobs
Below Market	46
Market Competitive	34
Above Market	13
Insufficient Data*	7

Overall, the City's base pay range competitiveness varies from 76% to 122% of market.

Total Compensation

City of Columbia as a Percent of Overall Market (Total Compensation)

	Total Compensation as a Percent of Market		
	Minimum	Midpoint	Maximum
Overall Market Position	90%	96%	99%

Figures shown in **red** are below market (less than 95% of the market average)

Figures shown in **black** within the market range (95% to 105% of the market average)

Overall market average excludes benchmark job titles that did not have sufficient data for statistical validity.

From a total compensation perspective, the City's competitiveness increases slightly when factoring in the value of healthcare benefits and retirement contributions that are higher than the market average.

Leadership and Union Feedback

Leadership and Union Feedback



Stakeholder engagement is key to obtaining support for implementation.

- Directors and union representatives were given the opportunity to sign-up for meetings the week-ending January 13. Approximately 24 one-on-one and group sessions were held, with additional follow-up as necessary.
- Each meeting included high-level results, as well as Segal's recommendations for **only** that department's or union's individual positions.
- Recommendations were shown "at market" with the caveat that the **final pay ranges and any implementation decisions** are subject to the City's budget process, applicable union negotiations, and final compensation philosophy (which we're here to discuss today)
- Meetings provided an avenue for feedback or questions about Segal's findings.
- Segal conducted a follow-up session with all directors March 7 to compare and contrast findings across the City to ensure equity and fairness.

Next Steps and Implementation

Salary Structure Development

Purpose

A salary structure defines ranges of pay for jobs within an organization and helps manage:

- Minimum and maximum rates of pay
- Progression of jobs within a career family and across disciplines and work groups
- **The desired position relative to market**

Methodology

- Market data is used as a reference by aligning the average to the midpoint of each grade. Pay range minimums and maximums are determined by average market range spreads.
- Jobs are assigned to the grade with either the midpoint closest to the market average to ensure competitiveness, and/or through the Segal Evaluator™ process described above.

Next Steps and Implementation

Segal has provided the City with a “live” file that assists in calculating implementation costs with several critical caveats:

- Costing is based on the latest census file provided by the City, which wouldn't reflect new hires, terminations, reclassifications, attrition, etc.
- The City still must review and approve the final allocation of employees into the new job titles (all of which have the potential to impact the cost of implementation).
 - Employee allocations are particularly important for multi-incumbent positions that were expanded into a career family or where reclassifications of individual incumbents were needed.
- Cost projections exclude the impact of benefits.
- Implementation for union positions is subject to the City's existing collective bargaining processes, which is ***informed by the Council's decision on how competitive you want to be relative to market***

Next Steps and Implementation (continued)

- The forthcoming Executive Session is designed to get Council's direction on compensation philosophy, or your market position, which influences proposed pay structures.
- With that goal in mind, City staff will begin implementation discussions with unions and, following the collective bargaining process, the compensation philosophy can be solidified.
- City staff can use the Segal model to estimate implementation cost based on those defined parameters.