

Pinal County Compensation and Classification



P I N A L • C O U N T Y

Wide open opportunity

March 30, 2016

History and Purpose



- Soon after seated, the Board expressed the value of county employees in fulfilling the county mission, through inclusion of the following in the County Strategic Plan:
- Strategic Priority 6: Employee Morale, Retention, Recruitment
 - *Strategic Goal: Become the employer of choice by increased levels of empowerment, accountability, competitive compensation which results in attraction and retention of high quality staff*
 - *Objective 6.1: Conduct a compensation and benefits analysis for competitive salary grades and benefits and develop a plan to correct any pay disparity issues that are a consequence of previous year's wage by June 2015 and complete implementation by FY 2017*
 - Organizational culture formation, leadership development, and training efforts in progress as well
 - A combination of these efforts should result in a higher engaged workforce and a reduction in turnover (investments well spent considering the costs of low engagement and turnover)
 - Countywide comprehensive compensation study has not been done since 1992 and the system became inconsistent over time

History and Purpose Cont.

- Initial Board guidance
 - Two foundational factors:
 - What market do you want to be compared to?
 - Where in that market do you want to be placed?
 - County to compete in the average range
 - Have the sworn classifications examined first
- Analysis of sworn positions were compared to Cities, Counties, Cities/Counties and 75 mile radius
 - Study recommended the comparison be made to the aggregate average of cities and counties
 - This approach applied to the rest of the study countywide

Methods



- Employee Outreach
- Current environment review of structure and internal equity
- Job Analysis through Job Assessment Tool
 - Updating of job descriptions and titles
 - Consolidation and new jobs where appropriate
- External market analysis
 - Public Sector Aggregate Average benchmark comparisons
 - Private Sector data gathered and considered where appropriate
- Salary grade placement determined by a combination of:
 - Job classification as determined by Job Assessment Tool
 - Benchmark comparisons and regression analysis
 - Internal equity and hierarchy within department and countywide

Delay



- After receiving the initial data results and working with Evergreen, Elected Officials and Directors, we later discovered that inconsistent parameters were used, primarily:
 - The benchmark for where the county was placed within the market was put at the 60th percentile instead of the aggregate average as agreed upon and applied to the sworn.
 - Where the current salary structure was higher than the market comparators, the salary grades were not lowered, resulting in inequity and inconsistency within the system
- The data had to be recalculated and reapplied throughout the county

Study Results and Recommendations

- 236 classification title changes, 77 new titles, consolidation of job titles from ~560 to 461.
- Revise all job descriptions accordingly, including FLSA status determinations and minimum qualifications
- New pay grade structure to reflect market conditions and Best Practices
 - From 113 pay grades to 25 pay grades
 - Flexibility of wider ranges
 - Jobs are assigned to pay grades based on the aforementioned methodology
 - Move away from the step system to an open range to allow for:
 - Flexibility to increase pay according to financial conditions
 - Flexibility to potentially implement a pay for performance element

Study Results and Recommendations

- There are currently estimated to be 329 county employees with salaries below the minimum of the new recommended pay grades
 - These should be adjusted to the new proposed minimums
 - Cost is approximately \$830,000 in wages (All funds)
- 65% of County employee salaries were in the first quartile of their salary ranges (“compression”)
 - Relatively low years in classification
 - No step increases in 7 years: COLA increased the ranges and One-time payment did not result in a step increase. If steps were given, compression would be closer to the mid.
- Maintain the system as needed based on market conditions and comprehensively every 5 years
- Update pay policies for moving employees through the pay plan (e.g. across the board/pay for performance, etc...), new hire salary placement, promotion, demotions, transfers

Next Steps



- Phase 1
 - Agenda item to bring salaries to the minimum of the proposed salary ranges
 - Creates new minimum hiring ranges and titles for those jobs
- Phase 2 (Compensation Committee)
 - Adopt new pay grades and jobs/classifications
 - Placement of current employees in new pay grades
 - Policies/Procedures for hiring salaries, promotions, demotions, and transfers
- Phase 3 (Compensation Committee)
 - Policies for how employees will progress through the pay grades in the future
 - Potential changes to vacation and sick leave policies

Retroactive Pay



- Considered, but became problematic due to the following:
 - Length of time due to delay
 - Administrative burden/complexity
 - Overtime, retirement, grant funded adjustments
 - Employee Personal Tax/Benefit Implications
- Recommendation to provide a one time issuance of 8 hours vacation to all current employees
- Change vacation roll over from Sept 30 to calendar year

Compensation Committee



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- Committee formed to evaluate the study recommendations, develop policies and bring recommendations to the Board of Supervisors
- The membership in the committee was designed to represent the various dynamics of the county:
 - Elected and appointed offices
 - Departments of various sizes
 - Various types of technical and professional expertise
 - Committee needed to be representative, yet small enough to function optimally

Committee Members



- Pat Beckwith – Chief Deputy Treasurer
- Elsa Montiel – Chief Deputy Clerk of the Superior Court
- Ben Cook – Pinal County Deputies Association (PCDA)
- Harry Grizzle – Deputy Chief Sheriff
- Chris Keller – Chief Deputy County Attorney
- Himanshu Patel – Community Development Director
- Tom Schryer – Public Health Director
- Steve Frazier – Chief Information Officer
- Patrick Camunez – Interim Human Resources Director
- Leo Lew – Assistant County Manager

Compensation Committee Cont.



- Have been meeting 2-3 hrs weekly since late January
- Brainstorm and research ideas and best practices from other agencies
- Debate pros and cons of different ideas and practical effects on departments
- Develop and clarify policies and procedures as a group with all voices and ideas examined
- Test ideas to confirm that the applications meet the intended purposes
- Board objective to find a balance of giving Elected Officials and departments flexibility along with accountability

Committee Guidance (Phase 2)

In Development

- How should current employees be placed into the new pay structure?
 - Options supplied by consultants:
 - Current Range Penetration
 - Does not address compression
 - New pay ranges are broader
 - 7 years to midpoint capped at midpoint
 - Cost prohibitive
 - Those over the midpoint treated significantly different
 - Time in job - 25 year progression (Committee Recommends)
 - Gives credit for years worked in that job
 - Assists decompression while addressing internal equity
 - Similar in principle application to our existing system
 - Annual Cost approximately \$2.2M (All Funds)
 - Split over two years beginning no later than 4th quarter FY17 to enable financial structural balance

Committee Guidance Cont.



- Policies/Procedures (Committee Recommendations)
- Hiring
 - Hiring authorities must submit written justification of all starting salary requests to HR based upon the following:
 - Experience
 - Education and/or certifications
 - Highly specialized professional and/or technical training
 - Difficulties in filling the position or recruiting if applicable
 - Internal department and countywide equity considerations
 - Funding considerations as verified by the Budget Office

Committee Guidance Cont.



- Starting pay guidelines

- For pay grades 101-111 (the majority of the county's employees - 81%)
 - The hiring authority can start pay up to the 1st quartile
 - Requests above the 1st quartile and up to the midpoint may be approved by the Human Resources Director
 - Starting salaries above the midpoint require County Manager approval
 - Example grade 106:

Minimum = \$36,157, 1st Quartile up to \$40,677, Midpoint = \$45,197, Max = \$54,236

- For pay grades 112-125 (more professional level and supervisory)
 - The hiring authority can start pay up to the midpoint
 - Starting salaries above the midpoint require County Manager approval
 - Example grade 114:

Minimum = \$66,970, Midpoint = \$86,996, Maximum = \$107,072

- Recruiting for starting salaries above the midpoint must have prior County Manager approval
- HR will be reviewing all requests in order to ensure equity

Committee Guidance Cont.



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- Demotions
 - Continue the same principle; decrease in salary will be commensurate with the demotion
- Transfers
 - Continue the same principle; pay rate stays the same
- Promotions
 - Employees being promoted will be treated like every other applicant
 - Employees will not be disadvantaged for currently working here and will not have to leave and come back to gain similar standing as external candidates
- Phase 2 desire to be adopted as soon as possible to incorporate structure and jobs into our compensation system while financial system consultants are still on the job – No later than May 4th

Committee Guidance (Phase 3)



preliminary research and discussions

- Salary progression in the future

- Budget considerations – Annual
- Across the board
- Pay for performance
- Hybrid
- Staggered %s example

 | **FY 2015-16 Merit Pay Table**

 **Range Minimum**
  **Range Midpoint**
  **Range Maximum**

Performance Rating	Quartile 1 0-24.99%	Quartile 2 25-49.99%	Quartile 3 50-74.99%	Quartile 4 75-100%	Above Range Maximum
3 - Exceptional	1.80%	1.60%	1.40%	1.20%	1.00%
2 - Successful	1.00%	0.80%	0.60%	0.40%	0.20%
1 - Needs Improvement	0.00%	0.00%	0.00%	0.00%	0.00%

Base Building

Non-Base Building

Committee Guidance (Phase 3)

preliminary research and discussions



- Vacation accruals
 - Too small in the beginning years and too much in the later years, see page 5-17 of the report
 - Challenging to recruit in the beginning and challenging to staff at the end
- Potential to revise the system