City of Denton

Legislation Details (With Text)

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Date	Ver.	Action By	Action	Result

Agenda Information Sheet

DEPARTMENT: **Human Resources**

CM/ ACM: **Bryan Langley**

Date: **August 1, 2016**

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding the compensation and classification study conducted by UM Global HR.

BACKGROUND

At the July 21, 2016, City Council meeting, the Council received information on the following:

- A summary of the issues with our current compensation program;

- An overview of general compensation program principles and objectives; and

- A summary of the salary survey results based on market study conducted by UM Global HR (UMGHR)

As indicated during that meeting, at the August 1, 2016, City Council meeting, UMGHR representatives will share with Council their recommendations for our salary structure (regular, non-civil service positions only), the cost impact associated with the recommended salary structure, and market trends they are seeing for reward and recognition programs.

To recap, below is a high level summary of the process utilized by UMGHR to complete their analysis and make recommendations.

UMGHR conducted twelve (12) "town hall" meetings with employees late February/early March to provide an overview of the project and to get feedback from employees on their perception of the current compensation plan. Over 300 employees attended these meetings. They continued with meetings with department heads (and managers invited by the department heads) in March to gain a better understanding of the following:

- Positions for which department heads and their managers have had difficulty recruiting;

- Challenges they have experienced with the current pay plan and compensation practices; and

- Organizations from which they attract employees or to whom they lose employees.

During the meetings in February and March, employees and supervisors were asked to review job descriptions and provide any needed updates to Human Resources. If a job description was completely inaccurate or the essential duties needed to be defined altogether, employees were asked to complete an on-line Position Description Questionnaire (PDQ).

In May, UMGHR held additional meetings with department heads to share their initial findings of the position analysis and ranking of the jobs under their area(s) of supervision. The rankings were determined by reviewing the job complexity identified in the job descriptions and PDQs. The department heads provided feedback to UMGHR regarding the rankings. UMGHR used this information, along with a more in-depth review through a point-factor analysis and the results of the market study to further classify jobs. In July, UMGHR met with department heads to review their recommended position assignment to pay grades. Adjustments were made based on input from the department heads and final grade assignments were made.

In addition to the internal analysis of our jobs, UMGHR conducted an external analysis with a market survey. UMGHR identified 107 organizations-private and public-to survey. Of the 107 organizations, 69 participated in the survey that was emailed in April. The results of the survey were already presented to the Council at the July 21, 2016, City Council meeting.

Finally, UMGHR conducted an analysis of all of our employees' pay based on their time within the position and how that should compare to others with similar tenure in our organization and in the market.

Using all of the research and analysis outlined above, they have recommended new salary structures for the City of Denton regular, non-civil service positions. They have also made recommendations as to the internal equity increases that should be funded in the FY 16/17 budget. Merit increase funding recommendations were not considered with this study.

Follow up to discussion at the July 21, 2016, Council meeting

During the July 21st Council meeting, there was some discussion about the parameters used to identify the organizations for which UMGHR included in the survey. Councilmembers Wazny and Bagheri requested a change to a couple of the parameters related to the median household income and population size. In discussions with Dan Ulibarri and Elena Mason with UMGHR, they have advised that changing the parameters would not necessarily lower the averages, and in some cases, it would raise them. Elena stated, "Narrowing the parameters can result in even higher averages because in a limited pool of qualified peers, the available jobs that can be benchmarked are generic jobs-typically, generic jobs are jobs in administrative support, and in management or supervisor positions. Highly technical and full-service municipal-specific jobs may not be found." Elena further explained, "Some communities have higher population count and higher median housing value, but the wages are lower than Denton-simply because the municipal entity is very large and employees are hired to specialize in one job and wear only one hat. Most employees are not required to multi-task unless

the position is in management. This is a stark contrast from Denton's non-managerial employees whose nature of the job require flexibility and a different outlook on multi-tasking."

In short, bigger population and higher median household income do not necessarily mean higher salaries for all government employees in that city. In our case, these parameters did not result in data distribution that is skewed toward higher values. In fact, the presence of communities with higher population and higher tax base in our study contributed in a more normalized salary distribution.

Elena conducted the market study and did the data and job description analysis to determine the appropriate matches. As discussed during the July 21st City Council meeting, she did a statistical analysis of the reliability of the data and threw out the outliers. As a result, Dan and Elena do not recommend making any adjustments. Dan and Elena will be available at the August 1st meeting to discuss further if needed.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

A discussion on compensation principles and objectives was held on July 21, 2016, during a City Council special called meeting. Results of the market study conducted by UMGHR was also discussed during this meeting.

FISCAL INFORMATION

With the recommended salary structure, some employees' pay will fall below the minimum of the proposed pay range. Final review of the position grade assignments to ensure equity across the organization still needs to be complete; however, the preliminary cost to move employees' pay to the new recommended minimum rate is approximately $190,000 for the General Fund (approximately $330,000 for all funds). Money has been budgeted in the FY 16/17 budget for increases recommended by this study.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Organizational Excellence**
Related Goal: **1.2 Develop a high-performance work force**

EXHIBITS

Exhibit 1 - UMGHR PowerPoint Presentation - Final Report

> Respectfully submitted:
> Carla Romine
> Director of Human Resources