Pinal County
Compensation and Classification

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

• 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

March 30, 2016
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.

• 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
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