

PAY PLAN/COMPENSATION PHILISOPHY

Issues for further discussion

The Subcommittee met and discussed the list of ideas and areas of interest regarding the pay plan and proposes the following categories or themes for the issues presented (item numbers correspond to the list in the minutes of the 8/14 meeting):

A) Compensate experience appropriately. Also discuss/review why this has not been the case in the past and implications (#1)

B) Evaluate the basic structural elements of the pay plan.

1. Simplify the pay plan. (#4)
 - a) Why are there so many steps?
 - b) What is the basis of relying on the mid-point, and how has doing so affected employee recruitment, retention, and morale?
2. How quickly should employees move through the plan? (#2)
3. Raises and Reclassifications
 - a. Examine types of raises (merit, COLA, market analysis) and their effects on recruitment, retention, compression, and fiscal feasibility of pay plan
 - b. Examine methods of giving raises (percentage, flat amount, bonus, base pay) and their effects on recruitment, retention, compression, and fiscal feasibility of pay plan.
 - c. Review living wage ordinance and related issues (temp workers, organizations that contract with the Town) (#7)

C) Review Organizational/ Management Structure in the Pay Plan Context

1. Examine removing Dept. Heads from pay plan and moving to a specific, goal-oriented evaluation and merit pay system only (#3)
2. Support career development and mentoring (#9)
3. Review for duplication of functions, positions classifications and grades, and compensate appropriately (#10)

D) Review Benefits

1. Examine all benefits and compensation under cost/benefit analysis (#6)
2. Consider cafeteria style benefits plan based on percentage of salary (#8)
3. Review longevity pay and consider its effectiveness in light of timing & amount (#13)

E) Eliminate Compression

1. Identify other pay plan models or tools that address compression (#14)
2. Identify Town policies that alleviate or exacerbate compression, as well as direct remedial models (e.g. Chapel Hill) (#11)
- [3. Review award of merit pay on anniversary date (#12)—already revised by staff]

F) Feasibility

1. Consider fiscal realities when funding pay plan (#5)
2. Develop & explain limitations of plan—fiscal, advancement opportunities, etc. (#15)

As you can see, there is much more work to be done. The subcommittee proposes that before we assign an enormous task to staff, we attempt to both clarify the information we need and begin to prioritize these items as much as possible. Following tonight's discussion (or another one), we suggest that the subcommittee meet again and go through another round of categorization/clarification/condensation.

CONTINUED DISCUSSION ON THE DEVELOPMENT OF A COMPENSATION POLICY FOR THE TOWN

The Mayor and Board of Aldermen received a report from the Compensation Policy Subcommittee and continued its discussion on the development of a compensation policy for the Town.

Alderman Gist asked that merit awards be goal-based for all employees be included in the list for consideration.

Alderman Spalt asked that the following items be considered in the compensation policy: cost to the Town when experienced employees leave the Town's employment; the Town's policy on counter offers to employees leaving the Town's employment; and negative impacts on employees when changes are made to the pay plan.

Alderman Zaffron asked for models that address multiple pay issues similar to Carrboro, including compression, retention and recruitment problems, and simplifying the pay plan.

It was the consensus of the Board to schedule a two-hour work session on September 4th to receive a report from the Town staff on the structural elements of the pay plan and to further discuss the list of ideas and areas of interest for inclusion in the Town's Compensation Policy.

A REQUEST TO AUTHORIZE THE DEVELOPMENT OF A COMPENSATION PHILOSOPHY FOR THE TOWN OF CARRBORO

At the conclusion of the 2001-02 Budget discussions, the Board requested an opportunity to discuss their concerns about the Town's pay plan. The purpose of this item was to provide the Board with an opportunity to identify their interests and concerns about employee compensation and to request that the Board authorize the development of a compensation philosophy for the Town.

The Board members suggested the following ideas be considered:

- When hiring for positions, compensate experienced staff appropriately
- Determine how quickly one moves through steps
- Examine idea of removing departments heads from the pay plan, evaluations should be goal-oriented, salary increases should be merit-based only
- Simplify pay plan
- Consider the financial reality when funding the pay plan
- Maximum effort should be put into base pay and merit pay with an examination of all benefits and compensation and weigh them for a cost benefit
- Establish a livable wage for all employees
- Percentage of salary that goes towards benefits-- employees to choose benefits (including non-traditional benefits)
- Support of career development (mentoring)
- Review duplication of functions (include in management audit) and compensate fairly for the job performed
- How compression affects different employees, what is the Town doing to contribute to compression and what can be done to avoid it (look at Chapel Hill's policy)
- Review pros and cons of merit pay given on anniversary date
- Review of longevity pay, how effective is it in regard to the amount and when it is given
- Identify other models that address compression and other pay issues
- Is it possible to explain the limitations on any pay plan that is developed—not only financial but other limitations that may be a reflection of the Town's size (opportunities for promotions, etc.)

MOTION WAS MADE BY ALEX ZAFFRON AND SECONDED BY ALLEN SPALT TO ESTABLISH A SUBCOMMITTEE OF THE BOARD OF ALDERMEN TO CONSIST OF ALDERMEN MCDUFFEE, BROUN AND DOROSIN TO CATEGORIZE THE LIST OF GOALS FOR THE BOARD'S FURTHER REVIEW BY THE BOARD OF ALDERMEN ON AUGUST 21ST. VOTE: AFFIRMATIVE ALL

The Board asked that the town staff prepare a tutorial of the existing pay plan for the August 21st meeting.

Grade	1	2	3	4	5	6	7	8	9
8	23,625	24,224	24,821	25,442	26,086	26,731	27,401	28,094	28,786
A	23,745	24,345	24,945	25,569	26,217	26,866	27,538	28,233	28,929
B	23,864	24,466	25,070	25,696	26,348	26,999	27,676	28,374	29,074
C	23,982	24,588	25,196	25,824	26,480	27,134	27,815	28,518	29,219
D	24,101	24,712	25,321	25,955	26,612	27,269	27,954	28,659	29,366

Name: Joe D. Sample

Position: Groundskeeper II

Hire Date: August 16, 2001

Department: Public Works

Starting Salary: \$24,821 (grade 8, step 3)– hired above step one based upon one year of experience working for a private landscaping business; his current salary of \$19,760 with no benefits; holds a commercial driver's license; and willingness to accept this salary.

Probationary Period

Six-month probationary period; no salary increase at the end of probation. The Town of Carrboro discontinued providing an increase after six months when the waiting period to join the retirement system was discontinued.

COLA

Each year the Board of Aldermen provides for a cost of living increase. All employees receive this increase. For example, if the Board awards a 2.5% COLA salaries are adjusted by this percentage. The employee's grade and step do not change.

Merit Increase

Merit increases are awarded to eligible employees as budgeted by the Board of Aldermen. A merit of 2.5% is equivalent to a movement of one step on the pay grid. A merit increase would move Joe from \$24,821 to \$25,442.

Promotion

Employee receives a minimum 5% salary increase (movement of two steps on the pay grid) or movement to step one of the new pay grade, whichever is higher. A promotion would move Joe from \$24,821 to \$26,086.

Demotion

Employee receives a minimum 5% decrease in salary.

Lateral Transfer

Occurs when an employee moves to another position in the same pay grade. Employee experiences no change in salary, grade or step.

Reassignment

Occurs when an employee requests a position in a lower salary grade. Employee may experience a decrease in salary.

Market Study

Every two years, the Town contracts the services of an outside consultant to conduct a market study of all permanent full time positions. A market study may increase, decrease, or not affect a position's salary range. An employee whose salary falls within the range of the newly assigned grade will not experience a change in salary.

Reclassification

Occurs when the duties and responsibilities of a position have changed significantly. An employee receives 5% or movement to step one of the new grade, whichever is higher.

Service Level Benefits Award

Separate check awarded to eligible employees in December of each year, beginning with five years of service. Does not affect base salary.