Compensation Plan – Market Pay and Compression

Human Resources Department

Finance, Governance & Public Safety Committee

December 1, 2021

Background

- Last comprehensive compensation study was completed in 2013 – those recommendations were not fully implemented

- Since that date, stagnant wage increases and no COLA/market adjustments to the pay ranges

- Segal Compensation Study started Fall 2019; completed 2020

- HR did an internal review of the Segal Study and made adjustments

Segal Compensation Study

- Two Components of Segal's Study:
  - Pay Equity – Internal review
  - Market Pay – External review

- Market Pay
  - Compared 97 benchmark job titles; encompassed the majority of the City's L and M-Class employees
  - 12 peer cities
  - 5 compensation databases - both private and public comparables

Segal Study Findings

At Pay Range Minimum	Count of Benchmarks
Below Market	76
Market Competitive	8
Above Market	3
Insufficient Data*	10

Segal Study Findings

Kansas City Pay Rates as % of the Overall Market Average

	Minimum	Midpoint	Maximum
Public Sector Market	83%	91%	96%
Published Data Market	82%	91%	95%
Overall Market	83%	91%	96%

Segal Recommendations

- Segal developed revised pay structures for: Represented; Non-Represented Non-Exempt; and Exempt pay grades

- Proposed pay structures addressed current design issues such as inconsistent pay range widths and number of pay grades

- Proposed pay structures address below market pay range minimums and all job titles were assigned a market competitive pay grade

Internal Review

- We adjusted Segal's proposed classifications based on:
  - ❖ Promotional career tracks
  - ❖ Recruitment and retention issues throughout the City
  - ❖ Organizational structure
  - ❖ Salary movements between L and M-Class job classifications
  - ❖ Correct salary survey descriptions

Compression

- Causes
  - Increasing the minimum living wage to $15/hour
  - Stagnant/no wage increases, no adjustments to those above the minimums

- We assessed each employee's years within the job classification and total continuous city service

- We modeled 4 different compression scenarios for budget to cost out in order to be fiscally responsible

Market Pay and Compression Options

- Base = Move all job classifications to market salary.

- After market salary is applied, we modeled 4 different options:

  - ❖ Segal Method = Slotting employees based on years of service within job classification (least favorable)

  - ❖ Job Classification = Employees receive adjustment <u>based on years of service within a job classification</u> (two options: 1-6% and 1-4%)

  - ❖ City Service = Employees receive adjustment <u>based on years of City service</u> (1- 2.5%)

    - Percentages are less but more employees get something; 60 employees who would not receive any increase (because they are redlined)

Significance of Revised Compensation Plan

- Makes our salaries more competitive to help attract AND retain talent

- Addresses pay disparity and morale issues

- Meets council priorities related to pay, including raising our starting salary floor for our lowest paid employees and positions

What's Next

- Incorporate into the Citywide Business Plan

- Ordinance

Compensation Plan-
Market Pay and Compression

Questions?