

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Compensation and Benefits Briefing

DEPARTMENT: Human Resources **DIVISION:** _____

AUTHORIZED BY: Sally Sherman **CONTACT:** Janet Davis **EXT.** 7940

Agenda Date <u>June 8, 2004</u> Regular <input type="checkbox"/> Consent <input type="checkbox"/> Work Session <input type="checkbox"/> Briefing <input checked="" type="checkbox"/>
Public Hearing – 1:30 <input type="checkbox"/> Public Hearing – 7:00 <input type="checkbox"/>

MOTION/RECOMMENDATION:

Briefing on Seminole County Government Compensation and Benefits initial assessment.

BACKGROUND:

As discussed during the budget process last fall, and as part of our County-wide Strategic Planning effort, a Compensation and Benefits committee was appointed to guide a study of our current compensation and classification system. The attached study included an initial assessment of our current base pay systems and how Seminole County's benefits and practices compare to others in the market.

The Compensation and Benefits committee was comprised of representation from each department. The goal of the committee was to select a consultant to review our system and determine the scope of the work to be done.

On September 9, 2003, the Compensation and Benefits Committee selected Palmer and Cay Consulting Group. The Consultant met with the Committee in October to review the input the Consultant would need and the method by which the Committee would collect that data. With committee members working directly with their departments, a sampling of positions was selected to be evaluated.

The focus of the initial assessment included an assessment of current base pay systems as well as an assessment of market competitiveness of benefits programs and major practices.

Reviewed by:
Co Atty: _____
DFS: _____
Other: _____
DCM: <u>SS</u>
CM: <u>JV</u>
File No. <u>BH001</u>

FINDINGS:

In December 3, 2003, the Consultant presented their findings and recommendations concerning our current systems and practices as follows:

Strengths:

- Overall benefits package
- Provides flexibility in starting salaries
- The County's procedure for evaluating positions within the county is comprehensive

Weaknesses:

- Job descriptions are in multiple formats
- Internal equity that ensures new employees are not seen as being more valuable than tenured employees.
- Pay compression between supervisors and line employees.

As part of the budget discussion last year, some areas of concern include pay raises and merit comparison. According to Palmer & Cay, the County's policy is consistent with standard compensation practices.

Currently, a 3% merit is allocated for each employee that meets expectations and an additional 1% for those employees that exceed expectations. While the overall funding is appropriate and is consistent with industry standards, the merit award range should be increased from the 0-5 % range to 0-10% range. This would allow for more flexibility to compensate those employees that are below market rate.

Recommendations:

- Update all job descriptions to one format and establish a career path for each job.
- Evaluate each position based on the updated job descriptions to determine if they are in the correct band classification.
- Update salary structure based on findings of the internal equity review and the external market data to update and revise the current pay structure.
- Cost Analysis to be conducted to determine the cost associated with implementing the changes, including the cost option to address the issue of pay compression.
- Conduct an annual review and update any change to the organization charts.

ACTION TO DATE:

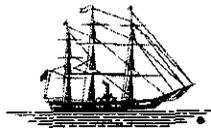
The Human Resources Department has been working with County departments to ensure job descriptions for all positions will be brought up to date and organized into a uniform format. Completed job descriptions in this format are currently being collected by the Human Resources Department. Once all job descriptions have been received, the HR staff will review for accuracy and consistency, and identify specific job groups for further evaluation.

It is recommended that as part of the budgeting process, staff be prepared to present any costs associated with the above mentioned recommendations.

**Seminole County
Board of County Commissioners**

Compensation and Benefits Analysis Services

December 2003



PALMER & CAY
CONSULTING GROUP

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Introduction

The Seminole County Board of County Commissioner's (the County) retained Palmer & Cay Consulting Group (PCCG) to provide compensation and benefits consulting services. Project objectives included:

I. Validity assessment of current *base pay systems* to include:

- Job analysis process (Position Information Questionnaire)
- Job descriptions format and general content
- Job evaluation system
- Band classification system
- Methodology for pay range development
- Methodology for base pay adjustments

II. Assessment of *market competitiveness* of benefit programs and major practices to include:

- Salary
- Paid Time Off
- Health Insurance Coverage (including medical and dental plans)
- Long-term Disability
- Optional Benefits
- Holidays
- Deferred Compensation
- Florida Retirement System
- Flexible Work Hours
- Service Awards

Job Analysis Process

PCCG conducted a review of the Position Information Questionnaire (PIQ) currently utilized by the County, and we have provided the following comments by section.

General Information:

This section contains the standard job information required for the job evaluation process. The County should consider adding a space for the supervisor's phone number, in case the evaluator has any questions or needs to schedule a job audit.

General Instructions:

This section is very useful by providing answers to questions employees often have when completing the form.

I. Position Summary:

This section solicits information on the primary purpose of the position and tools and equipment used by the position. These are both important pieces of information to collect in a PIQ. Particularly helpful is the example provided for a Position Summary, as this is something that many employees have difficulty articulating in writing. In addition, the necessary tools and equipment required by the position is important to consider both for complexity of the job and for physical requirements.

II. Principal Position Duties:

Again, the instructions provided, especially the chart indicating the estimated percentage of time, should be helpful to employees completing the PIQ. For jobs being reviewed for possible reclassification, having the employee list the tasks that have been added in the last three years should assist the evaluator in determining how the job has changed.

III. Job Evaluation Factors:

Most job factors have seven (7) levels listed under each factor, resulting in an equally weighted point-factor system, and overall, there are clear distinctions between each level. All job factors appear to be relevant to jobs within the County. Additional comments on particular job factors are provided below:

1. Formal Education/License, Certifications or Registrations

Appropriate emphasis is placed on the minimum educational requirements of the job, rather than on the employee's own level of education. The County should consider formal licensing, certification, etc., in addition to college education, when assigning points for this factor.

2. Work Experience

The number of levels is appropriate, but the description of each level can be confusing due to overlap. The County should consider clarifying this, such as shown below:

Current	Recommended
0 to 1 year	Up to 1 year
1 year to 2 years	At least 1 year
2 years to 3 years	At least 2 years
3 years to 5 years	At least 3 years
5 years to 7 years	At least 5 years
7 years to 10 years	At least 7 years
Over 10 years	Over 10 years

Job Analysis Process (continued)

3. Impact of Actions/Impact on Budgets, Revenues and Grants/Dollar Magnitude

The County should consider deleting Section 3b - Impact on Budgets, Revenues and Grants, or clarifying the terminology used in and providing specific examples of what is meant by the following terms:

- Incidental
- Supportive
- Recommending
- Controlling
- Delegating

4. Complexity

This factor provides a good explanation and good distinction between levels.

5. Decision Making

This factor provides a good explanation and good distinction between levels.

6. Communication

This factor provides a good explanation and good distinction between levels.

7. Managerial Skills/Supervisory Knowledge of Staff's Occupations

The County should consider asking for the number *and titles* of direct and indirect reports. It is not clear how the Supervisory Knowledge of Staff's Operations is used to evaluate jobs, and if it is not considered, it should be removed to simplify the form.

8. Responsibility for the Welfare of Others

Unlike the others, this job factor has only three (3) levels *and* degrees within each level. The example provided shows the selection of one level of responsibility and one level of frequency; however, it appears that multiple levels with different levels of frequency could apply to some jobs. In addition, this is a job factor that is typically evaluated in a more active form, i.e., a risk/safety factor as it relates to the incumbent in the job being evaluated rather than the incumbent's responsibility for the welfare of others. In its current form, this job factor gives more weight to jobs with lead worker or supervisory responsibilities – jobs that already have many other directly related job factors. (Delete this factor.)

9. Innovation/Creativity

This factor provides a good explanation, good distinction between levels, and asks for specific examples, which is helpful to the evaluator.

Job Analysis Process (continued)

IV. Working Conditions/Physical Efforts

This section appears to be a comprehensive list of the working conditions and physical efforts required of County jobs; however, due to the great diversity of County services and jobs, the County should consider adding space so that jobs with working conditions and physical efforts that do not fit into the categories provided can be described. Many organizations also wish to address the *frequency* of exposure when evaluating the job as well. An example is provided below.

Check All That Apply	Working Conditions	% of Time (Check one for each Working Condition selected)			
		<i>Rare</i> 0-25%	<i>Occasional</i> 25-50%	<i>Frequent</i> 50-75%	<i>Constant</i> 75-100%
	Normal office situation				
	Stockroom or warehouse				
	Typically works outside				
	High noise environment				
	High dust, dirt, grease environment				
	Works alone or closely with others				

Check All That Apply	Physical Efforts	% of Time (Check one for each Physical Effort selected)			
		<i>Rare</i> 0-25%	<i>Occasional</i> 25-50%	<i>Frequent</i> 50-75%	<i>Constant</i> 75-100%
	Typically sitting at a desk or table				
	Intermittently sitting, standing, stooping				
	Typically standing and/or walking				
	Typically bending, crouching, stooping				
	Typically crawling and/or kneeling				
	Typically jumping and/or throwing				

As it is currently written, this information does not appear to be considered in the job evaluation process. It is common for governmental-job evaluation systems to incorporate this information into a compensable job factor, so that jobs with the most strenuous physical efforts and adverse working conditions are given credit accordingly. It is important to consider the physical efforts and working conditions because many of the jobs with these characteristics would not otherwise rank very high on any other job factor, and it is these characteristics that add value to the job. (Collection of data for this factor provides the necessary information to remain compliant with the Americans with Disabilities Act.)

V. Comments

This section provides an opportunity for employees and supervisors to provide any final comments. For the Supervisor's comments section, the County should consider adding a statement that instructs them not to describe the incumbent employee's qualifications, skills or work performance, as the PIQ is not the appropriate place for such comments. Instead the Supervisor's comments should focus on how their views of the position's job, tasks, and requirements may differ from that which the employee described.

Job Descriptions

PCCG has provided the following recommendations based on our knowledge of best practices, experience with other clients, and taking into consideration feedback from the Task Force.

Although similar in format, some County jobs have job descriptions and some have position descriptions. The table below shows the sections of information contained in each format, listed in the order they appear on the documents:

Job Description	Position Description
Position Title	Classification Title
Working Title*	Work Area*
Class Code	Class Code
FLSA	FLSA
EEO Code	Effective Date
Effective Date	Function
Major Function	Education and Experience
Essential Functions	Special Requirements
Minimum Qualifications	Essential Functions
Working Conditions	Working Conditions

**For both, having a second, more descriptive title (working title, work area) is essential when using a band classification system, so that the specific job can be identified within the broad band of job titles.*

Recommendations – Job Description Format

- Of the two formats currently being used, PCCG recommends using the job description format for all jobs.
 - In this format, the minimum qualifications section includes knowledge, skills and abilities required, and education, experience, special licenses/training; therefore it does not require a “Special Requirements” such as in the position description.
 - This format lists the requirements of the job section in an order that is more consistent with standard compensation practices.
- A “revision date” should be added to the job description format, which will show the history of changes to the job description (this would be in addition to the effective date).

Job Descriptions (continued)

Recommendations – Job Description Content

- Based on the desired edits to the job description format we received as part of the internal review process for this project, it is clear that most job descriptions require some update. The County should have a policy that outlines the process for annually reviewing all job descriptions.
 - The annual job description review process is usually initiated by Human Resources.
 - Each Director is responsible for reviewing the job descriptions and recommending updates.
 - Human Resources is responsible for reviewing the proposed updates and revising the job descriptions as appropriate.
 - The revision date information will assist in identifying departments where job description updates are not being done consistently.
- To facilitate career pathing/succession planning, the minimum qualifications section should be modified to show what qualifications are required to reach the next level in a job series. For example, what specific knowledge, skills, abilities, formal education and/or experience does an “Analyst” need to become a “Senior Analyst” and then a “Principal Analyst”?

Job Evaluation System

PCCG reviewed the County’s current process for classifying jobs, and found that the process incorporates several strengths, or best practices:

Strengths

- Requests from Departments are considered each fiscal year during the budget process. This is a trend we are seeing in many organizations as they try to simplify their processes and operate more effectively and efficiently.
- These changes are effective the first day of the new fiscal year.
- There are clear guidelines as to what documentation is needed to initiate the process.
- The process is sound, and both *internal equity* and *external competitiveness* are being considered.

Recommendations

- The sample memorandums from Departments requesting an evaluation of a job should be combined into one memorandum with a check-off box indicating the type of request.
- In most organizations where HR Generalists serve as “consultants” assigned to specific departments, the individual Generalists will meet as a team first to discuss potential classifications/reclassifications prior to them being put in writing. This helps to maintain internal equity by being aware of the impact a change may have across departments, and helps to anticipate other problems that may be encountered.

Band Classification System

Banded classification systems, such as that used by the County, consist of broad classifications encompassing a variety of specific job titles that have similar qualifications, responsibilities and skill levels. It is a current trend in the field of compensation, and some of the desired outcomes of banded classification systems include:

- *Easier administration* due to fewer classifications;
- *Fewer reclassification requests*, since there should be a clear distinction between the band a classification is in and those above and below it; and
- *Fosters a team-oriented environment* by recognizing characteristics between wide varieties of job that are similarly valued.

Some of the difficulties associated with a banded classification system include:

- *Market pricing.* Reviewing external competitiveness by means of market pricing is done through salary surveys. An organization needs to be able to match the banded job with a more detailed description to facilitate appropriate survey matches. As an example, a salary survey will provide separate market data for a Budget Analyst, Human Resources Analyst, Network Analyst, etc. An administrator of a banded classification system has to be familiar with what specific duties fall into the “Analyst” classification in order to facilitate market pricing.
- *Maintaining Internal Equity.* If not carefully administered, it sometimes becomes the goal of trying to get a job into the desired pay grade by calling it an “Analyst” even though it does not have the same traits and requirements of other jobs in the category. This disrupts the balance of internal equity and can defeat the purpose of having a banded classification system.
- *FLSA.* The exempt/non-exempt status of jobs needs to be carefully monitored in a banded classification system, as this will be more driven by individual position than by overall classification (i.e., not all “Analysts” or “Coordinators” are necessarily the same exemption status).

Observations

The County is currently experiencing several of these difficulties associated with its band classification system. In addition, PCCG found that the County’s current system appears to have jobs assigned to band classifications without any clear relationship from one level to the next. Typically, job title series in band classification systems (e.g., Analyst, Senior Analyst, Principal Analyst) identify career pathing opportunities within and across job families.

PCCG recommends that the County implement the following steps:

- Update the current job descriptions associated with the individual positions within the County.
- Review the banded classification assignment associated with each job description to ensure that the position is appropriately classified based on qualifications, responsibilities and skill levels, according to the County’s current job evaluation system.
- Implement any necessary changes to assigned classifications.
- Designate benchmark jobs associated with each classification title for the purposes of market pricing.
- Maintain an annual review policy (i.e., job descriptions and reclassification requests)

Methodology for Pay Range Development

Seminole County participates in compensation surveys covering other employers with similar jobs. This information is used to determine the relative competitive position of the County's pay structure. The Pay Plan contains salary ranges with a minimum and maximum rate for each title.

PCCG's recommended methodology for pay range development and update is also based on compensation surveys. To develop pay ranges, we recommend the County use, at a minimum, the following published survey sources:

- Economic Research Institute, *Salary Assessor Database*
- Florida Public Personnel Association, *Annual Market Survey*
- Watson Wyatt:
 - *ECS Geographic Report on Office Personnel Compensation*
 - *ECS Geographic Report on Professional & Scientific Personnel Compensation*
 - *ECS Geographic Report on Supervisory Management Compensation*
 - *ECS Geographic Report on Technician and Skilled Trades Personnel Compensation*
 - *ECS Geographic Report on Top Management Compensation*
 - *ECS Industry Report on Middle Management Compensation*
- William M. Mercer, *Benchmark Compensation Survey*

In addition to the published survey sources, PCCG recommends the County implement a customized private survey. A customized survey will help ensure that (1) the appropriate organizations are surveyed, (2) the appropriate jobs are surveyed, and (3) the matches of external organization jobs with County jobs are equivalent.

To maintain pay ranges, PCCG recommends the County use data from the WorldatWork's *Annual Salary Budget Increase Survey* (Seminole County currently does this) and/or comparable survey data. For example, if the WorldatWork data indicates an average two percent salary structure adjustment, all salary ranges (minimums, midpoints and maximums) should be adjusted by approximately two percent, if economically feasible, and the range spreads should remain consistent.

While it is important to review pay ranges annually, PCCG recommends that organizations conduct a detailed market analysis every three years to assess the integrity of its pay ranges with actual market conditions (i.e., midpoints should be closely aligned with the desired market position outlined in the organization's compensation strategy, or pay philosophy).

Methodology for Pay Range Development (continued)

PCCG reviewed the County’s current ranges for pay bands two through ten, and our observations are noted below:

Pay Band	Hourly			Annual			Range Spread (Width)	MP Differential
	Band Minimum	Band Midpoint	Band Maximum	Band Minimum	Band Midpoint	Band Maximum		
010	\$35.94	\$51.21	\$66.48	\$ 74,755	\$106,517	\$138,278	85%	30%
009	\$27.69	\$39.46	\$51.23	\$ 57,595	\$ 82,077	\$106,558	85%	24%
008	\$22.36	\$31.87	\$41.38	\$ 46,509	\$ 66,290	\$ 86,070	85%	22%
007	\$18.33	\$26.13	\$33.92	\$ 38,126	\$ 54,340	\$ 70,554	85%	22%
006	\$15.02	\$21.41	\$27.80	\$ 31,242	\$ 44,533	\$ 57,824	85%	22%
005	\$12.32	\$17.55	\$22.78	\$ 25,626	\$ 36,504	\$ 47,382	85%	22%
004	\$10.10	\$14.39	\$18.68	\$ 21,008	\$ 29,931	\$ 38,854	85%	15%
003	\$8.78	\$12.51	\$16.23	\$ 18,262	\$ 26,010	\$ 33,758	85%	15%
002	\$7.63	\$10.87	\$14.11	\$ 15,870	\$ 22,610	\$ 29,349	85%	

Overall Observations

- The widths of the salary ranges are broader than those typically found for similar jobs. This results in the minimums being too low, which may lead to recruiting problems, and the maximums to be too high, which leads to potentially paying salaries that are higher than market norms, and is not an effective use of salary budget dollars.
- The midpoint differentials should reflect the differences in market rates for benchmark jobs within each pay band. Based on the market competitiveness review, overall the County’s midpoints are slightly below the market median.
- Based on the market review, adjustments to the current pay bands will be required to facilitate career pathing within and across job families. Some options to accomplish this include adding additional pay grades with a common midpoint differential or widening the ranges to true “broad bands” and creating “pay zones” within the broad bands.

Methodology for Base Pay Adjustments

PCCG reviewed the County's current base pay adjustment policies, and found that they incorporate sound compensation practices, provided they are administered consistently. We have provided comments below for each method of base pay adjustment:

New hire pay

This policy is conservative yet provides some flexibility for hiring rates depending on an applicant's experience or skill level.

Promotional increases

This policy also provides flexibility to managers, but it is clear that a salary must stay within the salary range. If the County is experiencing inequities in promotional increases, or the perception of such, then it should consider adopting a policy with a more definite promotional amount.

Lateral transfers

The County's later transfer policy and procedures are written according to standard compensation practice.

Reclassifications/transfers to lower level positions

This policy incorporates a standard compensation practice by allowing some flexibility for a salary adjustment, under certain circumstances, providing it does not exceed the salary range.

Reclassifications to higher-level position

This policy incorporates a standard compensation practice by allowing some flexibility for a salary adjustment, and outlines that the salary should be at least equivalent to the new minimum.

Internal/external equity adjustments

This practice is growing in popularity, and is desirable because it helps to maintain morale so that new employees aren't seen as more valuable than tenured employees.

Temporary assignments

The amount of the temporary increase of 5% or to minimum of higher pay grade is a standard practices, but the County should consider reducing the number of days, which is currently 30, before awarding temporary assignment pay.

Annual merit increases

The County's policy is consistent with standard compensation practices and a leader in the public sector by basing salary adjustments on performance.

Trainee positions

PCCG considers this to be a best practice, one which is particularly helpful for hard to fill positions or for positions with specific minimum qualifications which are usually obtained through on the job training.

Completion of career service probation

This is a standard compensation practice, and one that is commonly used to support a base pay adjustment because it is based on demonstrated ability to perform the work.

Benefits

Paid Time Off

Paid time off leave plans are a current trend. For the County, new full-time employees accrue 20 days per year of Paid Time Off (16 days for 24-hour shift personnel), and accrual rates increase with service time. This is competitive with the market.

Health Insurance Coverage

Employees may choose a Managed Health Care (HMO) or Designated Provider Program (POSHMO). Dependent coverage is also available (the County pays 50% of dependent coverage). Most organizations comparable in employee size to Seminole County offer a variety of medical plans from which to choose.

Optional Benefits

Seminole County offers the following additional optional benefits to employees:

- Dental Insurance: A choice of prepaid or indemnity plan available for employees and dependents at employee expense. *It is a common practice cross-industry to offer dental insurance at employee expenses; however, it is more common for public sector employers to contribute towards the cost.*
- Additional Life Insurance: At employee expense, additional life insurance up to four times annual salary; dependent coverage also available. *This is a standard practice and competitive with the market.*
- Short-Term Disability Insurance: At employee expense. *The availability of STD insurance is a standard practice for organizations utilizing PTO.*
- Long-Term Disability Insurance: Provides 50% of your salary if you become disabled. This benefit is paid by the employer. Employees have the option to increase the benefit to 60% and the employee pays for the additional coverage. Benefits are payable after 6 months of disability.
- Flexible Spending Account: A pre-tax account for childcare and un-reimbursed medical expenses. *This is a standard practice and competitive with the market.*
- Pre-Tax Payroll Deductions: Under Section 125 of the IRS Code, certain payroll deductions for insurance coverage may be taken out prior to income being taxed. *This is a standard practice and competitive with the market.*

Holidays

Seminole County currently offers 11 paid holidays, which include an employee birthday holiday and a floating Work/Life Day. This number of paid holidays, as well as the policies and procedures associated with holiday pay is comparable with other public sector organizations. Eleven paid holidays is slightly more competitive than what is normally offered by private sector organizations.

Deferred Compensation

Seminole County employees may choose to have pre-tax payroll deductions made for deposit into a 457 savings plan up to the IRS-established maximum of \$11,000 per year. *This is a standard practice and competitive with the market.*

Benefits (continued)

Florida Retirement System

All employees in regularly established positions are automatically covered from the first day of employment. Seminole County pays all contributions into the system in the employee's behalf. *This is a standard practice and competitive with the market.*

Service Awards

The County offers a comprehensive program of both formal and informal recognition and incentives to reward outstanding performance and enhance service to the citizens of Seminole County. We asked the Task Force to tell us what three Service Awards the employees in their Department appreciated the most, and the following received the most responses:

- Pat on the Back Award
- Years of Service Recognition Award
- Employee of the Month/Year
- Teamwork
- Gift Cards

Rewards and recognition programs are a current trend in compensation programs, and they should be monitored regularly for effectiveness and modified as needed.

Overall Recommendations

Our findings, based on this initial assessment of the County's Base Pay Systems and Market Competitiveness, indicate the base pay system is sound. Annual review to determine expected market fluctuations should continue to maintain the integrity of the system and to continue attracting, retaining and motivating quality employees in a fiscally responsible manner.

As stated previously in this report PCCG recommends the following steps be taken:

1. Job Description Update – Update all job descriptions using a consistent format and implement a process to review and update them annually.
2. Band Classification System/Internal Equity Review – Using the current job evaluation method, all working titles within each band (as opposed to the broad classification title) need to be evaluated individually based on the updated job descriptions to determine if they are in the correct band classification. Establish career paths within job families and across job families.
3. Update Salary Structure – Consider both the findings of the internal equity review and external market data to update and/or revise the current salary structure.
4. Cost Analysis – Conduct a cost analysis to determine the cost associated with implementing the changes, including a cost option to address the issue of pay compression.
5. Organizational Charts – Human Resources should conduct an annual review and update any changes to the organizational charts.