

Request To Approve Non-Represented Employee Compensation Program Human Resources & Information Technology Committee

Wed, Oct 26, 2022 6:30PM

Alderperson Denise Fenton (District 6) 08:27

All right, moving to our next action item 22-1342 the request to approve non represented or non-union employee compensation program. Director Ratchman, would you give us some background here?

Director Jay Ratchman (HR) 08:42

I'd be happy to. Thank you, Chair. I feel like I've been giving some teaser updates throughout the year. And so, I'm excited to finally bring forward a formal recommendation. It's a recommendation from Baker Tilly, from Human Resources, and from our compensation review committee. What you have in front of you is new pay plans for non-represented employees, a new pay plan for our seasonal employees, and then some policy updates. The majority of the policy updates are for the salary administration policy.

Director Jay Ratchman (HR) 09:12

Before I get into a little bit of the background, I did want to say just a few other things. One is thank you to this committee and the Council for approving us moving forward into this study. This is an important process. A lot of good work has been put into it. But this is your support and investment into the organization. So, I just wanted to once again thank you.

Director Jay Ratchman (HR) 09:33

The intent of the study has been and continues to be to make sure that we are market competitive, that we have fair and equitable pay practices in that we are in compliance with state and federal law. So even in our compensation review committee meetings, I would start off by reminding our committee this is what we're here to do. We're here to redefine our pay plans, redefine our policies, and make sure that we meet these objects.

Director Jay Ratchman (HR) 10:00

So, this is the first time we've done a study with Baker Tilly. I will tell you overall, we're very pleased. They've been responsive. They've been flexible throughout the hiring or—throughout the compensation review process. And we actually gave them quite a bit additional work throughout the process to go out and collect additional comparable data. Even when they had pay plans in front of us, we've asked them to relook at positions when additional information came forward, and they did so without push back. And they also did so without charging us additional compensation or additional fees.

Director Jay Ratchman (HR) 10:39

Just a little bit about what did this process look like and what was the timeline. So, this was approved by Council back in February of 2022. We immediately started with employee meetings, and we started those meetings back in February. This included a meeting with the director team, and this was led by Baker Tilly. We then went into supervisory meetings and then employee meetings. Those meetings were all between about 45 minutes and an hour. The intent of the meeting was to really educate everyone in the organization as to why are we doing a compensation study? And what role do you play in that study? So, for example, supervisors played dual role. They are employees filling out information about their jobs, but they're also supervisors filling out information about employees' jobs.

Director Jay Ratchman (HR) 11:30

After those meetings, which was 12 in total, we then moved into data collection. So, this was where we really loaded Baker Tilly up with a lot of information—current city policies, current city practices, our current pay plans for non-represented and seasonal employees. And then this is where employees got engaged. Each employee

was asked to fill out what's called a Position Analysis Questionnaire. It's an online analysis of their job. That information then goes to the supervisor (it's automatically linked to the supervisor) and the supervisor provides additional comments and then it's submitted electronically to Baker Tilly.

Director Jay Ratchman (HR) 12:11

In addition, we provide a baker Tilly with all of our job descriptions, which there's a lot of them. So that is their data collection from the organization. Baker Tilly then went into what they call position review. So, they started breaking down all the information that was supplied to them. And then they went out to the market. And this is where they did their market assessment. So, if you were to look at their memo on page four, they show which counties, municipalities that they reached out to get comparable data. They also did some additional data collection for some of our specialized positions. So, for example, for transit and utilities, they're really unique. So, we wanted to make sure that they included that comparable data. They also cross-referenced private sector information. That's a little bit more difficult because the reality is we are not private sector, and so our comparable data mostly is going to be municipal government agencies or county agencies.

Baker Tilly worked with Appleton to identified public peer organizations to be included in the study and base pay information was collected from 24 organizations, listed below.

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|------------------------|--|------------------------|
| 1. Brown County | 10. Village of Kimberly | 18. City of Waukesha |
| 2. Calumet County | 11. City of Manitowoc | 19. City of Janesville |
| 3. City of De Pere | 12. City of Menasha | 20. City of Racine |
| 4. City of Eau Claire | 13. City of Neenah | 21. City of Wausau |
| 5. City of Fond du Lac | 14. City of Oshkosh | 22. Winnebago County |
| 6. Town of Grand Chute | 15. Outagamie County | 23. City of Sheboygan |
| 7. City of Green Bay | 16. City of Two Rivers | 24. City of La Crosse |
| 8. City of Kaukauna | 17. Madison Metropolitan Sewage District | |
| 9. City of Kenosha | | |

* Additional resources referenced for specialized positions in Transit and Utilities departments.

Director Jay Ratchman (HR) 13:14

After that, they put a pay plan draft in front of the compensation review committee. And this was like our first blush of what did you find? And this was our opportunity to ask a lot of questions. And there was a lot of good questions from the committee. We gave additional information back to Baker Tilly, if we felt like something was off, something wasn't fitting, and there's times that they went back and re reviewed based on that information and made additional recommendations. There's also times that they came back and said "that does not change the analysis" in that their safe system (and you'll see that outlined throughout their memo on mine) that that position is appropriately graded. And we trust that process.

Director Jay Ratchman (HR) 13:58

And so, throughout this process, that's an important element is the integrity of we trusted Baker Tilly's expertise to place positions in the appropriate pay grade. Even now that we have a pay plan, if an employee wants to appeal that it's really more of a reevaluation if there's new information, otherwise, we're going to once again trust the information or the recommendation.

Director Jay Ratchman (HR) 14:22

Once we have the pay plan development, then the compensation review committee went to work in talking about our policies, our pay practices. What's worked for the organization? What are some things that we'd like to see differently? And that's the changes that you see in the actual policies with strike and bold that you have in your packet.

Director Jay Ratchman (HR) 14:43

Now we have our project completion and if approved, then we have implementation. Implementation will consist of a variety of things. One we're going to do individual letters to each employee outlining the results of the compensation study. And most are aware because they know this public. Once it became public, we shared the information with departments. But if it's approved, we will give them a letter outlining their position. We'll outline their exempt or non-exempt status, and then what their compensation for 2023 will be. And obviously, that compensation is dependent on what's approved through the budgeting process.

Director Jay Ratchman (HR) 15:19

So that's, in a nutshell a little bit about what we've gone through so far. And it's been a good process. We had a few times where we had to step back as a committee and just have some more debate and collect more information. So, it took a little bit longer, but not a lot longer. But we had to have those conversations.

Director Jay Ratchman (HR) 15:43

One thing that you'll see that's really different in the salary administration policy is a change in how we pay our employees. Today, we do 100% pay for performance. So, what happens is the employee completes an annual performance evaluation, the supervisor does as well, and the system gives them a score. That score is put into a spreadsheet. And based on money available, it further calculates what their increase will be. And it's a good system, but it's very complicated. And we have heard through the years that employees don't understand how we came up, or how the organization came up with that raise.

Director Jay Ratchman (HR) 16:21

So, we'd like to move to a simpler approach, which is still performance based, which is employees who meet or exceed expectations, get the budgeted merit increase. That's actually what we've been doing for the past two years. So, my predecessor brought forward a recommendation to deviate from the policy two years ago. I brought a recommendation last year to this committee to deviate, so that we did the two and a half percent across the board. When you do pay for performance, and you start doing it based on percentages, if you're doing large increases (so 6% or whatever) that can be meaningful, but when you're doing probably what's more in line of like 2, 2 1/2, it gets complicated, and it does create some equity issues within the pay plan of certain people moving at a rate that's going to be faster than someone else who's not necessarily outperforming them. Plus, some of our positions just don't lend to exceeding expectations. So, think of like some of our labor positions you, you go in and you accomplish the job, you do a good job and but there isn't the ability to say I'll take on an extra project so that I can exceed expectations. So, and we've heard through the years that this is what employees and supervisors were are wanting—something that's a little bit simpler to understand.

Director Jay Ratchman (HR) 17:38

So, in a nutshell, that has been our study. It's, it's been a good process, but it's been long. I've heard that from employees, I know they want to know which I totally get. Any—all the changes that are in front of you for pay plans and for the policies would be effective in 2023. So, January 1, 2023.

Director Jay Ratchman (HR) 18:00

The one thing I do want to highlight real quickly, is what did we learn. What would be some of the takeaways from even doing the compensation study? So, for our non-represented employee pay plan, what we learned is that overall, our compensation is competitive—was competitive and is competitive. However, there are pockets and positions that had fallen out of the market. We expected that. We expected going into that study that we would find positions that fell short. We found that with a lot of our non-representative positions while the maximums of those pay grades did not increase (in fact, some came down slightly) that the minimum starting rates needed to go up. And when you think of like the market in attracting talent, we have to offer higher starting wages for someone to consider that position.

Director Jay Ratchman (HR) 18:51

We learned that our seasonal pay plan needed significant updates. Just to give you a few highlights that seasonal pay plan went from eight pay rates down to five. That seasonal pay plan went from a minimum of \$8 for the old pay plan up to a minimum of \$11 with the maximum going from \$16.97 up to \$22. This clearly has a budget impact on Parks and Rec. They do have the funds for it. And our director was very pleased with the outcome of this pay plan. In fact, his comments was it this is—this is the update they needed.

Director Jay Ratchman (HR) 19:32

The one difference with the seasonal pay plan and the presentation, it wasn't just made to the compensation review committee. It was also made or presented from Human Resources in turn to our seasonal employees, our supervisors, and our director and Deputy Director at parks and rec so that they can provide additional input. And then other than that, I think those are the major highlights. I think we've made some good updates to the pay plans. We've simplified some things, and with your approval, we're looking to move forward.

Aldersperson Denise Fenton (District 6) 20:05

Can I ask you a question first, and then we'll... So, I know we've talked about this during the process. What was your participation of the employees? Did, how large a percentage of folks actually participated in the process? So, was everybody invited to participate?

Director Jay Ratchman (HR) 20:24

So, every employee was asked to complete a Position Analysis Questionnaire, and every single employee did it.

Aldersperson Denise Fenton (District 6) 20:31

Okay.

Director Jay Ratchman (HR) 20:31

I'm sorry. I didn't mention that that is...

Aldersperson Denise Fenton (District 6) 20:33

Awesome. I thought I wanted to—I thought I'd heard that, but I wanted to give you a chance to say it. Any questions? Alder Thao.

Aldersperson Maiyoua Thao (District 7) 20:41

Thank you, Chair. I think I might miss this too. But, um, with this process, if we want to, like, how long would this process last us? Or like, every year do we have to do this and go with this company to help us? Or is someone in our department will take care of this for the next year?

Director Jay Ratchman (HR) 21:02

So, this, this pay plan will likely not leave my desk. That's just because that's the market that we're in. And when I say that, I think we talk about compensation seems like every day.

Director Jay Ratchman (HR) 21:15

In regards to Baker Tilly is involvement, they will train the Human Resources staff on how to review positions. They have that safe system, and they'll teach us how to use that tool. How we will use them moving forward is if we really feel a position needs to be evaluated, we might look at that evaluation, but we ultimately will ask that they do a review of that position as well. And that's already in our established budget. It's what we've done in the past with our consultant.

Director Jay Ratchman (HR) 21:44

How we'll move them forward, using them forward is we will ask on an annual basis whether our pay plan should be lifted. So, in the past, you might see our pay plan would be lifted by 1%, or 1 1/2%, just to keep it market competitive. But it's not arbitrary. It's with the recommendation of the experts.

Director Jay Ratchman (HR) 22:03

And then generally speaking, you want to go back to your consultant every three years to four years to ask that they do a reassessment. So, it's not a full blown compensation study. You don't do all the PAQ's, again, all that data collection. But they will take your existing pay plan, compare it to market, and it's a fraction of the cost. I mean, I believe last time that that was done, it was maybe like \$3 or \$4,000 total under the old consultant. But that's really important, because that's the maintenance of keeping your plan up.

Director Jay Ratchman (HR) 22:35

In regards to a full study. Hopefully, I'm after I'm retired. I'm joking because I don't think it'll last quite that long. But I would say probably every—no more than 10 years, but probably like every eight years you should as a best practice reengage in a full study.

Aldersperson Denise Fenton (District 6) 22:55

Any other questions? Alder Hartzheim.

Aldersperson Sheri Hartzheim (District 13) 22:57

Thank you Chair. May I direct directly to director? Director Ratchman? I am pleased with everything that we found out. And I think that, as you mentioned, we as a city learned more about what our jobs entail, etc. So, I'm very pleased with everything that came out of this. My concern is if we approve this, unless the policy changes, but more the pay ranges, etc. If we approve this now, and then we go into budget and make a different change, you know, the 5% is already proposed by the mayor, etc. How—I'm afraid that we'll put the cart before the horse. If we approve this and say, "Yeah, this is these are the ranges we want to go into. And this is what we want to do." And then the 5% doesn't come through. So, can you help me on how those two things relate and whether we should perhaps hold onto this until after we get to that point?

Director Jay Ratchman (HR) 24:04

Sure, I'd be happy to comment. I actually view them as two different processes. I view this as the structure of our compensation program, our policies on how we change employees. And then how much employees get and where they're placed in their pay grade, that's the budget. And so, whether that 5% is 4% or 3%, employees will still be placed appropriately within their pay grade.

Director Jay Ratchman (HR) 24:27

The only issue we could run into is there are employees that will be under the minimum, but from like an equity standpoint and also from like a retention standpoint, I could I would say that that has that should be a priority. We have that within our existing policy that employees cannot be paid under the minimum. So that—I still I still think now is the time because we do have time to implement, communicate. We have a fair amount of work that with our system that needs to be updated. These are tables in Tyler Munis. So those tables all have to be updated. They all have to be connected to each employee. So, then January 1, this is all effective.

Aldersperson Sheri Hartzheim (District 13) 25:10

Okay, thank you. It doesn't necessarily allay my concerns, but I, I'm feeling more like it makes some sense. Thank you.

Aldersperson Chris Croatt (District 14) 25:20

I'll make a motion to approve the non-representative employee compensation program.

Aldersperson Maiyoua Thao (District 7) 25:27

Second.

Aldersperson Denise Fenton (District 6) 25:29

So, we can still have discussion. So, if I can ask a question Director Ratchman, we have the new proposals for 15 pay grades? Can you refresh my memory on how many we currently have?

Director Jay Ratchman (HR) 25:48

Sure. So, for the nonnon-represented employee plan, we have 19. It would go down to 15. And going down to 15 does not adversely affect any employee. The seasonal pay plan goes from eight down to five.

Aldersperson Denise Fenton (District 6) 26:04

Now I remember. If I could follow up? Do you have a count on the number of employees who would, if we implemented today, how many employees would be below the minimum? And I think your budget had an amount to bring—in addition to the merit increases, there was an amount budgeted to bring those employees up to their minimum.

Director Jay Ratchman (HR) 26:33

I did not bring my spreadsheet with the number of employees. I can tell you the dollar amount is about \$17,500.

Aldersperson Denise Fenton (District 6) 26:39

Okay. And that would be a one-time change to get them to their minimum.

Director Jay Ratchman (HR) 26:48

That is correct. And I certainly if you'd like to number, I could email that out to you.

Aldersperson Sheri Hartzheim (District 13) 26:52

Can I just follow up with that quickly?

Aldersperson Denise Fenton (District 6) 26:54

Please.

Aldersperson Sheri Hartzheim (District 13) 26:56

If we were to vote a budget in that had no increase, \$17,500 would be required at this point. Is that what you're telling me?

Director Jay Ratchman (HR) 27:05

If you were to vote no budget that \$17,500 would have to be increased. So that—what we did is we applied the 5%.

Aldersperson Sheri Hartzheim (District 13) 27:12

So that was including a 5% Okay. Okay.

Director Jay Ratchman (HR) 27:14

And then seven, it was additional.

Aldersperson Sheri Hartzheim (District 13) 27:16

Thank you for the clarification. Thank you.

Aldersperson Denise Fenton (District 6) 27:20

If you don't mind, I would, I would appreciate it. If you would sort of just let us know the numbers. Maybe in both scenarios. I don't need to know it right—I think it's separate enough for me, but I'd like to know it. So, I don't have any questions. So, I'm guessing with that number with that figure, we're talking a fairly small number of people, because we took 17,500, if we divided it among, you know, 200 people, we would so I'm guessing it's a pretty small number.

Director Jay Ratchman (HR) 27:58

It's a small number. And certainly, I'll get you the number of people. I'll confirm the 17,000. But I can also run through some scenarios for you of if the 5% or zero or whatever it might be. Now the other thing is, we could, if approved, and let's just say the budget is not approved for an increase, you could also—we also could make an approval for an exception to not increase someone to the minimum. So, there's always that process as well. It certainly wouldn't be a recommendation because I'd be worried about retention.

Aldersperson Denise Fenton (District 6) 28:39

Any other questions? Okay. Hearing none, let's go ahead and take a vote. All of all in favor of recommending for approval, the non-represented employee compensation program, please signify by saying aye. Aye. That passes four zero.

Aldersperson Denise Fenton (District 6) 29:05

Thank you for the very detailed explanation, Director Ratchman. Thank you and the whole team for all the work that went into this. I know it was a long effort.