City of Waukesha, WI

Classification and Compensation Study Briefing

September 16, 2024

Segal

Agenda

Project Overview, Goals and Objectives
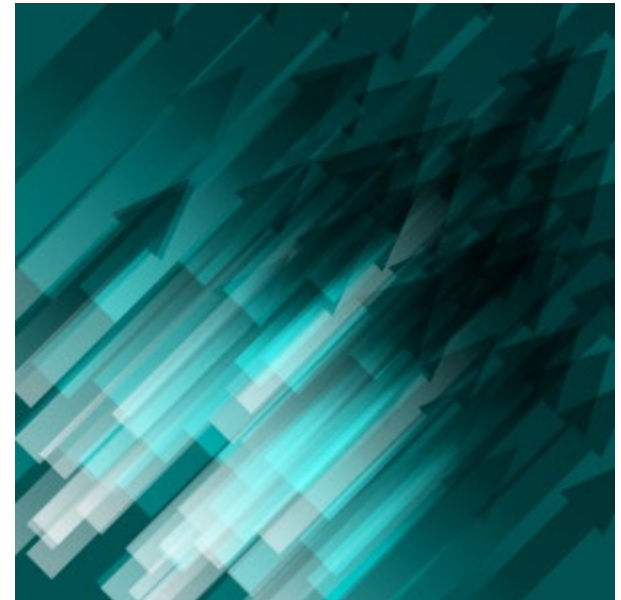
Methodology

Market Survey Findings

Recommendations

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Guiding Principles for the Study

- Consistent with organizational structure

- Complimentary to the management style and objectives

- Easily understood

- Flexible to meet the changing needs of the City

- Financially sound

- Effectively and efficiently administered
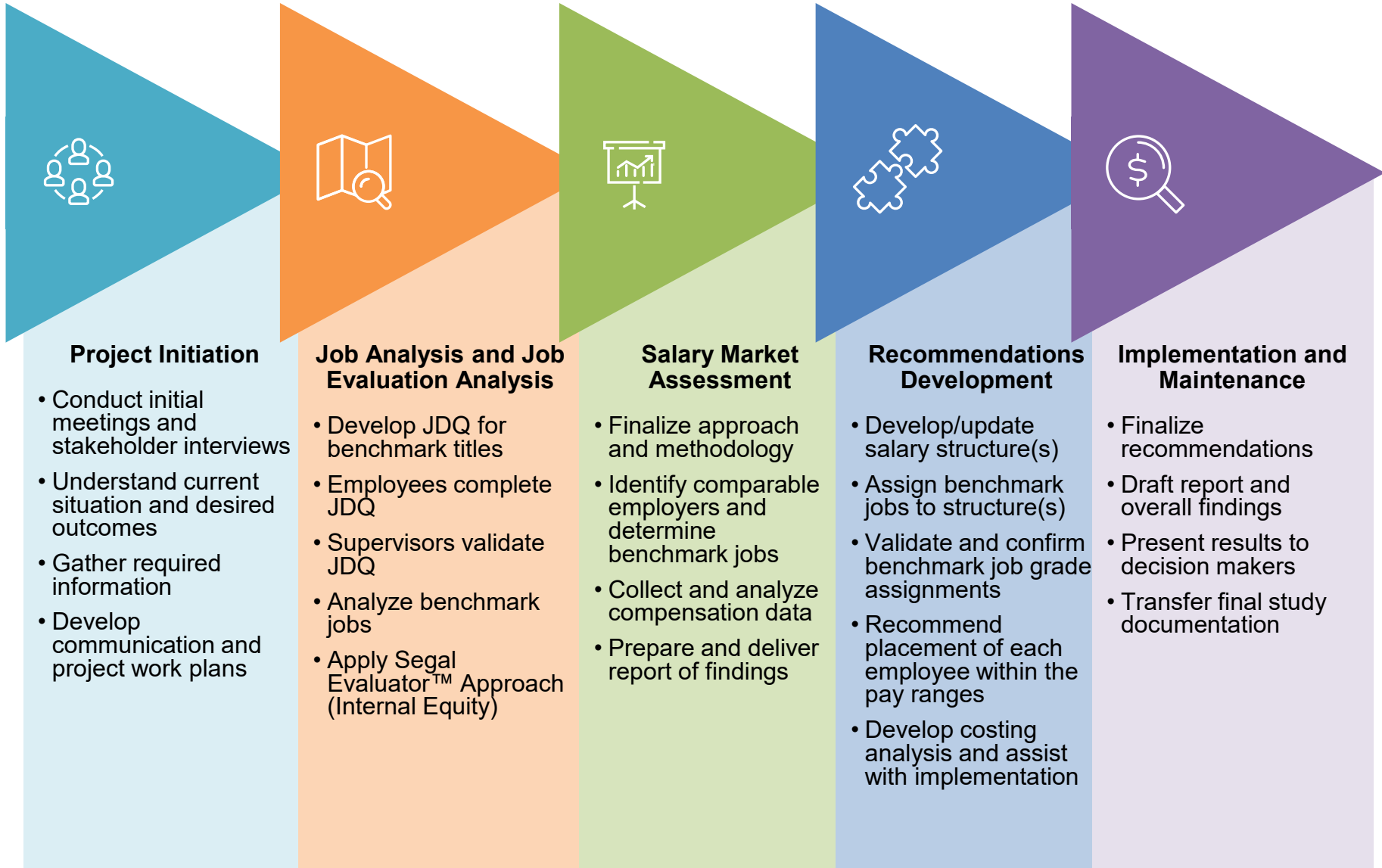
Project Overview, Goals and Objectives

The primary goal of this project is to ensure Waukesha's classification and compensation structures are:

➢ Accurate

➢ Equitable

➢ Market Sensitive

To accomplish these goals, Segal and the City:

- Analyzed job classification duties and minimum qualifications (education, experience, licenses, certifications) for benchmark titles

- Created standardized job titling

- Collected peer salary data and determined market value of benchmark jobs

- Reviewed and updated current salary structures to be market competitive

- Assigned all jobs to pay grades

- Developed implementation costs

- Collected data regarding peer pay policies for comparison

Methodology

Project Initiation

- Conduct initial meetings and stakeholder interviews
- Understand current situation and desired outcomes
- Gather required information
- Develop communication and project work plans

Job Analysis and Job Evaluation Analysis

- Develop JDQ for benchmark titles
- Employees complete JDQ
- Supervisors validate JDQ
- Analyze benchmark jobs
- Apply Segal Evaluator™ Approach (Internal Equity)

Salary Market Assessment

- Finalize approach and methodology
- Identify comparable employers and determine benchmark jobs
- Collect and analyze compensation data
- Prepare and deliver report of findings

Recommendations Development

- Develop/update salary structure(s)
- Assign benchmark jobs to structure(s)
- Validate and confirm benchmark job grade assignments
- Recommend placement of each employee within the pay ranges
- Develop costing analysis and assist with implementation

Implementation and Maintenance

- Finalize recommendations
- Draft report and overall findings
- Present results to decision makers
- Transfer final study documentation

Segal Evaluator™ Job Evaluation Overview

Segal Evaluator™ point-factor job evaluation is a systematic process that defines an easily understood and defensible internal hierarchy which:

- Uses eight (8) **specific compensable factors** across all departments and positions to create an internal hierarchy of jobs

- Provides an **objective quantitative approach**

- Determines values for each compensable factor and calculates a **total point score** for each position

- Job evaluation scores are **validated by human resources**

- Provides an internally equitable **organization-wide hierarchy**

- **Complements and co-exists** with market data structure development

- Is **easily understood and defensible**

- Built in **Microsoft Excel**

- Becomes the **property of Waukesha** for future use and can be adapted and modified as needed

✦ Segal

Market Assessment
Objectives and Process Highlights

Survey Objectives

- Conduct a review of the salary rates and ranges for 56 Waukesha benchmark positions
- Recommend specific market rates and ranges for each benchmark position based on applicable survey data
- Provide recommendations that are internally equitable and externally competitive
- Survey select compensation policies to determine whether Waukesha policies are competitive in those areas
- Provide recommendations for market pay levels, and pay policy practices, to make sound compensation and benefits decisions

Process Highlights

- Develop and distribute Custom survey to 12 peer organizations identified as local competitors or peers
- Inclusion of multiple private sector data sources for information purposes
- Development of a consensus report on each benchmark job, to fully understand competitive pay levels in the public sector, private sector and on an overall basis

Compensation Study Methodology
Data Collection Sources: Peer Agencies & Published Surveys

Peer Participants in Waukesha Custom Survey[1]

Brookfield	Oak Creek
Franklin	Racine
Green Bay	Waukesha County
Janesville	Wauwatosa
Kenosha	West Allis
New Berlin	Menomonee Falls*

Published Surveys (Private Sector)

PayFactors
CompAnalyst
Mercer Executive Compensation
Economic Research Institute (ERI)

1 - To adjust according to differences in Cost of Labor by location, Geographical Differentials derived from ERI were applied to peer salary data

* - Did Not Participate

Survey Findings

Waukesha Overall Base Pay as % of the Market Average

	Base Pay Range		
	Minimum	**Midpoint**	**Maximum**
Custom Survey	96%	102%	101%
Published Data Sources	109%	98%	92%
Overall Market Average	**102%**	**101%**	**98%**

Overall market average excludes 5 benchmark job titles that did not have enough market data to meet the data sufficiency requirement of 5 market matches.

Waukesha is considered COMPETITIVE with the public sector, private sector, and combined labor markets

Survey Findings

Overall Base Pay Competitiveness by Peer Organization

Peer Organization	Count of Matches	City of Waukesha, WI Base Pay as a % of Peer Market Average		
		Pay Range Minimum	Pay Range Midpoint	Pay Range Maximum
Brookfield	43	96%	99%	104%
Franklin	23	114%	114%	114%
Green Bay	38	84%	85%	85%
Janesville	43	96%	91%	88%
Kenosha	42	102%	108%	108%
New Berlin	33	109%	109%	109%
Oak Creek	22	94%	123%	110%
Racine	34	98%	114%	112%
Waukesha County	25	97%	97%	97%
Wauwatosa	40	98%	101%	103%
West Allis	40	97%	106%	115%

Salary Structure Design

Effective Salary Structures:

- Are designed in a logical and explainable manner

- Help manage pay within the City by providing market-based **pay ranges**

- Maintain **competitiveness** with the external market in order to attract and retain employees

- Ensure **internal equity** among compensation for jobs and individuals at the organization

- Allow for **flexibility** to adjust pay based on the external market for the job, as well as an individual's skills, experience, and performance

Salary Structure Development
Developing Ranges and Assigning Jobs

The following approach was used to develop ranges and assign jobs to a salary structure:

- **Used external market data** to develop a market-based compensation structure that reflects labor market conditions and aligns individual job titles with market competitive pay grades

- **Used internal equity alignment** (Segal Evaluator™) to establish hierarchy with job titles

- **Reconciled differences** between external market data and internal equity analysis to determine final pay grade recommendations with City project team

Balancing Act
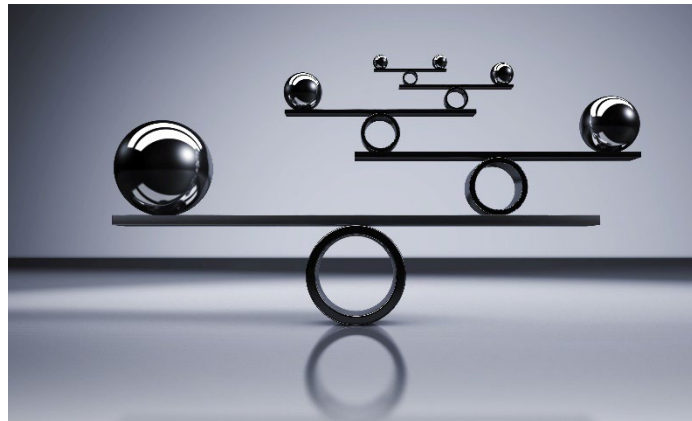
Current Pay Structure

Non-Rep Current Structure					
Current Grade	**Range Spread**	**Midpoint Differential**	**Current Min**	**Current Mid**	**Current Max**
1	35%		$26,043	$30,600	$35,158
2	35%	30%	$39,396	$46,290	$53,184
3	35%	7%	$42,350	$49,761	$57,173
4	35%	8%	$45,527	$53,494	$61,461
5	35%	7%	$48,940	$57,505	$66,070
6	35%	4%	$50,743	$59,622	$68,501
7	35%	7%	$54,548	$64,094	$73,639
8	35%	8%	$58,639	$68,901	$79,163
9	35%	6%	$62,019	$72,871	$83,724
10	35%	8%	$66,670	$78,337	$90,004
11	35%	7%	$71,670	$84,212	$96,754
12	35%	7%	$77,045	$90,528	$104,011
13	35%	5%	$80,900	$95,057	$109,214
14	35%	6%	$85,753	$100,762	$115,767
15	35%	6%	$90,898	$106,806	$122,714
16	35%	7%	$97,260	$114,281	$131,402
17	35%	7%	$104,070	$122,282	$140,494
18	35%	7%	$111,354	$140,841	$150,329
19	35%	7%	$119,149	$140,000	$160,851

- 19 pay grades currently in use
- 35% average Range Spread
- Fluctuating Midpoint Differential – varies from 4% to 30%

Proposed Pay Structure

Proposed Structure Based on Market Data					
Proposed Grade	Range Spread	Midpoint Differential	Proposed Min	Proposed Mid	Proposed Max
1	40%		$26,249	$31,529	$36,808
2	40%	33%	$34,920	$41,944	$48,968
3	40%	10%	$38,412	$46,138	$53,865
4	40%	10%	$42,253	$50,752	$59,251
5	40%	10%	$46,478	$55,827	$65,176
6	40%	10%	$51,126	$61,410	$71,694
7	40%	10%	$56,239	$67,551	$78,863
8	40%	10%	$61,863	$74,306	$86,750
9	40%	10%	$68,049	$81,737	$95,425
10	40%	10%	$74,854	$89,911	$104,967
11	40%	10%	$82,339	$98,902	$115,464
12	40%	10%	$90,573	$108,792	$127,010
13	40%	10%	$99,630	$119,671	$139,711
14	40%	10%	$109,593	$131,638	$153,682
15	40%	10%	$120,553	$144,802	$169,050
16	40%	10%	$132,608	$159,282	$185,955
17*	40%	10%	$145,869	$175,210	$204,551

*Grade is presented for possible future use. Not currently populated

> Modified structure based on market data

> Reduced to 17 pay grades

> 40% Range Spread

> Midpoint Differential is 10% for most pay grades

Estimated Costing Analysis[*]

- **Initial Model Features (362 incumbents studied)**

Adjustment Options

To New Pay Range Minimum

- Adopting a new pay plan means the agency must ensure that employees are paid at least the new proposed minimum for the pay grade
- 23 positions: $53,199 or 0.22% of base salary and 6.35% of incumbents

Time In Position (Dynamic Feature in Model)

- Adjustments based on Time in Position, used to alleviate compression. This is based on the number of years in position
- 98 positions: $303,957 or 1.26% of salary and 27.07% of incumbents

Total Cost

- Estimated: $357,156 in base salary or 1.48%

*As of July 2024.

Next Steps

- Adopt the recommended classification structure and managed by HR

- Adopt use of Segal Evaluator^{TM} for determining internal equity and balancing with market data

- Adopt recommended salary structure and determine implementation method and timing

Questions and Discussion