

**Classification and Compensation  
Final Report  
for**

**City of Lawrence, KS**

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# Objectives of the Study

- Confirm & clarify the City's pay philosophy.
- Obtain & establish compensation within the external market.
- Address pay compression among City positions.
- Provide recommendations & cost analysis for range & position adjustments to the pay plan.
- Added: Assist in job titles & position placement for reorganized department (MSO)

# Definitions

## **Classification System** - Schedule of Job Titles (positions):

- Reflects the Hierarchy of the organization
- Based on skills, qualifications, education, etc. needed to perform the POSITION
- Assigns the worth of the position – Minimum to Maximum
- May outline a career path
  
- It is NOT to reward individual behavior/performance/tenure

## **Compensation System** – A system developed to compensate employees.

These systems must balance between internal equity and external competitiveness.

# Methodology

- Individual discussions with City Administration & Department Heads.
- Review of data from current compensation systems, current job descriptions, and current policies.
- Selected employees asked to complete a Position Questionnaire (PQ). To seek clarification; assist in placement
- Compensation requested from 16 organizations (Minimum, Maximum, and Incumbent Salary) for 206 job titles. Data received for 69% of positions
- Reviewed all position placements with Department Heads and Human Resources.
- Added two additional meetings for MSO

# Pay Philosophy

## Objectives of the City of Lawrence Pay Plan:

- Attract & retain highly qualified, enthusiastic, productive & committed employees;
- Recognize the internal work of jobs & pay accordingly;
- Meet competitive pay levels within chosen market & within our available resources;
- Ensure consistent administration & application of pay policies, and
- Ensure that pay plan administration decisions are not based upon nor influenced by an employee's sex, race, color, age, religion, or any other legally protected personal characteristic.

# Analysis of Current Systems

## Salary Schedule

- 3 different compensation systems
  - 2 salary schedules assigned to unions – negotiated
  - Move through based on a merit system

## Schedule Issues

- Salary schedules not consistently updated – falling behind market
- Multiple systems – internal equity / compression problems
- Formalized system for position placement outdated
- Merit based system not moving employees through the salary range

# Market Analysis

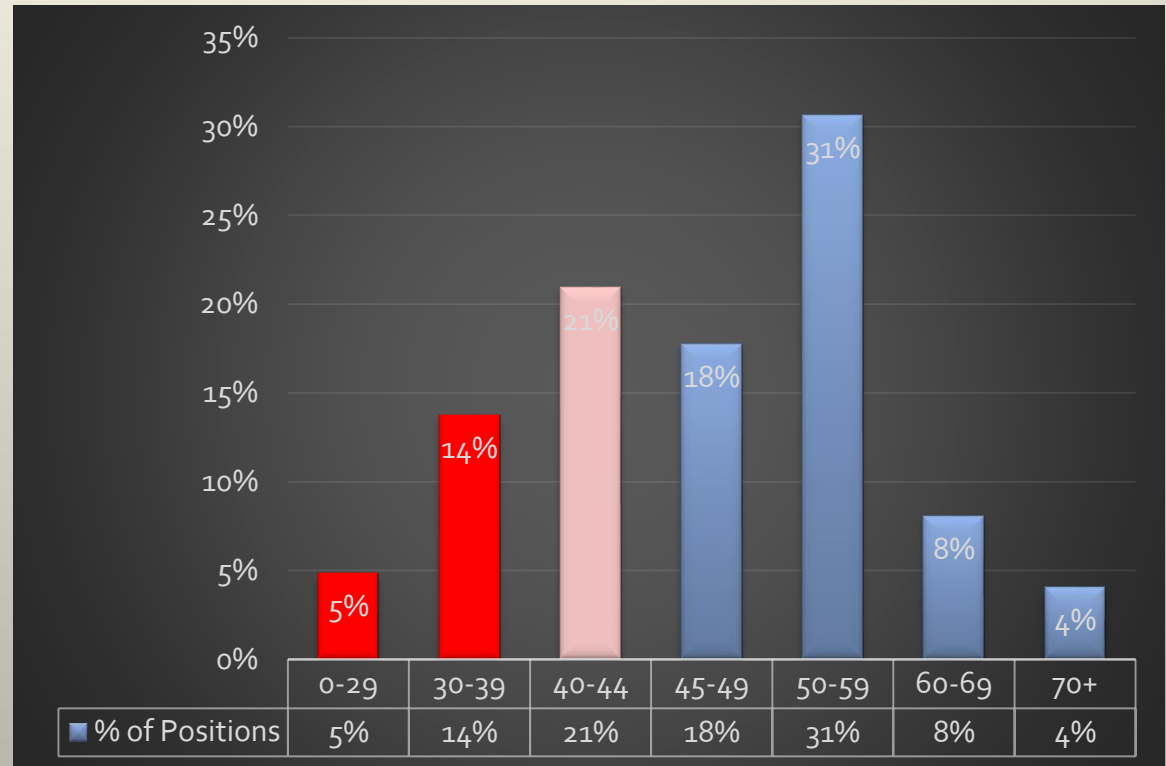
## Comp Ratio

- A comparison of the City 's Salary Range and/or salaries to the “Market”.
- Average Market Rate: 50%
- Acceptable Comp Ratio Range: 40% - 60%
  - Review positions in lower part of range for risk of falling too low in near future.

# Market Analysis (continued)

## Minimum Salary Analysis\*

- 19% Below Market Minimum
- Additional 21% are in the lower 40%-44% Range
- 60% within acceptable Range



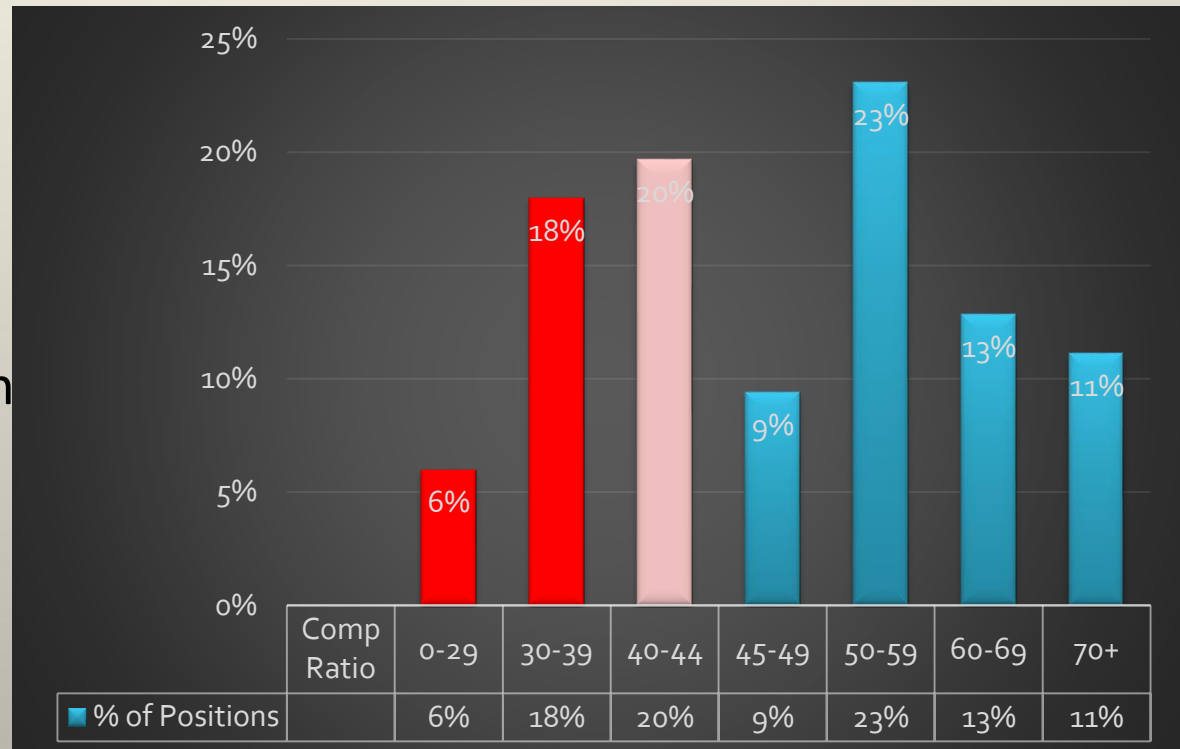
\*Benchmarked positions



# Market Analysis (continued)

## Average Market Analysis\*

- 24% Below Average Market Rate
- Additional 20% are in the lower 40-44% Range
- 56% within Market

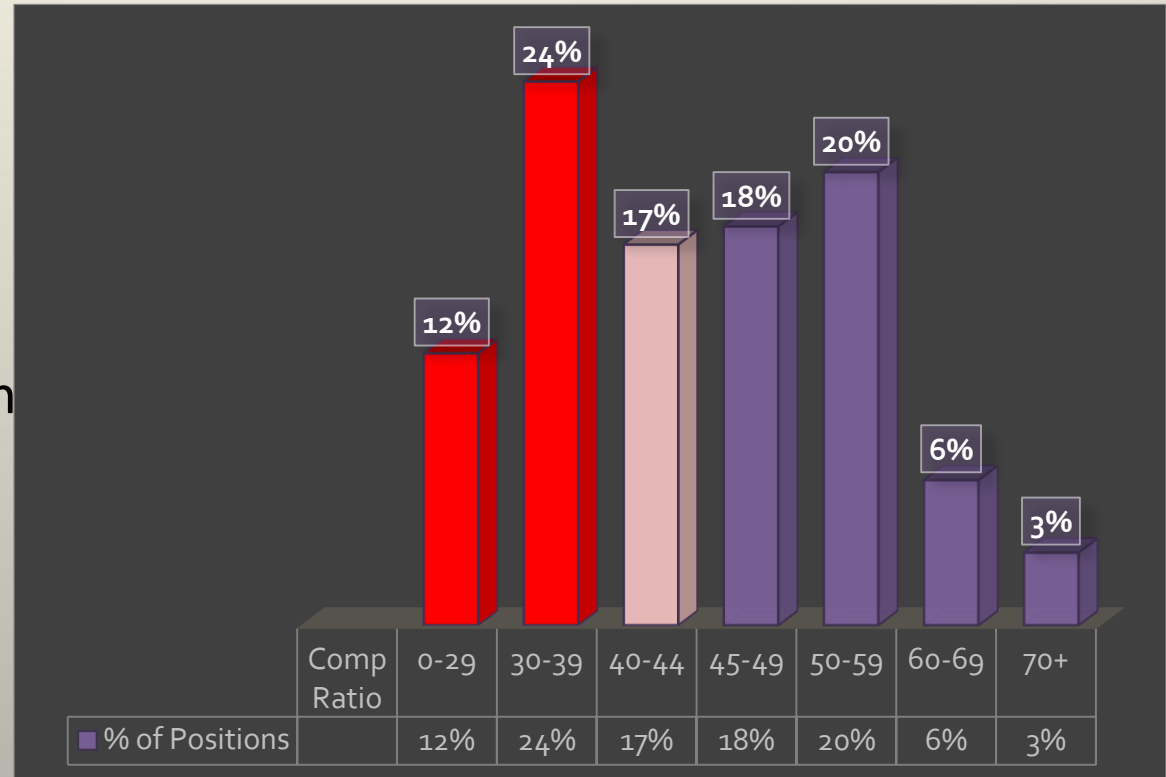


\*Benchmarked positions

# Market Analysis (continued)

## Average Midpoint Analysis\*

- 36% Below Average Market Rate (midpoint)
- Additional 18% are in the lower 40-44% Range
- 64% within Market



\*Benchmarked positions

# Summary of Issues

- Salary Schedule structure starting to lose ground with the external market.
- Midpoint – market, new employees not moving through the range to market. Should reach market within 3-5 years.
- Minimum Salary for some positions needs adjustment.
- Market Rates for most positions needs adjustment/definition.
- Tenure with the organization is declining. Higher turnover
- Compression is present.
  - Pay Ranges of Pay Grades in successive order are too close.

# Recommended Salary Schedules

## Non-Union Salary Schedule

- Same Structure as current – Moved market closer to starting rate
  - Min – Market – Post Market – Maximum
  - Re-arranged pay grade to alleviate internal compression
  - Placed positions based on
    - Internal equity
    - External market

# Recommendations

Study provided opportunity for other enhancements:

- Job Classifications and responsibilities align between Departments.
- Established a consistent title structure.
- Title structures better align with market.
- Identified Career Progression opportunities when relevant.
- Assisted MSO with new titles, position realignment based on old and integrated job duties; alignment between departments & market

# Policy Recommendations

- Salary Schedule adjustments - occur annually on same date (such as January 1<sup>st</sup>) for Cost of Living Adjustment (Market adjustment)
- Merit increases - for all employee occur annually on same date (such as July 1<sup>st</sup>) for performance
- Suggest suspending merit 1-2 years to concentrate on getting current employees at or above market (years in position).
- Resume merit when it can be funded.

# Implementation

- Positions placed within appropriate Pay Grade.
- Employee placed at the minimum of the salary range – if below.
- If within the salary range – no adjustment provided

# Success of the System

- Implement new System recommendations.
- Update current Policies to incorporate new System recommendations as needed.
- Provide for annual Salary Schedule adjustments based upon a set economic indicator.
- Provide for annual increases for performance (to base).
- Periodically review the External Market (Every 3-5 years).
- 2019-2020
  - Transition to new point factor system
  - Update all job descriptions
    - Capture all reorganizations



# Questions

