



Clay Township Regional Waste District

www.ctrwd.org Phone (317) 844-9200 Fax (317) 844-9203

PERSONNEL & BENEFITS COMMITTEE MEETING

Monday, February 27, 2017 @ 7:30 A.M.
10701 N. College Ave, Suite A, Indianapolis, IN 46280

AGENDA

1. Public Comment
2. Safety Update
3. Compensation Study
4. Other Business

Next Meeting: March 27, 2017 @ 7:30 A.M.



MEMORANDUM

To: P&B Committee

From: Andrew Williams

Date: February 22, 2017

Subject: Compensation Study

The District completed compensation studies in 2004(JustAskHR), 2007 (Springsted), and 2012 (New Focus HR). Attached is the methodology used in 2012. Since 2013, the salary ranges have been increased based on the results of the CompData annual survey of wage increases for the Midwest. I believe it is a time to conduct a compensation study to ensure our pay ranges are in line with the market.



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Methodology for the Compensation Project June 2012

- Kristen Shingleton, M.B.A., CCP (Certified Compensation Professional), worked with the management team at the Clay Township Regional Waste District (CTRWD), to update and in some cases re-write each job description. During this process, Kristen learned the essential duties and responsibilities, as well as the competencies required for each job.
- Drew Williams, Utility Director, CTRWD, then asked Kristen to complete a competitive pay market analysis for each position. The goal was to compare each job to others in the market to determine the market competitiveness of each. The District had already purchased a compensation service from Pay Scale and he was going to send the job descriptions to that organization so that they could begin their market research.
- **NOTE:** WorldatWork's methodology for writing job descriptions and for researching and analyzing competitive market data and for developing pay grades was used for this entire compensation project.
- Kristen suggested that the District purchase an additional outside salary survey from CompData Surveys, titled *Compensation Data Utilities – Midwest 2011*. Kristen gave Drew the information and this survey was purchased by CTRWD as an online tool to utilize for the project.
- Kristen contacted the HR Manager's from the following municipalities to schedule a time to talk about their jobs and to see how their jobs compared to those jobs at the District:
 - Holly Ramon, HR Manager, City of Noblesville
 - Barb Lamb, HR Manager, City of Carmel
 - Diana Peyton, HR Manager, City of Westfield
 - Cici Hendrix, HR Manager, Town of Fishers
- Prior to talking with each HR Manager, Kristen obtained their salary ordinance information to review and again reviewed each CTRWD job description.
- Kristen received the Pay Scale salary survey data from Drew and began to analyze the data. Pay Scale matched jobs in their survey data to the District's job descriptions. They indicated the % match by utilizing a scale from 1 – 5, where five indicated the highest match. (Kristen did not ultimately use any data that had a match lower than three.)
- Kristen utilized the online CompData salary survey data to match District jobs to jobs within the survey.
- **NOTE:** According to WorldatWork, the old American Compensation Association and American Benefits Association's merged in the early 1990's to form WorldatWork – www.worldatwork.org - the goal when working with salary surveys is to get a 60% - 70% match with job descriptions. Example: Match one of the District's job description's to the description of a job in the salary survey at a 60% to 70% match, from an essential duties and responsibilities perspective only.
- Kristen then talked with each of the HR Manager's from the municipalities listed above. All were very cooperative and spent time talking with her about each of the District's jobs and which jobs in their organization would be a good match to each of the jobs within the CTRWD. In one case, the City of Noblesville had her talk with their current Utility



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Director, in addition to the HR Manager with regards to the essential duties and responsibilities, as the HR Manager felt that he would have better knowledge as to how the jobs compare. Most of the HR Manager's knew the jobs within their organization well and were reluctant to rely upon reading their job descriptions, as some were either out of date or did not exist. In fact, in most cases, they made comments that it would probably benefit their organization to hire Kristen to get them up-to-date as they don't have the time to accomplish the task. Reason why Kristen talked with the current Utility Director at the City of Noblesville.

- Reasons why there were not many close matches include:
 - Jobs at CTRWD are more specialized due to the District only being involved in wastewater functions.
 - Jobs at other municipalities covered more than one area, e.g. water and sewer, water, sewer and the street department, payroll completed by a City Clerk, etc.
- **NOTE:** Most job descriptions do not include information to include exact number of direct reports, nor do salary surveys include this information. In addition, there is generally no distinction in salary survey data between full-time or part-time, specifically with regards to exempt employees. Example: Each employee is designated as either nonexempt (ex. hourly) or exempt (ex. salaried) from federal and state wage and hour laws. Nonexempt employees are entitled to overtime pay under the specific provisions of federal and state laws. Exempt employees are excluded from specific provisions of federal and state wage and hour laws. Exempt employees are paid on a salary basis that does not vary from week to week based upon the quality or quantity of work performed. In other words, exempt employees are paid "to get the job done."
- Kristen then took all of the gathered information from each salary survey (Pay Scale and CompData), and from each municipality and entered that data into a spreadsheet for comparison purposes. Where there was not a quality match – 60% -70% - she indicated such on the spreadsheet with a * next to the salary amount. Where there was no data available or no match, she indicated that with an N/A.
- **NOTE:** When comparing salary survey data the analyst compares the base salary, e.g. annual salary for exempt and hourly rate for nonexempt, to the midpoint and/or the 50th percentile of the pay grade for that job. CTRWD does not currently utilize midpoints, so Kristen calculated what the actual midpoint was for each existing pay grade to compare with the survey data. In addition, with the Pay Scale and CompData information the analyst selects the "best" utility and location data available for that job, e.g. public utility, Midwest data, Indianapolis metro area data, etc. These are the factors that are somewhat consistent. The analyst is trying to compare "apples to apples" as closely as possible versus "grapes to apples." However, this task is more of an art compared to a science.
- Once all of the survey data was included in the original spreadsheet, she calculated the difference between the average of the salary data and the difference from the CTRWD midpoint and the difference between the difference from the average of the survey data and the CTRWD actual salary amounts. This information was analyzed compared to each current incumbent's pay information.
- This data was submitted to Drew Williams in April for his review. He took the information and created new proposed pay grades, etc. based upon his knowledge of the data. The



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pay grades that were presented were developed off of the Pay Scale data alone and not any of the other market data. After a meeting with the Personnel and Benefits Committee he asked Kristen to go back and work through the pay grade process again in order to meet some of the needs of the Committee members.

- Kristen then spent time re-analyzing all of the data with the end goal of completing updated salary pay grades. So, she revamped the data and deleted the data where it was indicated that it was not a good overall match and recalculated all of the numbers on the spreadsheet.
- **NOTE:** Survey data that is highlighted in “blue” and with a * on the original spreadsheet indicates that it was not a good match so was thrown out of the mix when calculating the average of the survey data numbers.
- Kristen then began to develop new pay grades with the salary survey data. WorldatWork guidelines for developing pay grades were utilized for this project. WorldatWork suggests the following:
 - Range Spread – the width of a pay range from minimum to maximum
 - Managerial and executive – 50% or more
 - Professional or supervisory – 40% to 50%
 - Clerical, technical and administrative – 30% to 40%
 - Service, production and maintenance – 20% to 30%
 - Calculating Range Spread
 - $$\frac{\text{Maximum} - \text{Minimum}}{\text{Minimum}} = \text{Range Spread}$$
 - Midpoint to Midpoint Differentials – midpoint differential between pay grades
 - Executive level pay grades – 20% to 35 %
 - Supervisor and subordinate level pay grades – 15% to 25%
 - Paraprofessional and professional management level pay grades – 8% to 15%
 - Clericals and production level pay grades – 5% to 12%
 - Calculating Midpoint Differentials
 - $$\frac{\text{Midpoint of Higher Grade} - \text{Midpoint of Lower Grade}}{\text{Midpoint of Lower Grade}} = \text{Midpoint Differential}$$
- Kristen grouped the exempt level executive jobs together. Example: All exempt level jobs were grouped according to the midpoint data of the survey data. She took the salary survey average midpoint data for the Utility Director and used that as the starting point to build the first exempt level pay grade. Then built the pay grade using the WorldatWork data listed above. In this case the goal was to create a 50% range spread with a 25% midpoint to midpoint differential to the next pay grade. She then slotted the current CTRWD salary rates for each position within each range. This is indicated on the pay grade spreadsheet in “red,” in order to show where the current position ranks within the proposed pay grade. Two exempt executive level pay grades resulted from this process.
- Kristen grouped the nonexempt paraprofessional/administrative jobs together. Example: All paraprofessional/administrative level jobs were grouped according to the midpoint of the survey data. In this case, the goal was to create a 40% range spread with a 15% midpoint to midpoint differential to the next pay grade. She took the salary survey average midpoint data for those jobs, averaged that data to come up with the starting



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midpoint for the lowest pay grade. She then slotted the current CTRWD salary rates for each position within each range. This is indicated on the pay grade spreadsheets in “red,” in order to show where the current position ranks within the proposed pay grade. Two paraprofessional/administrative pay grades resulted from this process.

- Kristen grouped the nonexempt service/production/maintenance jobs together. Example: All service/production/maintenance level jobs were grouped according to the midpoint of the survey data. In this case, the goal was to create a 30% range spread with a 12% midpoint to midpoint differential to the next pay grade. She took the salary survey average midpoint data for those jobs, averaged that data to come up with the starting midpoint for the highest pay grade. For this group it was “best” to build the midpoint based upon the higher level jobs, as two of the three were supervisory level positions. She then slotted the current CTRWD salary rates for each position within each range. This is indicated on the pay grade spreadsheets in “red,” in order to show where the current position ranks within the proposed pay grade. Three service/production/maintenance pay grades resulted from this process.
- The proposed pay grade and midpoint information for each job, which now reflects the competitive market data, was added to the original spreadsheet.

Findings/Recommendations

- Most of the current incumbents in each job fall within the proposed pay ranges. There may be exceptions for incumbents who fall outside of the range.
 - Incumbents who fall above the maximum of a range should be “**red flagged**” to not receive a pay increase until the range catches up with his/her base pay rate.
 - Incumbents who fall below the minimum of the range should be “**green flagged**.” It will be normal policy to bring the pay within the range in a reasonable time frame. These situations will be reviewed and a strategy developed on a case by case basis at the discretion of the Utility Director.
- Salary ranges should be tied to the merit budget increase each year, depending upon the market conditions at the time. If this is done, most incumbents will always remain within the pay range of their job.
- New hires should be hired in between the 25th and 50th percentile (midpoint) of each range, if appropriate. There may be some circumstances, due to a candidate’s experience and skill set where the Utility Director may want to hire above the 50th percentile. These situations should be more of an exception than the rule.
- As new jobs are added, they should be slotted within the pay grades as appropriate.
- A competitive market analysis should be completed on an average of every three years to make sure that the District is remaining competitive with the market.