

# City of Independence, IA

## Classification and Compensation Study

November 20, 2025

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# Part A: Transmittal Letter

November 20, 2025

Matthew R. Schmitz  
City Manager  
mschmitz@independenceia.gov  
331 1st Street E, Independence, IA 50644

Dear Mr. Schmitz:

We appreciate the opportunity to present this proposal regarding the services Gallagher's Human Resources & Compensation Consulting practice can offer the City of Independence (the City). Gallagher is highly capable and qualified to work with the City based on our extensive experience with public sector organizations across the country. We would consider it a privilege to serve the City in this capacity.

It is our understanding that the City is seeking a comprehensive review and modernization of its classification and compensation structures. This study aims to address challenges related to market competitiveness, internal equity, and compliance with evolving legal standards. The scope of work includes analyzing approximately 55 non-union job classifications to develop a modern, defensible, and sustainable human resources framework. The primary objectives include attracting and retaining a qualified workforce, ensuring internal equity, achieving external competitiveness, establishing a transparent pay structure, defining career progression opportunities, ensuring legal compliance, and providing a fiscally responsible implementation and maintenance plan.

We believe we will provide the City with the most diversely experienced project team of any consulting practice in the country, which enhances the solutions and recommendations we will provide on this engagement. The questions and perspective provided by our team ensure we anticipate any issues the City may face throughout this project, as well as the ongoing management of the updated classification and compensation system.

We have prepared the following proposal in response to your request. We appreciate having the opportunity to submit this proposal and look forward to assisting the City in this engagement.

Sincerely,



Erik Smetana, MBA, SPHR, SHRM-SCP, SWP  
Managing Director & Practice Leader  
314.494.4849 | Erik\_HenrySmetana@ajg.com



## Part B: Firm Experience and Qualifications

### Value Proposition:

The ability to deliver comprehensively structured human capital solutions to clients is Gallagher's signature in the marketplace. At Gallagher, we want to know what makes your organization unique. We listen intently to learn about your culture and priorities and delve deeply into all the details that matter when balancing human capital needs with your bottom line. This single-minded focus on excellence — characterized by innovation and creativity — is the driving force behind every Gallagher engagement.

### Company History:

Arthur J. Gallagher & Co. opened its doors for business in 1927 and is still "growing strong" because of a practiced ability to help clients think ahead. Founded by its namesake who was previously the leading producer for Chicago's largest insurance brokerage, Gallagher is now one of the world's largest human capital, insurance brokerage and risk management services firms. We have operations in 33 countries and extend our client-service capabilities to more than 90 countries through a global network of correspondent brokers and consultants. Since 1961, we have been helping clients overcome business barriers and create new opportunities to cost-effectively attract, retain, and productively engage the best performers in their field. Gallagher started trading on the NYSE under the symbol AJG in 1984.



### Company Culture & Philosophy:

The ideals, principles and values embodied by the founder whose name still appears on our door are part of our corporate DNA. Gallagher's approach to business, cultivated through three generations of family leadership, has always centered on creating relationship value as true partners to our clients. Gallagher's interactions with you will be straightforward and candid. By earning the trust of our clients, we have sustained a reputation for ethics and a commitment to transparency that continues to contribute to our growth.

The high standards of conduct we have set for our external professional relationships are the same rules we follow internally. The Gallagher Way, a one-page document that outlines our 25 shared values, was written in 1984 but is just as culturally relevant today. It speaks to the value of relationships and several tenets set guidelines for ethical behavior. Gallagher combines innovative solutions, thoughtful advice and honest business practices to minimize risk and help fuel your success.



We push for  
professional  
excellence.

**The Gallagher Way.** Since 1927.



## Talent Practice:

Gallagher's Talent practice empowers clients to **attract talent, manage staff, develop leaders, and reward success**—leveraging the power of Gallagher and wisdom of experience to produce an engaged and productive workforce. Tapping into expertise that spans the spectrum of human resources at every level, we can assemble flexible compensation and consulting solutions that improve efficiency and build bottom lines.

Our practice is a combination of some of the most respected names in human resources and compensation consulting. As we have grown in our services and reach, we have grown in our ability to serve our clients – this includes the acquisition and integration of talented firms, consultants, and advisors from Koff & Associates (2021) and Buck (2023). Bringing together experts from compensation, performance, compliance, data and analytics, survey, and leadership fields, Gallagher empowers clients with tools for the entire lifecycle of employment management.

With an experienced team of consultants located in offices across the United States and Canada, our services include:



### HR & Organizational Effectiveness

Think of us as your strategic partner and an extension of your HR and organizational change team.

### Compensation & Rewards

We strengthen the employer-employee relationship by designing equitable, competitive, and sustainable compensation and rewards programs.

### Multinational Benefits & Mobility

As Global Connectors, we provide solutions for you to manage your multinational workforce in a compliant, coordinated, strategic, administratively efficient, and cost-effective way.

### Communications

A global leader in employee communication, we set the industry standard for excellence and innovation

### People Development & Insights

We help you understand your customers and your workforce to unlock value and performance.

## Public Sector & Higher Education Consulting Practice:

Gallagher's public sector & higher education consulting practice **has completed more than 1,500 classification and compensation related studies for public entities, higher education, and similarly situated clients nationally**. We have extensive experience in developing and communicating compensation philosophy, designing and implementing market-aligned pay structures and career frameworks and developing job evaluation methods to maintain internal equity. We conduct benchmark analyses, including conducting custom tailored salary surveys (if needed), and recommend appropriate administrative and procedural guidelines to maintain the compensation system. We ensure that our clients comply with applicable laws and regulations, such as the Fair Labor Standards Act (FLSA), the Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) standards and have pay systems that are appropriate for their organization and market strategy.

We have served our clients for more than 40 years across an array of strategic and value-adding HR services with **classification, compensation, and pay equity as our core specialties**.



We have a strategic alliance with the Public Sector Human Resources Association (PSHRA), the National Public Employers Labor Relations Association (NPELRA), and the Colleges and Universities Professional Association for Human Resources (CUPA - HR) and have conducted a series of training seminars/workshops on compensation, classification, job evaluation, strategic HR, and employee benefits management throughout the nation in conjunction with these organizations. Gallagher Benefit Services also focuses on the higher education market. Our consultants have demonstrated leadership in the compensation and strategic HR fields by completing training and certifications from WorldatWork, ERI, HRCI, Human Capital Institute, SHRM, and others in addition to serving as instructors and presenters for ICMA, CUPA-HR, NAPO, WorldatWork, NACO, NPELRA, PSHRA and other regional and national associations. Our thought leadership has been published and/or highlighted in *University Business*, *PSHRA News*, *American City and County*, *TalentCulture*, *Public Management*, *TLNT*, *Corporate Report Ventures*, *ERE*, *Corporate Board Member*, *Benefits Planner*, and others.

### **As your Trusted Advisor we have additional information for your consideration based on your current focus.**

You can expect a trusted advisor in Gallagher, not just a vendor focusing on only one aspect of your HR offerings. While there are numerous vendors that can provide HR consulting, our subject matter expertise is brought to life in the way we partner with our public sector entities and is what truly sets Gallagher apart. Our consulting style is proactive and collaborative. We strive to provide you with relevant information and partner with you to support informed decisions and anticipate the future. As experts in providing a broad spectrum of human resource and talent management capabilities our experience has shown us that many public sector entities conducting a compensation project may also need support in these key areas:

#### **HR & Organizational Effectiveness**

Think of our team both as a strategy partner, and as an **extension of your HR team** – providing expertise and additional capacity aligned with your specific HR needs, including strategic advisory, one-off projects, and fractional on-going HR solutions.

#### **Communication**

You may encounter some cases that require communication such as sharing outcomes and findings of your needs assessment. Our award-winning Communications Practice is a global leader in employee communications.

**We will increase your business performance** by amplifying the entire employee experience through world leading employee communications.

Here are some of the ways we can provide support:

- HR Policy Development
- Compliance
  - I-9 Reviews & Revisions, ACA Reporting & Compliance, Local, State & Federal Laws, Fair Labor Standards Act (FLSA) Compliance
- Career Transition Services
- Recruiting Services
- Payroll & HRIS Technology Services
  - Managed Payroll Solutions, Interim Emergency Support, State Tax Registrations, Year-End Support
- HR Technology Selection and Implementation
- Organizational Change Management
- HR Support
  - People Operations (Policies, Handbooks, JDs, Leave, Workplace Investigations)

Let us help you with:

- Benefits (Total Wellbeing) Communications
- **Compensation Communication**
- **Reward Communication**
- Retirement Communication
- **Internal Communication (IC)**
- Audit and Insight – Communication Effectiveness
- Organizational Change Communication
- Digital (Communication) Experience
- **Employee Value Proposition (EVP) Development and Communication**
- Personalized Portals
- Non-personalized portals
- Decision-support tools

We welcome the opportunity to further explore how we can partner with you in these critical areas.



## Project Staffing:

Our team of specialists and experts brings a proven track record of designing and executing comprehensive compensation strategies, performing complex classification analyses, evaluating pay equity to ensure fair, competitive structures, and delivering high-value strategic HR advisory services. Many of our professionals have served as practitioners within the very sectors we support, granting us unique insight into real-world operational challenges. We combine rigorous data analytics, industry best practices, and innovative thinking to craft customized, forward-looking solutions aligned with each organization's strategic HR goals. By drawing from hands-on experience and leveraging an in-depth understanding of market trends, we help our clients both meet current standards and proactively prepare for an ever-evolving talent landscape.

Gallagher fosters a commitment of excellence, professionalism, integrity, collaboration, and urgency to each of our clients. With each unique client, Gallagher combines these principles to deliver client services customized, specifically to meet your needs. Your Gallagher consulting team has years of experience consulting to public sector clients, including those with unionized and represented employees with a significantly diverse employee workforce with organizations nationwide, including a long history of serving Iowa cities, counties, and public bodies - we have worked with more than 1,000 public sector and higher education clients over the past decade. Each member of Gallagher's public sector compensation consulting practice has achieved one or more of the following certifications and/or degrees:

- Certified Compensation Professional from WorldatWork
- Compensation Analyst Credential from Economic Research Institute
- IPMA-SCP from the Public Sector Human Resources Association
- PHR and/or SPHR from the Human Resources Certification Institute
- SHRM-CP and/or SCP from the Society for Human Resource Management
- SWP and HCS from the Human Capital Institute
- Master's degree or above, in Human Resources, Business Administration, and/or Organizational Psychology

## PROJECT LEADERSHIP & LEADERSHIP SUPPORT

### **ERIK SMETANA, MBA, MFA, SHRM-SCP, SPHR, SWP, HCS, Managing Director & Practice Leader - 25+ years of experience**

Erik manages operations and leads Gallagher's public sector & higher education Human Resources & Compensation Consulting practice. Erik's 25-plus-year work history has led him to serve in various diverse roles across human resource management, particularly in compensation and benefits, talent management and organizational development, people analytics, and employee relations and policy development. Erik has extensive experience in private and public sectors, working with an eclectic mix of dynamic organizations, including Fortune 500 companies across multiple industries, international not-for-profit organizations, membership associations, media outlets (e.g., NPR and NBC affiliates), institutions of higher education and research, and others. Before joining Gallagher, he served as the enterprise-wide Deputy CHRO and business unit CHRO with the University of Missouri System and with Vanderbilt University as the Executive Director of People & Engagement, leading, designing, and implementing compensation, employee learning, talent acquisition, and people-focused programs and initiatives.

As a consultant, Erik has been **engaged in more than 250 client projects with organizations ranging from cities and counties to state agencies to tribal nations and more including school districts, colleges and universities, special districts and authorities**, and other sector aligned entities in the provision of **compensation, classification, pay equity, organizational assessment, leadership coaching, performance management, and other strategic HR advisory services**.

### **ZAK SHTULBERG, Senior Consultant & Project Operations Lead - 15+ years of experience**

Since starting as an HR consulting intern at Buck (now Gallagher) in 2012, Zak has been mission-driven and passionate about collaboration with clients and partners on transformative people, compensation, and other HR initiatives that improve the lives of employees and their communities. Projects have spanned a broad spectrum, including compensation strategy design, change management and communications, workforce planning, project management, analytics and technology enablement, and organization design, among many others. With both internal and external partners, he is recognized for blending strategic and technical advice with innovative analytics and technology and has grown as a trusted partner and subject matter expert in HR and compensation. Prior to starting his career, he earned a Bachelor of Science in Industrial and Labor Relations from Cornell University.

**TRACY MORRIS, MBA, SHRM-CP, Senior Consultant & Systems Optimization Lead - 15+ years of experience**

Tracy has more than a decade of experience working in the strategic HR space with significant public sector HR and compensation consulting. Tracy holds a bachelor's degree in applied economics and a Master of Business Administration, both from Texas Tech University, and she is a SHRM Certified Professional (SHRM-CP). She serves clients as a project manager, thought leader, and advisor – additionally, she supports and manages our process improvement and optimization efforts to ensure each of our clients has an experience that meets their needs and exceeds their expectations.

**CHRISTINE NICHOLS, Operations Support Specialist - 30+ years' experience**

Christine joined Gallagher in 2023, bringing more than 30 years' experience in Operations Support to the practice. Prior to joining Gallagher, she worked in the private sector for a Global staffing company. In her role as Operations Support for the practice, Christine ensures that all administrative processes across the team run efficiently and effectively, providing seamless client experience from proposal to project closure. She plays an integral part in the contract review process, follows up on client invoices & vendor payments, pulls data from a variety of internal & external systems and coordinates communications with other Gallagher departments. Christine is responsible for managing all RFPs, web inquiries & client referrals to the practice. She also handles all the scheduling of internal & external meetings for the practice, as well as review & audit of practice expenses.

**SHARI FALLON, PHR, SHRM-CP, Senior Consultant & Project Manager - 25+ years of experience**

Prior to joining Gallagher, Shari worked for Cornell University as a Senior Compensation & Workforce Analytics Consultant for 24 years. In her role at Cornell University, Shari was responsible for providing expertise and consultation to campus constituents and resolving conflicts among functional areas to support best practice standards. She developed and designed the institutional foundation for assessing, delivering, and applying workforce planning analytics, advancing HR interests and shared responsibility in the consistency of practice across recruiting, compensation, staffing patterns, performance management, training, and transaction processing. Prior to Cornell, she worked in Human Resources for Retail and Health organizations. Shari has a bachelor's degree in political science/history from the College of St. Rose in Albany, NY, and is certified as a Professional in Human Resources from the Society of Human Resource Management.

**LARRY ROBERTSON, Senior Consultant & Project Manager - 25+ years of experience**

Larry's 29-plus-year work history includes a variety of roles including compensation, human resources information systems, and recruiting as well as serving in a primary leadership role as acting vice president for human resources for several months. Larry has experience in both private and public sectors, working in a manufacturing environment before moving to higher education for the 21 years prior to coming to Gallagher. He has previously earned professional certifications with the Human Resources Certification Institute (PHR and SPHR). He has been actively involved in CUPA-HR on chapter, regional, and national boards and is a 2022 CUPA-HR Distinguished Service Award Recipient.

**DEREK SMITH, PhD, Senior Consultant & Project Manager - 25+ years of experience**

Before joining Gallagher, Derek served as the National Executive Director of the Higher Education Recruitment Consortium and as a part-time consultant with Sawgrass Consulting, following more than 15+ years in higher education leadership roles at places like UNLV, Kansas State University, the University of Missouri System, and the University of Pittsburgh. Derek has a bachelor's degree in history, a master's degree in science, a master's degree in business administration, and a PhD in public policy and leadership. He has earned professional certifications with the Human Resources Certification Institute (PHR), the Society for Human Resource Management (SHRM-CP), Economic Research Institute (ERI) Compensation Analyst Credential, and the Korn Ferry Leadership Architect.

**CATHERINE THORP, Senior Consultant & Project Manager - 25+ years of experience**

Ms. Thorp holds a Bachelor of Business Administration degree in Management from the University of Mary Hardin-Baylor. Before joining Gallagher, Catherine worked as a Senior Compensation Manager at Dun & Bradstreet and in roles ranging from analyst to senior manager at McLane Company, Inc. Catherine has applied her compensation knowledge in market analysis, salary structure design, pay equity, career competencies, strategic planning, system integration, and process optimization. Catherine will complete her CCP in 2023.

**JAIME PARKER, Senior Consultant & Project Manager - 15+ years of experience**

Jaime has 15 years of experience in Higher Education with 7.5 of those years in compensation and organizational effectiveness. Prior to joining Gallagher, she worked at Kansas State University in Human Capital Services, and in the Office of Institutional Effectiveness. Before her career in Higher Education, Jaime worked in the Banking Industry as a Banking Center Manager and Customer Service Manager. Jaime is a graduate of Kansas State University with a bachelor's degree in accounting.



## PROJECT STAFF SUPPORT

### **CHARMAIN KOHLER, Consultant II & Client Liaison - 10+ years of experience**

Charmain has over 25 years of human resources experience in a variety of roles and industries. She has a bachelor's degree in business administration with a concentration in Management from Saginaw Valley State University. Prior to joining Gallagher, she was the Senior Compensation Analyst at Numotion and at Saginaw Chippewa Indian Tribe of Michigan. Her professional experience also includes 10 years as a Human Resources Consultant in higher education.

### **SHILOH VENABLE, Consultant II & Client Liaison - 15+ years of experience**

Shiloh Venable is a consultant in Gallagher's Human Resources & Compensation Consulting practice, specializing in the Public Sector and Higher Education service line. She brings more than 15 years of experience in human resources, learning and development, and program management across corporate, nonprofit, and higher education environments. Prior to joining Gallagher, Shiloh served as a learning & development manager at NXP Semiconductors, where she led global leadership development initiatives. She also held roles in nonprofit program management and student affairs at several universities, where she managed complex projects that supported staff and student growth. Shiloh holds a bachelor's degree in human resource development and a master's degree in education administration, both from Texas A&M University. In 2025, she received her Compensation Analyst Credential (CAC) from the Economic Research Institute (ERI). She is also a certified Professional in Human Resources (PHR).

### **AMBER SHANG, MA in I/O Psychology, Senior Associate Consultant - 5+ years of experience**

Amber holds a BS with honors in Psychology from the University of Washington and an MA in Industrial & Organizational Psychology from New York University. Before joining Gallagher, Amber has applied her knowledge of people analytics in roles ranging from Talent Acquisition at VNS Health to Compensation Analysis at Willis Towers Watson, and Selection & Assessment at DCI Consulting Group. At WTW and DCI, she helped clients from various sectors to tackle challenges and identify strategic solutions. She holds a Certified Analyst Credential (CAC) from the Economic Research Institute (ERI).

### **MARY GAUTHE, MBA, SHRM-CP, Senior Associate Consultant - 5+ years of experience**

Mary has five years of experience from Louisiana State University, where she served as a Compensation Consultant within the University's Central HR unit. She holds a bachelor's degree in management with a concentration in Human Resources from Nicholls State University and a master's degree in leadership and human resource development from Louisiana State University. For the past two years, Mary has served as an Associate Consultant within the PSHE team.

### **CARISSA MARTO, MA in I/O Psychology, Associate Consultant - 5+ years of experience**

Carissa has a bachelor's degree in psychology from Anderson University (SC) and a master's degree in industrial & organizational psychology from Middle Tennessee State University. Prior to joining Gallagher, she held project-based roles working in performance and promotional assessments related to test design.



## Part C: Project Approach and Work Plan

Our practice takes a thoughtful and collaborative approach to all our client engagements, where we work to ensure our efforts are ones which demonstrate how the Public Sector & Higher Education practice **C.A.R.E.S.** - collaborate/consult, advise/assess, recommend/resource, engage/endorse, and strategize/serve - about our clients and their needs. To that end, our project approach starts with our process and client communications.



Our extensive experience has resulted in a comprehensive understanding of the scope of work described by the City. Additionally, we understand the importance of this study as one of many strategies to address current human resources issues and appreciate the delicate nature of public sector spending. Below are some key considerations we have in this type of project, followed by our approach to the areas identified by the City, our detailed work plan, and the estimated project timeline.

### Key Considerations:

**Leadership Support:** Effective compensation reform requires consistent, visible leadership commitment at multiple organizational levels. We establish a leadership accountability structure that includes executive sponsors, department champions, and implementation teams with clearly defined roles. Leaders must actively communicate the program's importance, address concerns directly, and visibly support the process through each phase. We provide leaders with focused messaging tools and data points to effectively advocate for changes. Without this multi-level support structure, even technically sound compensation systems often encounter significant resistance during implementation.

**Internal Fairness and Equity:** Our approach balances external market competitiveness with internal equity through comprehensive job analysis techniques. We conduct detailed comparisons across job families, reporting relationships, and responsibility levels to ensure logical compensation relationships. This includes specialized analysis of career progression paths and appropriate differentials between supervisory and non-supervisory roles. We implement specific methodologies to address compression issues, particularly between long-service employees and new hires with market-driven starting salaries. Our process identifies and remedies historical inequities while establishing defensible rationales for pay differences based on skills, responsibilities, and performance factors.

**Appropriate Timelines:** We develop realistic project schedules based on organizational complexity and resources. This includes adequate time for comprehensive job documentation, employee input, leadership review cycles, and implementation planning. A typical comprehensive compensation project requires 6+ months for proper execution, including 2-3 months for thorough job analysis, 1-2 months for market research, and 2-3 months for implementation planning, noting that this work may happen concurrently across the life of the engagement. Accelerated timelines often compromise data quality and stakeholder buy-in, leading to implementation challenges and future rework. We establish appropriate checkpoints and quality controls to ensure thoroughness while maintaining momentum.

**Data-Driven with Human Oversight:** Our methodology combines rigorous data collection with expert interpretation. We utilize multiple validated market sources appropriate for your sector, geographic region, and organizational characteristics. All job matches undergo multi-level validation checks to ensure accurate comparisons. This empirical foundation is then contextualized through structured consultant review panels that consider institutional history, strategic priorities, and unique operational factors as shared and iterated by our clients. We document both the data-driven recommendations and any exceptions to provide a clear, defensible audit trail. This balanced approach ensures decisions are not rigidly algorithmic while maintaining system integrity.



**Clear and Consistent Communication:** We develop compensation structures and classification frameworks with inherent clarity, using straightforward job leveling frameworks, transparent progression criteria, and consistent application of compensable factors. Communication materials are tailored to different stakeholder needs—executive summaries for leadership, detailed implementation guides for HR professionals, and practical explanation tools for managers and employees. We create accessible resources explaining compensation philosophy, range structure, placement methodology, and future growth opportunities. Systems are designed with straightforward administration requirements that do not require specialized expertise for day-to-day management.

**Compression Planning and Analysis:** Our implementation approach includes detailed financial modeling that identifies potential compression scenarios before placement decisions are finalized. We analyze the distribution of current salaries against proposed ranges to identify employee clusters and gaps requiring special attention. Implementation options are developed with multi-year cost projections, including various phasing alternatives to balance budget constraints with equity requirements. Special focus is given to departments with significant longevity differences and areas with recent hiring at market rates. This proactive approach prevents creating new inequities while addressing existing compression issues within available resources.

## Our Approach:

### Comprehensive Job Documentation Review

Our methodical approach to position documentation begins with a thorough review of the City's existing job descriptions to ensure both internal consistency and regulatory compliance. This analysis includes:

- Documentation Structure Assessment  
Systematic evaluation of job descriptions through our 15-point documentation checklist, assessing critical elements including essential functions, ADA compliance language, FLSA classification support, and competency requirements.
- Functional Accuracy Verification  
Application of our validation process to ensure documentation reflects actual work performed. For positions where current documentation (job descriptions or other supporting materials) lacks sufficient clarity or detail, we may implement our Job Analysis Questionnaire (JAQ) methodology. This targeted approach uses our structured JAQ format to capture essential job elements more accurately than traditional methods. The JAQ process is selectively applied only where existing documentation fails to clearly define:
  - Work complexity and decision-making authority
  - Technical skill requirements and application
  - Supervisory/management responsibilities
  - Problem-solving requirements and organizational impact
  - Minimum qualification requirements
- Regulatory Compliance Review  
Application of our compliance checklist to ensure job documentation satisfies requirements across multiple regulatory frameworks, including ADA, EEOC, FLSA, and other applicable laws. This process identifies specific compliance gaps and develops appropriate language solutions.

### Internal Equity Assessment

Our internal equity methodology uses analytical techniques to ensure position valuation reflects organizational priorities:

- Job Evaluation System Review  
Assessment of the City's current job evaluation methodology to determine effectiveness and alignment with organizational values. Based on this assessment, we will either:
  - Refine the existing methodology to improve consistency and validity
  - Implement our factor-based evaluation system, customized to the City's specific requirements
- Position Value Analysis  
Application of the selected job evaluation methodology across all positions, using a standardized approach to ensure consistent application of factors:
  - Multiple-reviewer approach to minimize subjective bias
  - Consistency checking across organizational units
  - Identification and resolution of internal equity issues
  - Development of clear rationales for evaluation decisions



- **Equity Validation Process**

Implementation of our three-level validation approach to ensure evaluation outcomes reflect genuine job value rather than historical patterns:

- Horizontal equity checks across functional areas
- Vertical equity review within career paths
- Cross-organizational comparison against similar position families

## Market Comparison Analysis

Our market analysis methodology combines multiple data sources to create a comprehensive competitive assessment:

- **Benchmark Position Selection**

Identification of benchmark positions (typically 60-65% of job classifications), mapping, and communication of process to ensure:

- Representation across all major job families and levels
- Focus on positions with reliable and abundant market data
- Inclusion of mission-critical and hard-to-fill positions
- Coverage of positions with known compensation challenges
- Consistency and understanding of roles relative to Gallagher's benchmark mapping process

- **Comprehensive Market Data Collection**

Multi-source data approach combining:

- Published survey data from industry-specific and general compensation surveys
- Custom survey data collected from selected competitor organizations
- Current labor market information on compensation trends

- **Total Rewards Analysis**

Complete competitive assessment including:

- Base compensation positioning relative to defined market
- Variable pay practices and prevalence
- Benefits package evaluation and competitiveness leveraging Gallagher's industry-leading National Benchmark Survey data
- Work arrangement flexibility and other non-monetary elements
- Employer/employee cost-sharing analysis for benefits programs

## Compensation Structure Development

Our compensation structure development process transforms market and internal data into an integrated framework that supports organizational objectives:

- **Structure Design**

Development of grade and range structures through data analysis:

- Analysis of market data to establish market-responsive relationships
- Integration of internal equity requirements into structure design
- Modeling of various structure options (typically 2-3 alternatives)
- Review of position distribution across proposed structures

- **Position Placement**

Allocation of positions to appropriate grades based on:

- Internal equity values established through job evaluation
- Market position requirements for critical job families
- Organizational design considerations and reporting relationships
- Career progression pathway requirements

- **Implementation Analysis**

Financial analysis to evaluate implementation approaches:

- Individual employee placement modeling based on defined criteria
- Development of up to three implementation scenarios
- Compression/inversion identification and remediation planning



## System Sustainability Plan

Our approach ensures the City can maintain and evolve the compensation system independently:

- Comprehensive Documentation & System Integration  
Development of system documentation and transfer of data in formats compatible with the City's HRIS system, enabling smooth integration with existing technology.
- Administrative Knowledge Transfer  
Implementation of our training approach:
  - Thorough training for HR staff on system maintenance
  - Development of administrative tools and decision support materials
  - Creation of position evaluation guides and procedures
  - Establishment of ongoing monitoring and adjustment processes
- Long-term Maintenance Planning  
Development of a sustainable maintenance approach:
  - Annual review methodology and timeline
  - Market monitoring recommendations and data sources
  - Position evaluation guidelines for new or changed positions
  - Budget planning guidance for annual structure adjustments

Our final deliverable will include a comprehensive report detailing methodologies, findings, and recommendations, along with all necessary implementation tools and documentation. This deliverable will provide the City with both immediate implementation guidance and long-term direction for compensation management.

## Work Plan:

The work plan proposed is designed to provide the flexibility necessary to attract, retain, and motivate employees to provide quality services and ensure the system is not an administrative and/or costly burden to the City now or in the future. Gallagher has integrated the Scope of Services into our phased approach and deliverables to address the City's requests. All phases will require that designated the City - team members and Gallagher have ongoing status meetings to explain the process, review the project's progress, review draft materials, address questions, and discuss next steps.





The phased work plan is as follows:

## PHASE 1: STRATEGIC ALIGNMENT, PROJECT INITIATION, & STUDY ADMINISTRATION

Our engagement begins with a comprehensive strategic alignment phase designed to establish clear governance structures and critical success parameters:

- **Executive Strategy Session / Preliminary Meeting** (Week 1)
  - Facilitate session with executive leadership
  - Confirmation of organizational priorities and talent philosophy
  - Alignment of compensation strategy with business objectives
  - Risk assessment and mitigation planning
  - Finalization of project scope parameters
- **Project Governance Implementation** (Week 1-2)
  - Establishment of steering committee and working team
  - Definition of roles, responsibilities, and decision-making authority
  - Implementation of our proprietary communication matrix
  - Configuration of project management platform with milestone tracking
  - Development of risk management and escalation protocols
- **Current State Diagnostic** (Weeks 2-3)
  - Comprehensive documentation collection and review
  - In-depth assessment of existing compensation philosophy
  - Evaluation of current classification architecture
  - Gap analysis against industry best practices
  - Identification of critical improvement opportunities
  - Diagnostic findings presentation to project team
- **Stakeholder Engagement Planning** (Week 3)
  - Development of multi-level communication strategy
  - Creation of employee communication materials
  - Configuration of feedback collection mechanisms
  - Establishment of change management protocols
  - Finalization of communication timeline
- **Employee Orientation Sessions** (Week 4)
  - Delivery of employee information sessions
  - Distribution of project overview materials
  - Q&A facilitation with consistent messaging
  - Expectation setting for participation requirements
  - Initial feedback collection

*Virtual Meetings are included. On-site visits are available at an additional cost to the City.*

## PHASE 2: CLASSIFICATION & CAREER FRAMEWORK REVIEW + DESIGN

*Conduct of meetings with HR/leadership/project team at critical intervals to discuss deliverables. Some components of Phase 2 will overlap with Phase 1.*

Our methodology leverages leading practice and analytical frameworks refined through implementations across hundreds of client engagements:

- **Position Analysis & Documentation Preparation** (Weeks 3-5)



## PHASE 2: CLASSIFICATION & CAREER FRAMEWORK REVIEW + DESIGN

- Configuration of Job Analysis Questionnaires (JAQs)
- Development of manager review protocols
- Creation of job analysis interview guides, as appropriate to ensure clarity of information
- Establishment of documentation standards
- Training of internal reviewers on validation methodology
- **Data Collection Execution** (Weeks 5-8)
  - Collection of job description and position information details from client
    - Review and analysis of role details and duties performed
  - Distribution of JAQs to selected employees (1-week completion window), as necessary to supplement job description review
    - Technical support for JAQ completion process
    - Manager review and validation (1-week review period)
    - Follow-up for incomplete submissions
    - Data quality review and normalization
  - Structured manager validation interviews (selected positions)
  - Documentation of organizational relationships
- **FLSA Classification Review** (Weeks 8-9)
  - Application of our 7-point compliance methodology (see appendix for methodology details)
  - Job-by-job exemption status determination
  - Documentation of exemption rationale
  - Identification of compliance risk areas
  - Development of remediation recommendations
- **Classification Architecture Development** (Weeks 9-12)
  - Multi-dimensional job evaluation using the approach of best alignment for the organization, from among the five leading approaches (ranking, classification/grading, point factor, factor analysis, and/or market-alignment)
  - Job family identification and definition
  - Development of career progression pathways
  - Cross-functional alignment analysis
  - Draft classification structure development
  - Internal consistency review and refinement
  - Preliminary presentation to project team for feedback
  - Classification structure refinement based on feedback
  - Final classification structure development

## PHASE 3: COMPENSATION, BENCHMARKING & MARKET ANALYSIS

Our data-driven approach combines deep market knowledge with sophisticated analytical techniques:

- **Market Analysis Strategy Development** (Weeks 7-8)

Gallagher will map organizational roles to standard market benchmarks, based on work performed and not simply internal titling, to ensure consistency and accuracy of market data. This process includes discussion and integration of details regarding hard-to-fill, high turnover, and unique scenarios within the client organization to ensure informed decisions regarding the benchmarking process.

- Strategic identification of appropriate labor markets and peer organizations
- Development of data collection strategy
- Determination of aging factors and effective dates
- Selection of published survey sources
- Identification of custom survey participants



## PHASE 3: COMPENSATION, BENCHMARKING & MARKET ANALYSIS

- **Custom Market Intelligence Gathering** (Weeks 9-14)
  - Development of custom survey instrument
  - Participant recruitment and confirmation
  - Survey distribution to identified participants
  - Technical support for participants
  - Data collection monitoring
  - Follow-up for non-respondents
  - Data validation and quality review
  - Compilation of custom survey results
  - Supplemental data-mining to ensure sufficient data resources for analysis
- **Published Survey Data Collection** (Weeks 9-14, concurrent with custom survey)
  - Extraction of relevant data from published sources
  - Normalization of data across sources
  - Application of geographic differentials
  - Implementation of aging factors
  - Compilation of comprehensive market dataset
  - Quality assurance review
- **Advanced Data Analytics** (Weeks 14-16)
  - Integration of custom and published data sources
  - Statistical validation of integrated dataset
  - Outlier identification and handling
  - Application of regression analysis for market line determination
  - Competitive positioning analysis
  - Internal equity assessment
  - Pay compression diagnosis
- **Compensation Structure Engineering** (Weeks 16-18)
  - Development of pay structure alternatives (typically 2-3 options)
  - Range modeling with various spread and overlap scenarios
  - Alignment of structure with classification architecture
  - Testing of structure against current positions
  - Financial impact modeling of alternatives
  - Structure refinement based on testing results
  - Finalization of recommended structure

## PHASE 4: IMPLEMENTATION STRATEGY, FINAL REPORTS, & SUSTAINABILITY PLANNING

Our approach ensures successful implementation and long-term program sustainability:

- **Financial Impact Analysis** (Weeks 17-19)
  - Individual employee placement modeling
  - Aggregate financial impact calculation
  - Development of implementation scenarios (typically 3)
- **Implementation Strategy Development** (Weeks 19-21)
  - Creation of phased implementation timeline
  - Development of exception handling protocols
  - Red-circle/green-circle treatment policies
  - Communication planning for rollout



## PHASE 4: IMPLEMENTATION STRATEGY, FINAL REPORTS, & SUSTAINABILITY PLANNING

- **Policy and Procedure Development** (Weeks 20-22)
  - Comprehensive compensation policy documentation
  - Administrative procedure development
  - Authority matrix creation
  - Process flow documentation
  - Recommendation for governance structure
  - Ongoing maintenance protocols
- **Toolkit Creation and Knowledge Transfer** (Weeks 21-23)
  - Development of position evaluation tools
  - Creation of manager decision-support resources
  - Design of employee education materials
  - Development of training curriculum
  - Delivery of administrator training (2 sessions)
- **Executive Presentation and Finalization** (Weeks 23-24)
  - Preparation of executive presentation materials
  - Delivery of executive briefing session
  - Facilitation of decision-making on implementation approach
  - Finalization of deliverables based on executive input
  - Delivery of all project materials and tools
  - Project close-out and transition to ongoing support

## PHASE 5: POST-PROJECT SUPPORT & OPTIONAL ONGOING SERVICES

- **Implementation Support** (Up to 10 hours of direct support for the 6 months following project closure)
  - Technical assistance during the initial rollout
  - Advisory support for complex situations
  - Resolution of emergent issues
  - Refinement of tools based on initial usage
  - Documentation of lessons learned
  - Development of long-term sustainability recommendations
- **Ongoing Support Services (Optional)**
  - The consultant will offer ongoing support services throughout the year, including job evaluation, market pricing, job description development, trend data analysis, and related activities on an ad-hoc basis. The typical turnaround time for ad-hoc requests is two to four business days, depending on the nature and volume of the requests. These services are often provided after completing larger projects to aid in implementing and maintaining the outcomes and deliverables of the initial engagement.

**Project Timeline:**

The following is an estimate to complete each phase by month. We will discuss the details of each phase during Phase 1 and identify specific deadlines for the project at that time. We will conduct frequent conference calls with the City to ensure the schedule is monitored throughout the project. In today's world, speed is particularly important. However, given the significance of this project, it is just as important for the City officials, department heads, and employees to have sufficient time to review and approve the recommendations of Gallagher and to ensure proper communications occur. We have prepared a timeline to ensure the City has the work products in an expeditious manner. Our phases run concurrently; in that we do not wait until the full completion of a phase to begin another phase. We are prepared to commence the work within two weeks of receiving your authorization to proceed.

<b>PHASE 1: STRATEGIC ALIGNMENT, PROJECT INITIATION, &amp; STUDY ADMINISTRATION</b>	
<b>Milestone</b>	<b>Timeframe</b>
Executive Strategy Session / Preliminary Meeting	Week 1
Project Governance Implementation	Week 1-2
Current State Diagnostic	Weeks 2-3
Stakeholder Engagement Planning	Week 3
Employee Orientation Sessions	Week 4
<b>PHASE 2: CLASSIFICATION &amp; CAREER FRAMEWORK REVIEW + DESIGN</b>	
<b>Milestone</b>	<b>Timeframe</b>
Position Analysis & Documentation Preparation	Weeks 3-5
Data Collection Execution	Weeks 5-8
FLSA Classification Review	Weeks 8-9
Classification Architecture Development	Weeks 9-12
<b>PHASE 3: COMPENSATION, BENCHMARKING &amp; MARKET ANALYSIS</b>	
<b>Milestone</b>	<b>Timeframe</b>
Market Analysis Strategy Development	Weeks 7-8
Custom Market Intelligence Gathering	Weeks 9-14
Published Survey Data Collection	Weeks 9-14 (concurrent with custom survey)
Advanced Data Analytics	Weeks 14-16
Compensation Structure Engineering	Weeks 16-18
<b>PHASE 4: IMPLEMENTATION STRATEGY, FINAL REPORTS, &amp; SUSTAINABILITY PLANNING</b>	
<b>Milestone</b>	<b>Timeframe</b>
Financial Impact Analysis	Weeks 17-19
Implementation Strategy Development	Weeks 19-21
Policy and Procedure Development	Weeks 20-22
Toolkit Creation and Knowledge Transfer	Weeks 21-23
Executive Presentation and Finalization	Weeks 23-24
<b>PHASE 5: POST-PROJECT SUPPORT &amp; OPTIONAL ONGOING SERVICES</b>	
<b>Milestone</b>	<b>Timeframe</b>
Implementation Support	<i>Up to 10 hours of direct support for the 6 months following project closure</i>

# Organization

## Compensation Study Report

**Mr. Erik Smetana, MBA, SPHR, SHRM-SCP, SWP**

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## Introduction

Lee College contracted with Gallagher Benefit Services, Inc. (GBS) to conduct a comprehensive review of its employee compensation plan. Our Public Sector & Higher Education practice has been in business since 1981, serving clients in the public space with the utmost integrity, customer care, and delivery of strategic services focused on compensation and classification, strategic and operational people centric programs and services, and collaborative partnerships with public sector, non-profit, and higher education organizations.

## Compensation Study and Methodology

### Purpose of Study

This study was conducted to objectively examine the competitive job market and make recommendations for internally fair and externally competitive pay practices. The project included the following processes:

- evaluate competitive market prices for key benchmark jobs;
- determine whether employees are being paid within an appropriate market range;
- determine whether jobs are placed correctly in the pay structure;
- build or align pay structures with the competitive job market; and
- develop an affordable implementation plan with recommended pay adjustments.

### Project Activities

The following tasks were completed during the study.

- **Initial planning and data collection**

Consultants conferred with the Lee College work team to ensure a clear understanding of the concerns and objectives for the study. Pay data collected on personnel employed at the start of the project was used for modeling proposed pay plans and costs.

- **Assess competitive pay levels for common jobs**

The competitive job market group was discussed and agreed upon by Lee College. Consultants analyzed market data to determine where Lee College is at risk and identified jobs that may need to be adjusted to stay competitive with the external market.



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- **Build or align pay range structures**

A new pay structure was designed to provide competitive pay ranges and internal pay system controls.

- **Design implementation plan with recommended pay adjustments**

- **Review a draft of findings and recommendations and deliver a final report**

Consultants met with Lee College leaders to review the initial draft of findings and recommendations.

## Data Sources

To evaluate the market competitiveness of non-faculty positions at Lee College, we used multiple data sources to ensure both precision and breadth in our analysis. The core of the analysis relied on compensation data from the Texas Association of School Boards (TASB) annual salary survey and CUPA-HR's DataOnDemand platform. These two sources function similarly to a custom survey, as they allowed us to define a targeted peer group for comparison. Lee College provided access to the TASB dataset, which includes detailed compensation data from Texas community colleges. CUPA-HR DataOnDemand allowed us to select relevant peer institutions among two-year colleges, enabling a tailored analysis that reflects Lee College's labor market.

Peers were selected through a two-step process. First, we included colleges in the Gulf Coast Consortium — community colleges in the greater Houston area that partner with Lee College on projects and initiatives and compete for talent. Second, we identified additional peers based on enrollment size, urban location, academic offerings, and service area characteristics (serving small to mid-size Texas communities).



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Peer Institution Name	Location	Enrollment
Alvin Community College	Alvin	6,012
Amarillo College	Amarillo	9,023
Austin Community College	Austin	39,903
Blinn College District	Brenham	17,739
Brazosport College	Lake Jackson	4,127
Coastal Bend College	Beeville	3,991
College of the Mainland	Texas City	5,498
Collin College	McKinney	39,479
Dallas College	Dallas	11,111
El Paso County Community College District	El Paso	24,790
Houston Community College	Houston	52,295
Lone Star College System	Spring	87,250
McLennan Community College	Waco	8,028
Navarro College	Corsicana	6,533
North Central Texas College	Gainesville	8,404
San Jacinto College	Pasadena	31,328
Southwest Texas College	Uvalde	6,563
Tarrant County College	Fort Worth	47,354
Texas Southmost College	Brownsville	8,838
Texas State Technical College System	Waco	8,012
Wharton County Junior College	Rosenberg	5,573

To further validate and supplement these peer-based findings, we incorporated additional published market data from CompData and the Economic Research Institute (ERI), which provide broader market perspectives across industries and geographies. This comprehensive approach ensured that the compensation analysis was both highly targeted to Lee College's most relevant labor markets and informed by broader market trends.

## Survey Methodology

### Data Collection

Gallagher consultants matched only those jobs that reflected at least 80 percent of the duties as outlined in the benchmark summaries. Once peer data was collected, if there were any questions about



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job matching, Gallagher referenced job descriptions, organizational charts and other information to verify that the match was valid. Gallagher conducted quality assurance on the data collected for additional position matches for all peer organizations. Data leveraged was the most recently available information through published survey sources. Gallagher follows the U.S. Department of Justice and Federal Trade Commission guidelines that state five job matches should exist to conduct statistical analyses or drawing conclusions.

## Quality Assurance

Gallagher performed several reviews of the data to identify any outlier data and to ensure validity and reliability of the data. Through a statistical analysis, any salary figures that were considered extreme in relation to all other salary figures were excluded. Various statistics were calculated (25th, 50th, & 75th percentiles) in analyzing the data. Once the analysis and report was completed, it was submitted internally through Gallagher's quality control process for review before it was submitted to Lee College.

## Aging

All data were trended forward to June 1, 2025 to be more effective for a current point in time. All data were aged using salary budget and salary structure trending factors from the *WorldatWork* salary trend survey:

- **4.0 percent** base salary increase
- **2.0 percent** salary structure adjustment

## Geographic Differentials

Applying geographic differentials is a sound compensation practice to normalize data obtained from various locations. This results in more precise figures for use in analyzing and setting pay. Just as data are trended forward to be more effective for a current point in time, data should be adjusted to reflect cost of labor differences between geographic areas. Gallagher used geographic differential data, obtained from Economic Research Institute, to normalize salary data to the equivalent cost of labor for Baytown, TX.



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## Cost of Labor vs Cost of Living

The difference between the cost of labor and cost of living can mean many different things to many people. In total rewards, it is important to address how cost of labor and cost of living are applied in our profession and business.

In compensation analysis, the cost of labor is preferred over the cost of living because it directly reflects the market rates for hiring and retaining employees in a specific geographic location. The cost of labor is determined by the supply and demand for labor across various industries and occupations, making it a more accurate measure of what employers need to pay to attract and retain talent. This ensures that compensation packages are competitive and aligned with the external labor market's pay practices.

On the other hand, the cost of living measures the expenses required to maintain a certain standard of living, including housing, transportation, and other consumables. While this is useful for understanding the overall affordability of a location, it does not directly correlate with the wages employers need to offer to remain competitive in the job market.

## Benchmarking

When benchmarking jobs to the market, it's important to distinguish between **benchmarking actual pay** and **benchmarking your organization's structure** because they serve different purposes and provide unique insights that inform compensation strategies and decision-making.

### Benchmarking Actual Pay

This process involves comparing the organization's current pay levels for specific roles to market data for similar positions. The primary goal is to understand how competitive the organization's salaries are in relation to the external labor market.

- **Purpose:** To ensure individual pay rates are aligned with market standards and support talent attraction and retention efforts.
- **Why Do This?** It helps identify whether employees are paid fairly and competitively, preventing underpayment (which could lead to turnover) or overpayment (which could strain financial resources).



- **Use Case:** Adjusting pay for specific roles, addressing pay equity issues, or making targeted market adjustments.

## Benchmarking the Structure

This approach involves analyzing the design and alignment of the organization's pay structure (e.g., pay grades, bands, ranges) relative to the market. It focuses on whether the organization's overall compensation framework supports its pay philosophy, career progression, and internal equity while staying competitive externally.

- **Purpose:** To evaluate how well the pay structure aligns with market practices and organizational goals, beyond individual roles.
- **Why Do This?** It ensures that the pay structure is broad enough to support growth and flexibility but not so rigid or outdated that it hampers competitiveness or fairness.
- **Use Case:** Developing or updating pay ranges, ensuring pay progression opportunities, or aligning the structure with market trends for better workforce planning.

## Why Do Both?

Focusing solely on actual pay can result in short-term fixes that address individual inequities but fail to address systemic issues. Conversely, benchmarking the structure without examining actual pay can lead to a disconnect between policy and practice, leaving critical inequities unresolved.

- **Holistic Perspective:** Combining both approaches ensures that the organization's pay practices align with its structure and philosophy while remaining competitive in the market.
- **Strategic Alignment:** It allows the organization to attract and retain talent effectively, promote internal equity, and remain fiscally responsible.

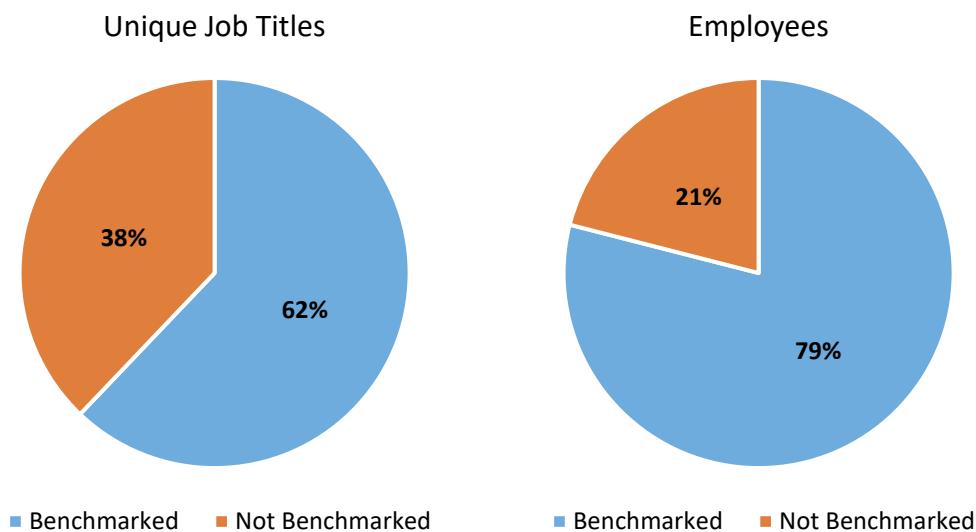
By addressing both actual pay and structural alignment, organizations can create a robust compensation strategy that meets immediate needs and supports long-term goals.



## Summary of Findings

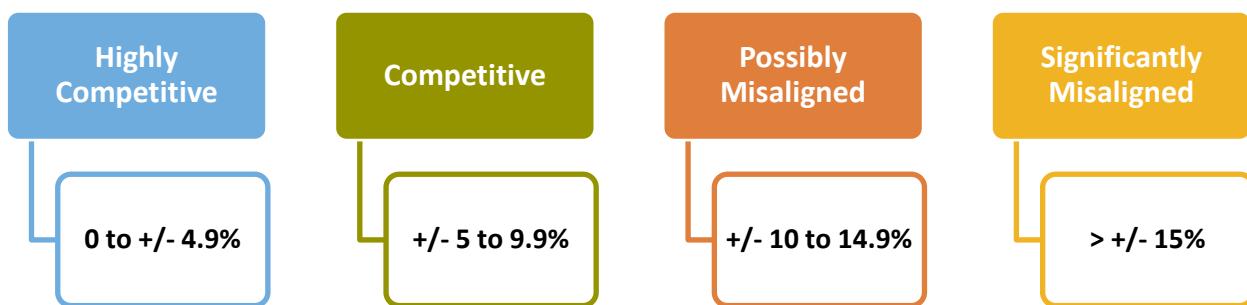
### Benchmarking Success

At the time of data collection, Lee College had 198 unique job titles and 376 employees within the scope of study. Sixty-two percent (123) of all unique job titles were successfully benchmarked and 79 percent (297) of all employees are represented across the benchmarked jobs.



### Evaluation of Employee Pay to Market

The following guidelines are used to determine the competitive nature of current compensation.



The table below provides a comprehensive summary of the comparison between Lee College's actual salary information and market data for all benchmark positions. As expected, the results reflect a mix of jobs that are below market, aligned with market levels, and above market, illustrating the natural variation in how specific roles compare to external benchmarks.



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Comparison	Comparison to Market 25 <sup>th</sup> %ile	Comparison to Market 50 <sup>th</sup> %ile (Median)	Comparison to Market 75 <sup>th</sup> %ile
Actual Employee Pay	4%	-7%	-16%

**Key Finding:** Overall, Lee College's compensation for benchmarked positions is, on average, 7 percent below the market median (within the competitive range). This places the College slightly behind the typical pay philosophy of public institutions, which often aim to align salaries with the market median to remain competitive. The majority of positions (94 out of 123) are within 15 percent of the market median, indicating general alignment; however, a small number of positions are significantly above or below market, primarily due to unique roles with very few incumbents.

When looking at all measured quartiles, on average, benchmark positions are paid 4 percent above market 25<sup>th</sup> percentile and 16 percent below market 75<sup>th</sup> percentile. When focusing on pay compared to market median, 7 positions are earning more than 15 percent above market median, 94 positions are earning within 15 percent of market median, and 22 positions are earning more than 15 percent below market median. It should be noted that for single incumbent, or very low incumbent positions, individual experience, performance, skills, and unique job responsibilities impact market matches more significantly than for multi-incumbent job titles. Of the 22 positions earning more than 15 percent below market median, 19 have 3 or fewer current incumbents. Of the 7 positions earning more than 15 percent above market median, all 7 have 3 or fewer current incumbents.

<b>Summary of Actual Pay Comparisons to Market Median</b>	Above (Over 115%)	7
	At market (85% - 115%)	94
	Below (Less than 85%)	22

Lee College currently has separate defined pay structures for Administrative, Classified, IT/Trades, and Temporary/Part-time employees. The following table shows the summary of each group's comparison of actual pay to the market percentiles.



## Summary of Market Comparisons by Employee Group

Employee Group	Comparison to Market 25th %ile	Comparison to Market Median (50th %ile)	Comparison to Market 75th %ile
	9%	-4%	-15%
Administrative	9%	-4%	-15%
Classified	-4%	-11%	-19%
IT/Trades	8%	-4%	-13%
Temporary/Part-time	-7%	-13%	-20%

## Evaluation of Current Structure to Market

The following table shows a summary comparison between market data and the Lee College salary structures for all benchmark positions.

Comparison	Comparison to Market 25 <sup>th</sup> %ile	Comparison to Market 50 <sup>th</sup> %ile (Median)	Comparison to Market 75 <sup>th</sup> %ile
Salary Structure	-16%	-4%	4%

**Key Finding:** On average, Lee College's pay structure midpoints are 4 percent below the market median (within the highly competitive range), indicating that the structure is generally close to competitive market levels. Most pay range midpoints (74 out of 115) are within 15 percent of the market median, reflecting broad alignment. However, 27 positions have midpoints more than 15 percent below market, suggesting opportunities for adjustment. As is typical in public sector pay systems, aligning structure midpoints with the market median helps ensure the salary structure supports competitive hiring and retention practices.

When looking at all measured quartiles, on average, benchmark positions have a pay range minimum that is 16 percent below the market 25<sup>th</sup> percentile and a pay range maximum that is 4 percent above the market 75<sup>th</sup> percentile. When focusing on pay structure midpoints compared to market median, 14 positions have a pay range midpoint that is more than 15 percent above market median, 74 positions have a pay range midpoint that is within 15 percent of market median, and 27 positions have a pay range midpoint that is more than 15 percent below market median.



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Summary of Pay Structure Comparisons to Market Median	Above (Over 115%)	14
	At market (85% - 115%)	74
	Below (Less than 85%)	27

The following table shows the summary of each group's comparison of pay structures to the market percentiles.

## Summary of Market Comparisons by Employee Group

Employee Group	Comparison to Market	Comparison to Market Median	Comparison to Market
	25th %ile	(50th %ile)	75th %ile
Administrative	-15%	-1%	8%
Classified	-17%	-4%	6%
IT/Trades	-16%	-11%	-8%
Temporary/Part-time*	-14%	-	-

*\*Temporary/Part-time employee pay is only defined at the minimum for Lee College.*

The market tables detailing the findings for each individual job are provided at the end of this document.



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## Recommendations

### Recommendation 1

Adopt the proposed pay structures to improve market competitiveness.

- Gallagher has recommended Administrative, Classified, and IT/Trades pay structures that align the pay range midpoints competitively to market median.
- The midpoint-based structures group jobs of similar market value, skill, effort, and responsibility into proposed pay grades with minimum, midpoint, and maximum values.

### Recommendation 2

Provide a general pay increase to all eligible employees based on budget availability.

- Salary budget trending factors from the *WorldatWork* salary trend survey indicated a projected 4.0 percent base salary increase. Based on the market trend data, rising inflation, and difficulties in recruiting and retaining talent, we recommend Lee College consider a base pay adjustment of 4.0 percent as budget allows.

### Recommendation 3

Implement salary adjustments to improve internal equity and market competitiveness.

- Bring pay for all employees to at least the minimum of their proposed pay range.
- Provide a years' of service calculation to show value for an employee's time in their role. For every year of experience in their current job, each employee received 1 percent up to the pay range maximum.

### Recommendation 4

Improve pay equity and budget management by implementing strong pay discipline for employees paid above the maximum of their assigned pay grade.

- Maintain salaries for employees paid at or above the base salary maximum without continuing to increase base pay beyond the maximum of the assigned pay range.
- Employers can consider providing the equivalent of the general pay increase as a one-time payment to employees whose pay rates are above the maximum of their range. This will



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communicate value to the employees while honoring the range maximums but likely would not be considered creditable compensation for retirement purposes. Such a payment also would need to be factored into overtime pay calculations for nonexempt employees.

- Freezing pay for employees without advanced warning can lead to employee morale issues and turnover. Consider providing written notification to affected employees in advance of freezing base pay.

## **Recommendation 5**

Adopt a market-based approach to pay planning and annually review the compensation plan and update as needed to maintain market competitiveness.

- Grant pay raises based on available revenue each year, according to market trends.
- Review the pay structures annually and adjust as needed to maintain a competitive position in the local market. Best practice is to adjust the salary structure half of the pay increase granted annually to allow employee pay to move at a faster rate than the pay range movement.



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## Cost Estimates

The following table is an estimate of the cost for implementation of the proposed recommendations.

These estimates are based on the data provided as a snapshot in time based on the date of data collection. A general pay increase of 4 percent and 3 percent have been modeled and included in these calculations.

Option Explanation	Itemized Costs	Count	Cost (\$)	% of Payroll
condensed, market-aligned pay grade structure; \$15/hr minimum; 1% per year of service calculation; 4% general pay increase	<b>Total Current Payroll Costs</b>	<b>381</b>	<b>\$21,585,926</b>	
	Pay Increase - 4.0%	376	\$825,405	3.82%
	Adjustment to Minimum	97	\$211,817	0.98%
	Years of Service Adjustment	54	\$43,582	0.20%
	<b>Total Increase in Payroll Costs</b>	<b>372</b>	<b>\$1,080,804</b>	<b>5.01%</b>
	<b>Total Proposed Payroll Costs</b>		<b>\$22,666,731</b>	

condensed, market-aligned pay grade structure; \$15/hr minimum; 1% per year of service calculation; 3% general pay increase	<b>Total Current Payroll Costs</b>	<b>381</b>	<b>\$21,585,926</b>	
	Pay Increase - 3.0%	376	\$620,837	2.88%
	Adjustment to Minimum	102	\$244,754	1.13%
	Years of Service Adjustment	62	\$54,307	0.25%
	<b>Total Increase in Payroll Costs</b>	<b>372</b>	<b>\$919,898</b>	<b>4.26%</b>
	<b>Total Proposed Payroll Costs</b>		<b>\$22,505,824</b>	



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## Salary Structure Development

Insert salary structure development page



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## Proposed Pay Structure

Pay Grade	Range Minimum (Hourly)	Range Midpoint (Hourly)	Range Maximum (Hourly)	Midpoint Progression	Range Spread
Classified-1	\$15.00	<b>\$18.40</b>	\$21.80	-	45.0%
Classified-2	\$16.19	\$20.24	\$24.29	10.0%	50.0%
Classified-3	\$17.81	\$22.26	\$26.71	10.0%	50.0%
Classified-4	\$19.59	\$24.49	\$29.39	10.0%	50.0%
Classified-5	\$21.74	\$27.18	\$32.62	11.0%	50.0%
Classified-6	\$24.14	\$30.17	\$36.20	11.0%	50.0%
IT/Trades-1	\$21.21	<b>\$26.35</b>	\$31.49	--	48.0%
IT/Trades-2	\$23.34	\$28.99	\$34.64	10.0%	48.0%
IT/Trades-3	\$26.14	\$32.47	\$38.80	12.0%	48.0%
IT/Trades-4	\$29.80	\$37.02	\$44.24	14.0%	48.0%
IT/Trades-5	\$34.57	\$42.94	\$51.31	16.0%	48.0%
IT/Trades-6	\$43.21	\$53.68	\$64.15	25.0%	48.0%
Administrative-1	\$25.60	<b>\$32.00</b>	\$38.40	--	50.0%
Administrative-2	\$27.65	\$34.56	\$41.47	8.0%	50.0%
Administrative-3	\$30.42	\$38.02	\$45.62	10.0%	50.0%
Administrative-4	\$34.98	\$43.72	\$52.46	15.0%	50.0%
Administrative-5	\$41.27	\$51.59	\$61.91	18.0%	50.0%
Administrative-6	\$50.85	\$66.04	\$81.23	28.0%	60.0%
Administrative-7	\$65.09	\$84.53	\$103.97	28.0%	60.0%
Administrative-8	\$83.31	\$108.20	\$133.09	28.0%	60.0%



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## Current Structure Comparison to Proposed Structure

Current		Proposed	
Pay Grade	Range Minimum	Range Midpoint	Range Minimum
			Pay Grade
Classified-A11	\$28,412.80	\$35,505.60	\$42,619.20
Classified-A12	\$29,806.40	\$37,273.60	\$44,761.60
Classified-B21	\$33,758.40	\$42,307.20	\$50,793.60
Classified-B22	\$36,358.40	\$45,468.80	\$54,579.20
Classified-B23	\$39,124.80	\$48,880.00	\$58,656.00
Classified-B31	\$42,744.00	\$53,435.20	\$64,105.60
IT/Trades-B22	\$41,704.00	\$52,124.80	\$62,545.60
IT/Trades-B23	\$44,803.20	\$56,014.40	\$67,225.60
IT/Trades-B24	\$48,963.20	\$61,235.20	\$73,486.40
IT/Trades-C41	\$57,033.60	\$74,131.20	\$91,208.00
IT/Trades-C43	\$65,124.80	\$84,656.00	\$104,187.20
IT/Trades-C51	\$70,616.00	\$91,790.40	\$112,944.00
Administrative-C41	\$49,746.00	\$64,672.00	\$79,598.00
Administrative-C42	\$53,202.00	\$69,165.00	\$85,129.00
Administrative-C43	\$56,827.00	\$73,878.00	\$90,929.00
Administrative-C51	\$61,606.00	\$80,091.00	\$98,577.00
Administrative-D62	\$77,521.00	\$100,782.00	\$124,042.00
Administrative-E81	\$98,661.00	\$133,200.00	\$167,739.00
Administrative-E91	\$116,449.00	\$157,215.00	\$197,981.00
Administrative-E92	\$125,243.00	\$169,088.00	\$212,932.00

	Range Minimum	Range Midpoint	Range Maximum
	Pay Grade	Range Minimum	Range Midpoint
Classified-1	Classified-1	\$31,200.00	\$38,272.00
Classified-2	Classified-2	\$33,675.20	\$42,099.20
Classified-3	Classified-3	\$37,044.80	\$46,300.80
Classified-4	Classified-4	\$40,747.20	\$50,939.20
Classified-5	Classified-5	\$45,219.20	\$56,534.40
Classified-6	Classified-6	\$50,211.20	\$62,753.60
IT/Trades-1	IT/Trades-1	\$44,116.80	\$54,808.00
IT/Trades-2	IT/Trades-2	\$48,547.20	\$60,299.20
IT/Trades-3	IT/Trades-3	\$54,371.20	\$67,537.60
IT/Trades-4	IT/Trades-4	\$61,984.00	\$77,001.60
IT/Trades-5	IT/Trades-5	\$71,905.60	\$89,315.20
IT/Trades-6	IT/Trades-6	\$89,876.80	\$111,654.40
Administrative-1	Administrative-1	\$53,248.00	\$66,560.00
Administrative-2	Administrative-2	\$57,512.00	\$71,884.80
Administrative-3	Administrative-3	\$63,273.60	\$79,081.60
Administrative-4	Administrative-4	\$72,758.40	\$90,937.60
Administrative-5	Administrative-5	\$85,841.60	\$107,307.20
Administrative-6	Administrative-6	\$105,768.00	\$137,363.20
Administrative-7	Administrative-7	\$135,387.20	\$175,822.40
Administrative-8	Administrative-8	\$173,284.80	\$225,056.00



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## Proposed Pay Plan

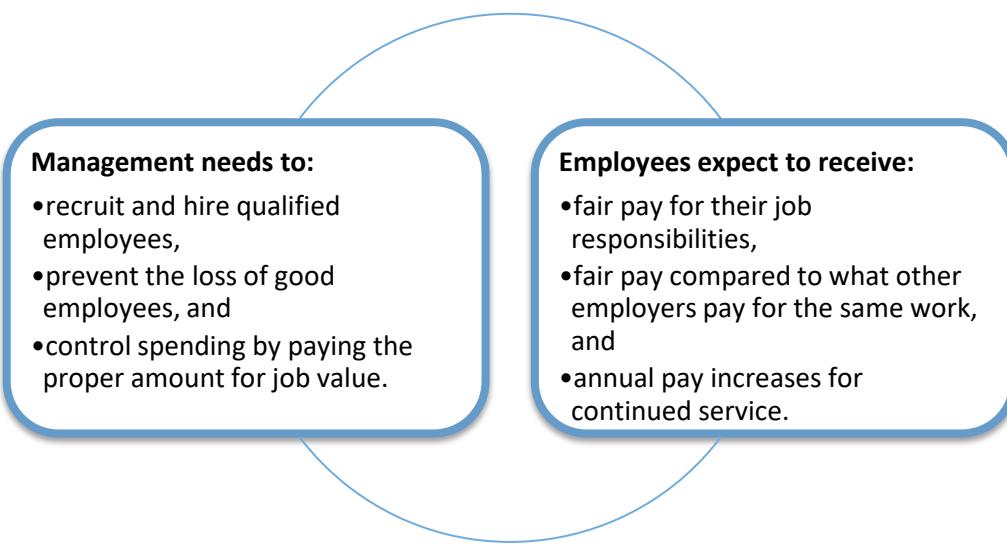
[PDF Proposed Pay Plan and insert here](#)



## Understanding Pay Systems

### Objectives of Pay Systems

All organizations have everyday management needs and employee expectations that must be translated into pay practices. An effective pay system should address the organization's needs and its employees' expectations.



### Basic Pay System Elements

#### Job Families

A job family includes jobs that share common characteristics and are grouped into a common pay structure. These characteristics include the type of work performed, the competitive job market, potential career paths for employees, and state and federal laws regulating wages and salaries.

#### Pay Grades

Compensable job factors such as skill, effort, and responsibility serve as the basis for assigning jobs to different pay levels to achieve internal pay equity among employees. The greater the degree of skill, effort, and responsibility required by a job, the higher the level of pay. Jobs that have similar value and are grouped into the same range of pay are assigned or classified to pay grades.



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**Job Pricing**

While objective job evaluation and classification contributes to internal pay equity, job pricing contributes to external pay equity. Job pricing uses data collected from salary and wage surveys of other employers to determine the external market value of benchmark jobs. This data is used to set pay ranges that are competitive with the external job market. Because jobs have been analyzed and classified into groups of similar value, job pricing does not require a survey match for each unique job.

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**Job Market**

Job markets may be different for different employee groups. By definition, a job market represents the employers that an organization typically competes with to attract and retain employees. Professional employees may be recruited from a larger geographic area than paraprofessional or auxiliary employees. Schools may be the only competitors for instructional positions while other types of businesses may be competitors for business or technology jobs. For this reason, different job markets and survey sources may be used to accurately assess the true competitive job market.

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**Pay Structure**

The pay structure itself is the key management tool that provides control over an organization's competitive position in the marketplace and internal pay equity among all employees. Designing the pay structure involves setting the proper control points (midpoint, minimum, and maximum rates of pay) for each pay grade and ensuring that appropriate pay differentials between pay grade levels are established.

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Issues that must be weighed and balanced in the design of pay structures include:

- positioning the organization competitively,
- impact on current pay practices,
- adequate pay differentials for higher levels of job responsibility,
- internal consistency and rationality, and
- controlled variance within each pay range.



## Compensation Philosophy

A compensation philosophy is simply a formal statement documenting the organization's position about employee compensation. It explains the "why" behind employee pay and creates a framework for consistency. Key Components to include, but are not limited to the following:

### Market Competitiveness

Commitment to offer total compensation packages that are competitive with those offered by similar organizations within the market and sector. By targeting the median of market, organizations aim to balance competitiveness with fiscal responsibility.

### Internal Equity

Strive to maintain a balanced and fair compensation system that recognizes the value and contributions of each position while promoting a sense of internal equity amongst staff.

### Career Progression

Tie compensation to career progression. Develop clear paths for advancement within the organization and ensure that pay increases are associated with increased responsibilities and skills development.

### Market Research and Continuous Improvement

Continuously monitor the job market and industry trends to ensure the organization's compensation packages remain relevant, competitive, and aligned with organizational objectives and commit to regularly reviewing and adjusting compensation philosophy and practices accordingly. This is accomplished by regularly benchmarking salaries and benefits against industry standards.

### Legally Compliant

Adhere to all applicable laws and regulations governing compensation and dedicated to managing resources wisely to ensure the long-term financial stability of the organization.

### Why is having a compensation philosophy important?

- Helps support business strategy
- Aids in attracting top talent (Market competitiveness/Position)
- Increases employee engagement and motivation
- Ensures fairness and equity
- Increases retention and talent development (Career growth/Progression)
- Helps manage labor cost



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- Ensures legal and regulatory compliance
- Promotes transparency and communication

## Implementation and Administration

Current employees may be paid outside the recommended pay ranges initially. Decisions must be made during this transition period about how to deal with employees who are paid outside the pay range for their position. If employees are paid below the minimum rate of their pay range, additional adjustments should be provided to increase their pay to at least the minimum rate of pay. If employees are paid above the maximum of the pay range, they are left outside the range. No employee's pay should be reduced in this event.

Employees advance in pay through annual pay adjustments and tied to budget planning. These management decisions are based on current economic conditions, including projected revenues and market competition.

## Long-Term Salary Administration

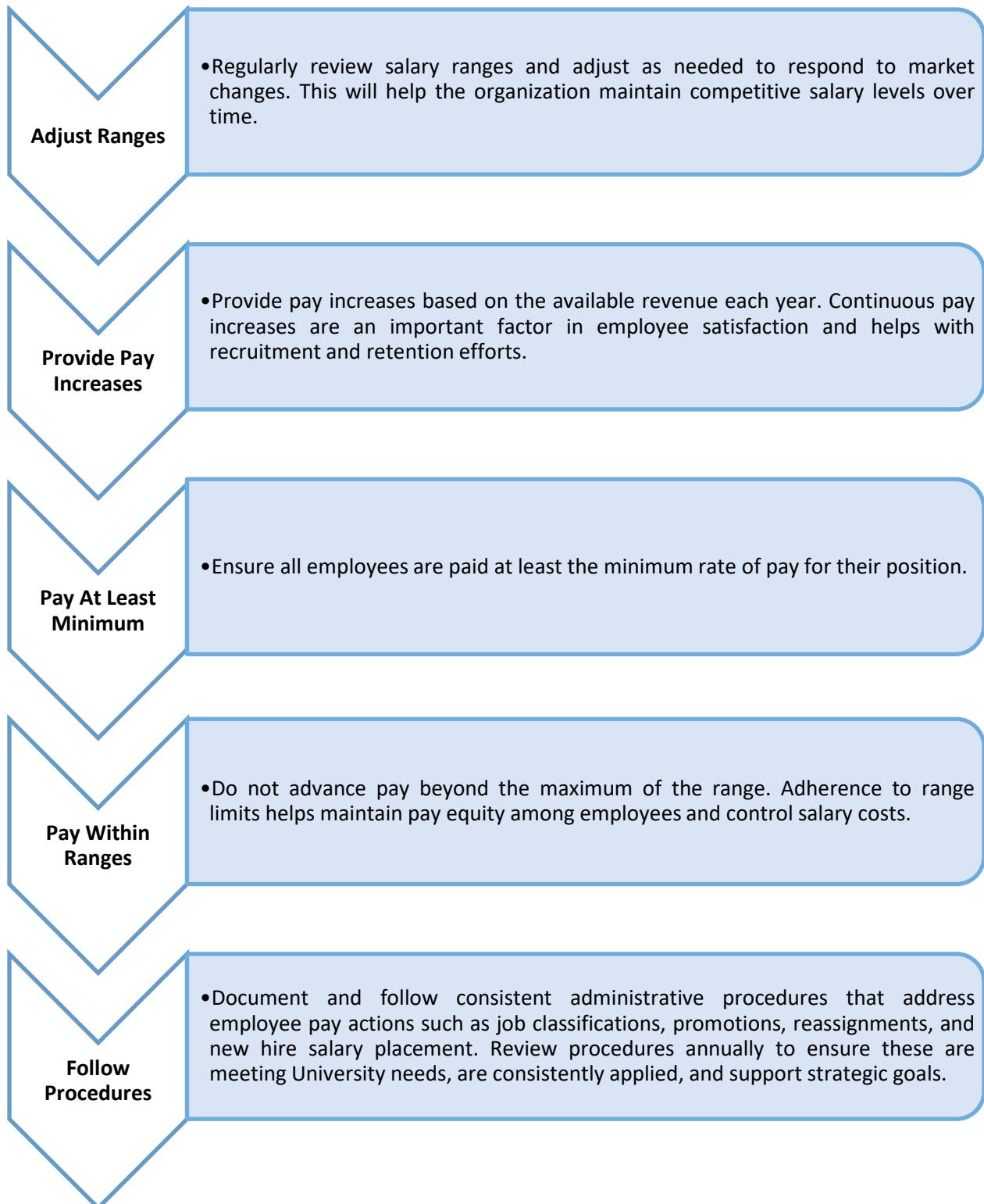
For any pay plan to meet its intended goals on a long-term basis, it must be updated regularly and administered properly. Salary administration involves four primary activities requiring administrative decisions:

- adjusting pay ranges for job market changes and general economic inflation,
- budgeting for annual salary increases for employees,
- placing new employees in the system, and
- calculating special increases for promotions or other job changes.

## Pay System Management

The recommendations provided help ensure a market-competitive and equitable system for the organization. However, pay systems are dynamic and are impacted by numerous factors. To maintain a competitive and equitable system, the organization must work to manage its pay system over time.

Following are recommendations to aid in this endeavor:





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## Detailed Market Pages

PDF this document and then replace this page with appendix pages also as PDF documents.

Once all of the documents are together, use Adobe to add a footer to the full document.

- On the left side of the page should be this text ©2025 Arthur J. Gallagher & Co. All rights reserved.
- On the right side of the page should be the page number. Calibri font, size 8
- The footer should begin on page 3 of this report and start with page number 3.

The appendix would normally include at least these documents:

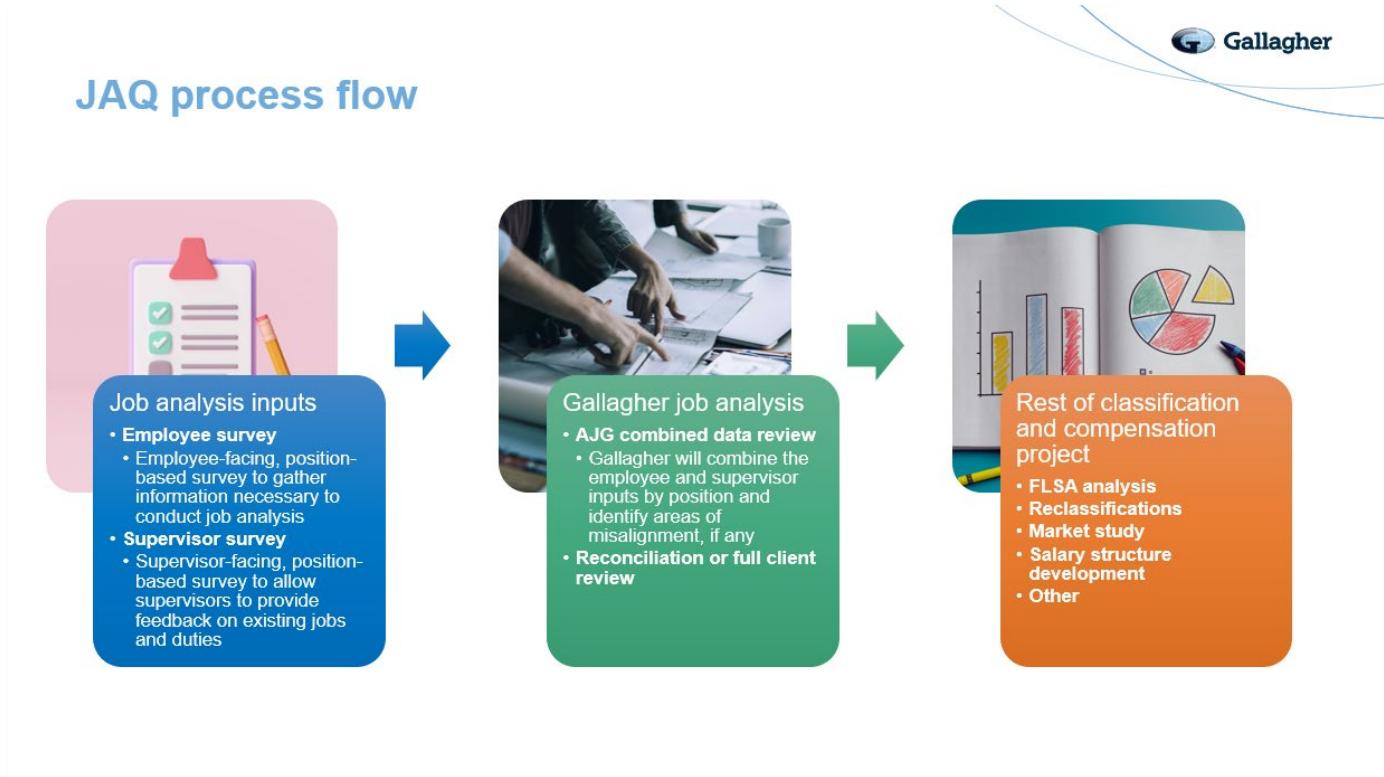
- Benchmark Summary table(s)





We have also included images of our Job Analysis Questionnaire (JAQ) process, which is administered through a user-friendly online platform and designed to capture both employee and supervisor perspectives efficiently. These tools represent just a sample of the customizable solutions we can provide.

## JAQ process flow



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**Job Analysis Questionnaire (JAQ)**

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**Position Summary:** Please write 2 to 5 sentences that describe the purpose and major duties of your position.

Example: Computer Technician

Summary: The Computer Support Technician is responsible for overseeing the operation, maintenance, and repairing of computer equipment and to provide technical assistance to users. This role provides guidance to users on related issues and troubleshoots problems by researching potential solutions. The Computer Support Technician reports directly to the Information Technology Manager and completes essential duties in their assigned department.

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**Job Analysis Questionnaire (JAQ)**

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**Hello, and welcome to the [Client Name] Job Analysis Questionnaire (JAQ)**

Good news! Your employer wants to hear from YOU!

Who are we? Gallagher Benefit Services is a global risk, advisory and consulting organization that specializes in helping organizations attract, engage, retain and reward their talent.

**Instructions and Guidelines for Completing Your Job Analysis**



## Part D: References

Contact names and phone numbers are listed for each project. These projects are relevant to demonstrating our ability to meet the needs of the City and show considerable experience in developing compensation systems for a variety of public sector organizations. Our references can attest to the timeliness, quality, and responsiveness of the services we provide, our understanding of job classification and pay equity, and our knowledge of legal issues, such as the ADA and FLSA, and our expertise in working with public organizations and sensitive personnel issues. The projects listed below were completed by members of your project team and within similar timeframes to what the City is requesting.

**CITY OF RUSTON, LA | 401 North Trenton Street, Ruston, LA 71270**

**Julie Keen**, Finance Director, 318.251.8651, JulieKeen@RustonLA.gov

In 2022, Gallagher contracted with the City of Ruston to perform a compensation study for all city employees. The study utilized a custom survey and published data to complete the study. The study included police, fire, and utility workers.

**CITY OF AUSTIN, TX | 301 West Second Street, Austin, TX 78701**

**Bryan Dore**, Compensation Manager, 512.974.3216, bryan.dore@austintexas.gov

We have been retained to do numerous projects with the City since 2017. In 2017, we were hired to assist the City with a review and assessment of the compensation strategy and to conduct a compensation study for the Human Resources and Legal departments. In 2019, Gallagher conducted another custom salary survey for the City and a comprehensive evaluation of pay equity in comparison to its prior studies to identify if there are any pay equity issues in the organization. Since 2021, we have been engaged in a number of compensation and broader engagements – with our multi-year agreement renewed for 5 years in fall of 2024 – recent efforts have included compensation philosophy design, organizational assessments, and compensation reviews.

**CITY OF GILLETTE, WY | 201 East 5th Street, Gillette, WY 82716-4303**

**Déca Wasson**, Human Resources Director, 307.686.5222, decaw@gillettewy.gov

From 2022 to 2023, we were contracted by the City to perform compensation and HR advisory services.

**HARRIS COUNTY, TX | 3100 Main Street, Houston TX 77002**

**Amanda Porter**, Senior Manager, Compensation and Position Control, 713.274.3018, Amanda.Porter@harriscountytexas.gov

We are currently engaged with the County, the third largest in the country, for a compensation, classification, and pay equity study. This study encompasses over 18,000 employees across 4,000 classifications. The study involves writing job descriptions, creating guidelines, and training for salary administration to ensure pay equity in addition to designing frameworks to support the County's ongoing HR transformation efforts.

**PRINCE WILLIAM COUNTY, VA | 1 County Complex Court, Suite 155, Woodbridge, VA 22192**

**Stacey E. Allen**, Assistant Director of Human Resources, 703.792.5172, SAllen@pwgov.org

Since 2018, Gallagher and the County have partnered to conduct multiple classification and compensation studies with the goal of ensuring internal equity, external competitiveness, and legal compliance in pay structures while supporting career development and workforce planning. To build the compensation and classification framework from the ground-up, the team reviewed and updated over 310 job descriptions, facilitated employee and supervisor Job Analysis Questionnaires (JAQs), conducted interviews and focus groups, and performed market benchmarking. Deliverables included revised salary structures, implementation cost models, and communication toolkits. The studies concluded with actionable recommendations, including a streamlined classification system, updated pay ranges, and tailored implementation strategies aligned with the County's operational and budgetary needs. Gallagher continues to partner with Prince William County and is currently engaged in a 2025 project to build on the previous work, introducing innovative approaches to JAQ design and data collection and market pricing.

*Additional references and/or case studies are available upon request to support client decision-making.*



# Contractual Considerations

The Parties expressly agree that this Agreement allows for cooperative procurement. Any public body (health or educational) may utilize this Agreement if authorized by Gallagher in writing. Participation in this cooperative procurement is strictly voluntary. If authorized by Gallagher in writing, this Agreement may be extended to certain entities to purchase certain services provided by Gallagher at fees in accordance with this Agreement (each, a "Participating Entity"). Participating Entities will purchase services directly from Gallagher by and through this Agreement as if it were the named 'Client' hereunder. Gallagher shall look to the Participating Entity and the Participating Entity shall look to Gallagher in the event of invoicing, payments, and/or contractual disputes in accordance with the terms set forth herein. The named Client, nor any other Participating Entity, shall be held jointly and severally liable for any costs or damages in the event of a dispute between Gallagher and that Participating Entity. By entering into this Agreement, no Participating Entity is precluded from other agreements or competitive processes, as the case may arise.

Additionally, each Party or its Affiliates may execute a Statement of Work pursuant to this Agreement with the other Party or any of such other Party's Affiliates, and each such Statement of Work will form a separate contract between the signatory parties thereto. Where the parties to a Statement of Work are an Affiliate of Gallagher or Client, unless context dictates otherwise, references within any provisions of this Agreement to "Gallagher" or "Company" that are incorporated into such Statement of Work shall, for the purposes of that Statement of Work, be construed as a reference to Gallagher's or Client's respective Affiliate that is the signatory to such Statement of Work. "Affiliate" as it relates to a Party means any entity that Controls, is Controlled by, or is under common Control with such Party. "Control" means the ability, whether directly or indirectly, to direct the affairs of another by means of ownership, contract or otherwise.

Gallagher is pleased to submit this proposal to the City. While this proposal is not meant to constitute a formal offer, acceptance, or contract, notwithstanding anything to the contrary contained in the proposal, Gallagher is submitting this proposal with the understanding the parties would negotiate and sign a contract containing terms and conditions that are mutually acceptable to both parties.

Our legal team has provided the following exceptions to the terms and conditions outlined in this proposal. We are open to discussion on these.

- Gallagher is not a federal contractor or subcontractor. Therefore, Gallagher cannot agree to federal contracting provisions contained within the RFP.
- Section 6 (Point 1) (PDF Page 11) - Below are Gallagher's insurance representations based on AJG Risk Management policies. These are not changed on a client by client basis:
  - Gallagher shall at all times during the term of this Agreement and for a period of two (2) years thereafter, obtain and maintain in force the following minimum insurance coverages and limits at its own expense:
    - Commercial General Liability (CGL) insurance on an ISO form number CG 00 01 (or equivalent) covering claims for bodily injury, death, personal injury, or property damage occurring or arising out of the performance of this Agreement, including coverage for premises, products, and completed operations, on an occurrence basis, with limits no less than \$2,000,000 per occurrence and \$4,000,000 in the aggregate;
    - Workers Compensation insurance with statutory limits, as required by the state in which the work takes place, and Employer's Liability insurance with limits no less than \$1,000,000 per accident for bodily injury or disease. Insurer will be licensed to do business in the state in which the work takes place;
    - Automobile Liability insurance on an ISO form number CA 00 01 covering all hired and non-owned automobiles with limit of \$1,000,000 per accident for bodily injury and property damage;
    - Umbrella Liability insurance providing excess coverage over all limits and coverages with a limits no less than \$10,000,000 per occurrence or in the aggregate;
    - Errors & Omissions Liability insurance, including extended reporting conditions of two (2) years with limits of no less than \$5,000,000 per claim, or \$10,000,000 in the aggregate;



- Cyber Liability, Technology Errors & Omissions, and Network Security & Privacy Liability insurance, including extended reporting conditions of two (2) years with limits no less than \$2,000,000 per claim and in the aggregate, inclusive of defense cost; and
- Crime insurance covering third-party crime and employee dishonesty with limits of no less than \$1,000,000 per claim and in the aggregate.

All commercial insurance policies shall be written with insurers that have a minimum AM Best rating of no less than A-VI, and licensed to do business in the state of operation. Any cancelled or non-renewed policy will be replaced with no coverage gap, and a Certificate of Insurance evidencing the coverages set forth in this section shall be provided to Client upon request.

- Section 6 (Point 2) (PDF Page 11) - Indemnification should be limited to grossly negligent acts and omissions, breaches of the contract, intentional misconduct, or violations of law.
- Section 6 (Point 2) (PDF Page 11) - A limitation of liability of fees paid needs to be added to the indemnification provision. We would request this limit be set at total project fees.
- Section 6 (Point 4) (PDF Page 11) - This section should make clear that Client shall own all final deliverables provided to Client by Gallagher as part of the services provided under this Agreement, provided however, Gallagher shall retain sole and exclusive ownership of all right, title, and interest in, and to, its intellectual property and derivatives thereof which no data or Confidential Information of the Client was used to create and which was developed entirely using Gallagher's own resources, including any and all pre-existing or independently developed know-how, methods, processes and other materials prepared by Gallagher. To the extent Gallagher's intellectual property is necessary for the Client to use the deliverables provided under this Agreement, Gallagher grants to Client a non-exclusive, royalty-free license to Gallagher's intellectual property solely for Client's use of such deliverables.

\* \* \* \*

Thank you for this opportunity to offer our services. Please feel free to contact us at any time if you have any questions or require additional information. We look forward to hearing from you soon.

Sincerely,

A handwritten signature in black ink that reads "Erik Smetana".

Erik Smetana, MBA, SPHR, SHRM-SCP, SWP  
Managing Director & Practice Leader  
314.494.4849 | Erik\_HenrySmetana@ajg.com



# Appendix 1: Publications & Conference Presentations

Over the past 36 months, your Gallagher Public Sector & Higher Education consultants have actively contributed to the discourse through a variety of publications and conference presentations. These efforts underscore our commitment to thought leadership and our dedication to advancing industry practices. This section highlights our key publications and presentations, showcasing our expertise and the value we bring to our clients and partners.

## **K-12 Emerging Trends & Risks for this School Year (Webinar)**

Arthur J. Gallagher & Co. | July 23, 2025

## **Navigating What's Next: Revenue, Risk, and the Future of College Athletics (Webinar)**

Arthur J. Gallagher & Co. | May 8, 2025

## **FMLA Bootcamp: Leave Management Trends, Paid Time Off & Sick Banks (Webinar)**

myBenefits Channel | April 24, 2025

## **How Student-Athlete Pay Can Boost Students, Sports, and Institutional Success**

Arthur J. Gallagher & Co. - News & Insights | February 26, 2025

## **Shaping the Journey to Fair Pay for Student Athletes**

Arthur J. Gallagher & Co. - News & Insights · Jan 15, 2025

## **Competitive Compensation Structures for Higher Ed Institutions and Systems**

CUPA-HR presentation | September 2024

## **Public Sector: Trends in Compensation & HR**

Public Sector HR Association (PSHRA) - Virginia Chapter - State Conference | September 24, 2024

## **How a Compensation Philosophy Can Boost Employee Engagement in the Public Sector**

Arthur J. Gallagher & Co. - News & Insights Jul 2, 2024

## **Driving Public Sector Excellence: The Power of Job Architecture and Career Frameworks**

Arthur J. Gallagher & Co. - News & Insights | May 2, 2024

## **Promoting Excellence and Pay Equity: The Benefits of Merit Pay in Higher Education**

Arthur J. Gallagher & Co. - News & Insights · | April 8, 2024

## **Recruitment and Retention Opportunities within the Public Sector & Public Safety**

National Association of Police Organizations - Retirement & Benefits Symposium | January 29, 2024

## **How a Coaching Leadership Style Unleashes Human Potential at Work**

TalentCulture | Jan 16, 2024

## **Does Your HR Strategy Leverage Organizational Competencies**

TalentCulture | June 23, 2023

## **Workforce and Succession Planning Can Help Stem Higher Education Employee Turnover**

Arthur J. Gallagher & Co. - News & Insights · May 15, 2023

## **Looking Beyond the "Great Resignation" and Planning for a Great Future**

International Public Management Association for Human Resources (IPMA-HR) | September 27, 2022

## **Leverage Compensation Strategies to Attract and Retain Top Public Talent (Conference Presentation)**

IPMA-HR Central Region Conference, ICMA

## **Leverage a Holistic People Strategy to Help Higher Education Employers Face the Future with Confidence**

Arthur J. Gallagher & Co. - News & Insights | July 15, 2022

## **Prepare Now for FLSA Rule Changes Coming Soon**

Arthur J. Gallagher & Co. - News & Insights | March 15, 2022

# Appendix 2: FLSA Compliance Methodology

Our 7-Point FLSA Compliance Methodology provides a structured, defensible approach to determining the appropriate exemption status of each position within your organization. This systematic framework goes beyond basic salary thresholds to ensure proper classification according to the most current Department of Labor regulations and case law interpretations.

## 1. Salary Basis Assessment

- Evaluation of compensation structure against current FLSA minimum salary requirements
- Analysis of pay practices for compliance with salary basis test requirements
- Review of compensation delivery methods and frequency
- Assessment of permissible and impermissible deductions
- Identification of salary basis vulnerabilities and remediation recommendations

## 2. Primary Duty Analysis

- Quantitative time allocation analysis across job functions
- Relative importance assessment of exempt vs. non-exempt functions
- Freedom from direct supervision evaluation
- Comparative wage differential analysis between positions
- Documentation of primary duty determination rationale

## 3. Discretion & Independent Judgment Evaluation

- Assessment against standardized regulatory factors for independent judgment
- Analysis of authority to formulate, affect, interpret, or implement policies/practices
- Documentation of decision-making authority and constraints
- Evaluation of consequences of decisions and recommendations
- Comparison against DOL examples and precedents for similar positions as appropriate

## 4. Exemption-Specific Testing

- Targeted assessment against relevant exemption criteria:
  - Executive exemption: supervision, hiring/firing authority analysis
  - Administrative exemption: administrative vs. production work distinction
  - Professional exemption: specialized education/expertise requirements
  - Computer professional: systems analysis and programming function review
  - Outside sales: customer location and sales activity documentation
- Application of relevant regulatory interpretations and case law precedents

## 5. Industry-Specific Considerations

- Application of industry-specific exemptions and requirements
- Analysis of specialized rules for educational institutions, government entities, healthcare, etc.
- Review of collective bargaining implications, if applicable
- Assessment of state-specific requirements that exceed federal standards
- Documentation of industry-specific compliance rationale

## 6. Documentation Alignment

- Job description language assessment for exemption supportability
- Identification of documentation vulnerabilities
- Development of compliant descriptive language
- Creation of audit trail documenting exemption determination process
- Alignment of job documentation with actual duties performed

## 7. Risk Assessment & Mitigation Planning

- Comprehensive evaluation of misclassification risk by position
- Financial impact analysis of potential misclassification
- Prioritization of positions requiring classification changes
- Development of implementation timeline for required changes
- Creation of monitoring protocols for ongoing compliance

This methodology ensures that all exemption determinations are made systematically, consistently, and in accordance with current regulatory requirements. Our approach has been validated through successful implementation with hundreds of clients and has withstood scrutiny in DOL audits and legal challenges.



## Appendix 3: Job Description Review & Analysis Process

Systematic evaluation of job descriptions through our 15-point documentation checklist, assessing critical elements including essential functions, ADA compliance language, FLSA classification support, and competency requirements.

### 1. Strategic Role Alignment

Validate that the role supports the institution's mission, strategic priorities, and organizational structure.

### 2. Position Title Benchmarking

Assess title consistency with internal hierarchies and external market comparators.

### 3. Organizational Context

Clearly define reporting lines, supervisory scope, and cross-functional interfaces.

### 4. Essential Duties and Responsibilities

Articulate core functions using outcome-based language that reflects operational impact.

### 5. ADA-Compliant Language

Ensure inclusion of physical and cognitive requirements with appropriate accommodation language.

### 6. FLSA Classification Justification

Provide documented rationale for exempt/non-exempt status based on duties and salary thresholds.

### 7. Minimum Qualifications

Specify baseline education, experience, and certifications required for role entry.

### 8. Preferred Qualifications

Identify additional attributes that enhance performance or succession potential.

### 9. Competency Mapping

Align behavioral and technical competencies with institutional competency models.

### 10. Work Environment and Conditions

Describe physical demands, work setting, and any unique environmental factors.

### 11. Work Schedule Expectations

Clarify standard hours, flexibility, travel, and remote/hybrid eligibility.

### 12. Performance Metrics and KPIs

Define success measures and how performance will be evaluated.

### 13. Technology and Tools Utilized

List key systems, platforms, and tools essential to the role.

### 14. Review Cadence and Governance

Establish a schedule for periodic review and stakeholder accountability.

### 15. Documentation and Version Control

Maintain audit-ready records with version history and approval tracking.



## Appendix 4: Additional Services

We are confident we have provided our most cost-effective and best approach. We have included all products and services which are necessary to provide innovation as well as the functional capabilities proposed in our response. We take pride in our creativity and track record in developing innovative solutions to compensation and benefit issues. We spend considerable time and effort researching and exploring trends and technical issues to develop and test approaches not usually considered by other consulting firms that help inform innovative compensation program solutions.

While we will train the City in its use of the recommended compensation system to ensure the City is able to answer questions and maintain the system long-term. The following services are optional and may be provided in the future:

### **General Consulting and Strategic Advisory Services**

*Billed hourly, rate varies based on level of consulting required; dependent on scope of engagement may be billed on a fixed fee basis*

Includes the provision of consulting and advisory services focused on areas of human resources, compensation and classification, and related areas. Typically conducted to help develop strategic and operational approaches, support leadership decision making, or to review and/or assess current approaches and processes (e.g., performance assessment, etc.) compensation decisions (e.g. review pay decision – not facilitate a review/study – for HR leader) as a neutral third-party.

### **Leadership Coaching**

*Billed hourly, rate varies based on level of consulting required; billed on a fixed fee basis for ongoing client engagements*

Facilitated dialogues with leaders regarding leadership and management approach, strategic thinking and style, communications approach, and other related topics to further enhance the individual's leadership presence, ability, and perspectives.

### **Strategic Planning Facilitation**

*Billed hourly plus related expenses, rate varies based on level of consulting required*

Facilitated leadership discussion to outline, identify, and develop strategic roadmaps affecting the direction and approach of an organization over a defined period (i.e. 3 to 5 years) to include operational and strategic imperatives, articulation and definition of employment value proposition, and understanding linkages to organizational outcomes/priorities.

### **Succession Planning**

*Billed on a fixed fee basis based on particulars of the study*

A review of current leadership and organizational staff as well as identification of talent gaps/needs. Typically, it includes working sessions (N dependent on size of organization) to assess existing staffing mix, organizational fit and other success factors, as well as proficiency in current role and progress toward next level of role and advancement readiness. Deliverables include a memorandum summarizing our findings, conclusions, and recommendations.

### **Process Design & Re-Engineering**

*Billed on a fixed fee basis based on particulars of the study*

Includes a review of selected processes and practices, assessment of components (value add vs. value waste vs. value neutral but necessary), mapping of revised processes and as appropriate development of updated standard operating procedures documentation (SOPs).



## Organizational Effectiveness Assessment

*Billed on a fixed fee basis based on particulars of the study*

Includes a review and in-depth assessment of organizational practices, structures, and operational alignment, often across multiple working units, to determine opportunities for organizational design, operational and strategic priorities, modification of mission/vision and/or how the organization delivers on those items, and to identify opportunities that may increase effectiveness and efficiency.

Deliverables include a memorandum summarizing our findings, conclusions, and recommendations.

## Span of Control Assessment

*Billed on a fixed fee basis based on particulars of the study*

Includes a review and in-depth assessment of organizational spans and layers, often across multiple working units, to determine opportunities for organizational redesign, modification of degrees of separation to senior leadership, and to identify opportunities that may increase effectiveness and efficiency. Deliverables include a memorandum summarizing our findings, conclusions, and recommendations.

## Reclassification Review

*Billed per title*

Includes a review of job information through analysis of existing or new job description or Position Description Questionnaire, follow-up with HR, supervisor, or employee as appropriate to ensure understanding, and then development of memo recommendation.

Deliverables include a memorandum summarizing our findings, conclusions, and recommendations.

## Job Description Development

*Billed per title*

Leveraging an updated Position Description Questionnaire, Gallagher confirms the need of creation of new classification, and confirmation with client, and writing of new classification.

## Market pricing

*Billed per title*

Client provides job information in current or new job description, Position Description Questionnaire, and Gallagher collects market data from published survey (\$400) and develops market pricing worksheets and memo on the process. If the client needs market data from the local market (like custom survey), Gallagher will research or conduct individual survey, and collect market data from published survey sources to develop the market pricing worksheet and a detailed memo on the process.

## Annual Adjustments and Trend Data

*Billed per scope of request*

Collection of market salary trend data from published survey sources or local market trend data with development of a memo on process and recommendations associated to any structural adjustments.

## Executive Compensation Study (Public Sector, Higher Education, Non-Healthcare NPOs)

*Billed on a fixed fee basis based on particulars of the study*

Comprehensive review of executive compensation and perquisites to facilitate compensation committee decision-making and confirm reasonability of pay packages. This may include but is not limited to research and analysis of market data, industry data (IPEDs, 990, etc.), and others to review or recommend a going-forward approach for affected executives. This type of study is recommended as an annual study.



## Pay Equity Study

*Billed on a fixed fee basis based on particulars of the study*

Comprehensive review, but not limited to actions including, performing a series of statistical tests to determine if there are any pay differences between gender and protected groups that are statistically significant. We will determine whether these differences can be explained by a factor other than gender, race, or age. Statistical analyses will be performed in accordance with standard, professionally accepted methods and those methods that are recognized by the Equal Employment Opportunity Commission (EEOC). Deliverables typically include general pay breakdowns to assess the pay levels and representation for each breakout identified, perform statistical analysis to identify systemic issues, and provide detailed comparisons where necessary. This type of study is recommended as a triennial study.

## Performance Management/Assessment Study

*Billed on a fixed fee basis based on particulars of the study*

Includes the review of existing programs and approaches, stakeholder feedback collection, development of tools and resources and recommendations, and as appropriate custom peer surveying to identify and leverage best practices across region, industry (e.g. higher education), peer cohorts, role type that are supportive of the strategic and operational imperatives of the client to support employee engagement, performance management, and culture. This type of study is recommended as necessary, based on the particulars and needs of the client.

## Compensation and Classification Audit

*Billed on a fixed fee basis based on particulars of the study*

An external review of current market data collection, data sources, job matches, and salary structures. Audit delivery will validate existing processes or result in recommended alternative approaches leveraging the available data. This type of study is recommended as necessary, based on particulars and needs of the client, often coinciding with internal structure changes or revisions.

## Change Management

*Billed on a fixed fee basis based on particulars of the study*

An assessment of current change management practices and communications approaches related to organizational change to identify opportunities for enhancement, additionally as appropriate to the organizational need, training related to managing and facilitating organizational change and the development of communications tools and resources to support change may be developed and delivered to better ensure success and revised internal practices.

## Appendix C: Proposal Submittal Form

**Instructions:** This form should be completed and submitted with your proposal package. Its purpose is to ensure all required components are included and to provide key information in a standardized format.

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### Section 1: Proposing Firm Information

Official Firm Name:	Gallagher Benefit Services
Mailing Address:	2850 Golf Rd, Rolling Meadows, IL 60008
Website:	<a href="https://www.ajg.com/">https://www.ajg.com/</a>
Year Firm Established:	Gallagher Benefit Services was established 1999. AJG was founded in 1927.
Office Location Performing the Work:	8 Cadillac Drive, Suite 200, Brentwood, TN 37027
Primary Contact Person:	Erik Smetana
Title:	Managing Director & Practice Leader
Phone:	314.494.4849
Email:	Erik_HenrySmetana@ajg.com

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### Section 2: Proposal Submission Checklist

Use this checklist to verify that all required elements are included in your proposal submission.

- One (1) unbound original, five (5) bound copies, and one (1) electronic copy (USB flash drive) of the technical proposal.
- One (1) sealed envelope containing the Cost Proposal , clearly marked on

the exterior with: "SEALED COST PROPOSAL – SALARY STUDY".

#### Technical Proposal Contents:

- **Part A: Transmittal Letter:** A signed cover letter introducing your firm and affirming the proposal's validity for at least 90 days.
- **Part B: Firm Experience and Qualifications:**
  - Firm history, size, and ownership structure.
  - Detailed experience with public sector classification and compensation studies.
  - A list of at least five (5) similar projects for municipal clients within the last three (3) years.
  - Complete resumes for the proposed Project Manager and all key personnel assigned to the project.
- **Part C: Project Approach and Work Plan:**
  - A detailed narrative describing your firm's understanding of the project and proposed methodology for each task in the Scope of Services.
  - A detailed project work plan with a clear timeline, tasks, and milestones.
  - A sample of a final report from a previous, similar municipal project.
  - A sample of a job description from a previous, similar municipal project.
- **Part D: References:**
  - At least three (3) references from public sector clients (use Section 3 of this form).
- **Part F: Acknowledgement Form (Section 4 of this form):** Signed and included in the proposal.

#### Sealed Cost Proposal Contents:

- All-inclusive, "not -to-exceed" total project cost.
- Detailed cost breakdown by task/phase, including professional fees, estimated hours, and billing rates for each team member.
- Schedule of hourly rates for any additional work requested outside the original Scope of Services.

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#### Section 3: Client References

Provide at least three (3) references from public sector clients for whom similar work was completed within the last five years.

### Reference 1:

<b>Client Name:</b>	See References section of proposal for details.
<b>Contact Person &amp; Title:</b>	
<b>Phone:</b>	
<b>Email:</b>	
<b>Brief Description of Project:</b>	

### Reference 2:

<b>Client Name:</b>	See References section of proposal for details.
<b>Contact Person &amp; Title:</b>	
<b>Phone:</b>	
<b>Email:</b>	
<b>Brief Description of Project:</b>	

### Reference 3:

<b>Client Name:</b>	See References section of proposal for details.
<b>Contact Person &amp; Title:</b>	
<b>Phone:</b>	
<b>Email:</b>	
<b>Brief Description of Project:</b>	

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#### Section 4: Acknowledgement of Addenda and RFP Terms

By signing below, the undersigned, an authorized representative of the firm, acknowledges the following:

1. Receipt of all addenda issued for RFP SALARY STUDYList Addenda Numbers received:  
Addenda 1, 2

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2. The firm has read, understands, and agrees to all terms, conditions, and requirements set forth in the RFP document.
3. The proposal submitted is valid for a minimum of 90 days from the submission deadline.
4. The individual signing below is authorized to bind the firm to a contract.

Signature:	
Printed Name:	Erik Henry-Smetana
Title:	Managing Director & Practice Leader
Date:	11/18/2025



# Gallagher

ajg.com

The Gallagher Way. Since 1927.

Gallagher is pleased to submit this proposal to you. While this proposal is not meant to constitute a formal offer, acceptance, or contract, notwithstanding anything to the contrary contained in the proposal, Gallagher is submitting this proposal with the understanding the parties would negotiate and sign a contract containing terms and conditions that are mutually acceptable to both parties.

This material was created to provide accurate and reliable information on the subjects covered by should not be regarded as a complete analysis of these subjects. It is not to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc., a non-investment firm and subsidiary of Arthur J. Gallagher & Co., is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services.