



HUMAN CAPITAL CLASSIFICATION & COMPENSATION REVIEW

Town Council Budget Retreat Meeting
February 25, 2023

Discussion Points

- Classification & Compensation Purpose
- Classification & Compensation Study
 - Purpose
 - Background
 - About Paypoint HR
 - Project Goals
 - Relevant Definitions
 - Project Approach
 - Position Vantage Point (PVP) Questionnaire
 - Comparator Benchmarks
 - Proposed Pay Plan
 - Fiscal Impact
- Compensation Philosophy

Classification & Compensation Study

Purpose

Classification and compensation studies review **external competitiveness** (pay relationships with labor market competitors) and **internal equity** (pay relationships between positions). Classification and compensation studies should be conducted every three years to remain competitive.

The classification and compensation study helps public sector organizations achieve Town Council and human capital objectives such as employee recruitment, retention, pay satisfaction, and containing labor costs.

Pay Plan adjustments are made for external competitiveness. Therefore, a pay plan adjustment can be made by:

- Providing a cost-of-living adjustment to meet the market demands
- Providing a random pay plan adjustment to meet external competitiveness
- Providing an adjustment that the budget can afford to meet external competitiveness

Merit for Performance moves an employee through the competitive pay plan based on the employee meeting the performance management program objectives.

Classification & Compensation Study

Background

- **2001:** COLA adjustment
- **2003:** Noted pay plan adjustment
- **2015:** Springstead conducted a Town-wide classification and compensation study.
- **2018/2019:** Previous Town Manager, proposed the Town conduct an updated classification and compensation study. Town Council approved this study; however, during review of the submitted proposed RFP's, the pandemic hit, and the continuation of this study was cancelled by Town Council until further notice.
- **2022:** Town Council approved current Classification and Compensation study.

It is also important to note:

- *the last classification and compensation study was completed in 2015 resulted in a revision of the pay plan structure but did not address internal equity.*
- *Prior to 2015, the Town's pay plan structure had not been updated since 2003.*

About Paypoint HR



Service Ability

- **100%** of what they do is centered around Classification and Compensation Studies.
- **95%** of their clients are in the public sector.
- They have worked with a variety of organizations ranging in size from 7 to 5,000 employees.
- A typical client has 100 to 500 employees, similar to the 234 employees at Warrenton.

Experience

- Their team members each have several decades of experience.
- Each member has their own specialty area within Human Capital.

Project Goals

Paypoint HR's objectives were to:

- Develop a **credible classification system** that ensures positions performing similar work with like levels of complexity, responsibility, knowledge, skills, and abilities are classified together.
- Develop a **comprehensive compensation plan** for all employees based upon analysis and evaluation of job content is competitive in the external market.

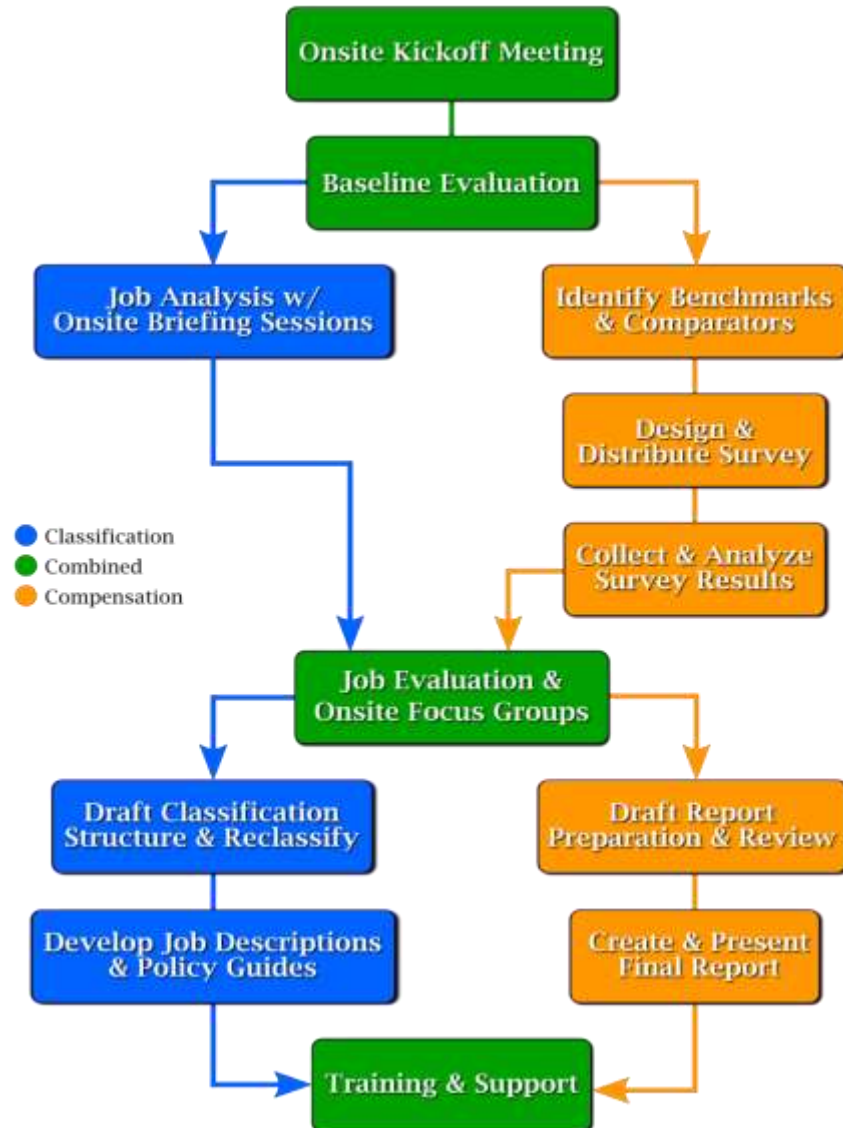
Classification & Compensation Study

Relevant Definitions

- **Internal Equity:** Jobs that are comparable in responsibility, accountability, decision making authority and impact to the organization should be paid similarly to ensure fair pay.
- **External Competitiveness:** Refers to the competitiveness of the organization's compensation package (salary or total compensation) versus the defined labor market. The defined labor market is usually composed of organizations in the same industry, as well as geographic and economic areas.
- **Pay Equity:** Refers to Federal Equal Pay Act (EPA) of 1963, as well as Title VII of the Civil Rights Act of 1964, which forbids wage discrimination on the basis of gender, age, race/ethnicity, years of service, and other protected classes. Employees that perform equal work in the same establishment, or perform jobs requiring equal skill, effort under similar working conditions should be paid equally.
- **Pay Compression:** Pay compression occurs when there is little or no difference in pay between employees regardless of their experience, skills, level or seniority.
- **Consumer Price Index (CPI):** CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The CPI is often used to adjust consumers' income payments (for example, Social Security), to adjust income eligibility levels for government assistance, and to automatically provide cost-of-living wage adjustments (COLA) to millions of American workers.

Classification & Compensation Study

Project Approach




Position Vantage Point (PVP)

PVP Overview

There are four main sections to the PVP. Each section covers key job factors that assist in analyzing the internal data to external data to assist in the analysis of the Town's competitive pay plan.

1. **Background** – education, certifications, work duties, work experience
2. **Skill** – complexity, independence, impact
3. **Environment** – physical requirements, working conditions, interaction with others
4. **Authority** – financial and supervisory

Position Vantage Point



First Name

Last Name

Job Location

Department

Job Title

Full-time / Part-time

Job Summary
Please provide a summary for the purpose of the position in one or two sentences.

Where Position Fits
Complete the structure using job titles to show where your job fits. Use official classification titles only, not working titles.

Supervisor's Title

Job Titles of Peers / Co-workers (Reporting directly to same supervisor)

Jobs Reporting Direct to Position (if applicable)

1/11

Classification & Compensation Study

Comparator Benchmarks

Paypoint HR 25 Comparators			
Alexandria	Berryville	Blacksburg	Charlottesville
Christiansburg	Clarke County	Culpeper	Culpeper County
Fauquier County	Front Royal	Herndon	Leesburg
Loudoun County	Luray	Madison County	Manassas
Orange County	Prince William County	Rappahannock County	Spotsylvania County
Stafford	Staunton	Virginia Department of Transportation	Winchester
Woodstock			

Classification & Compensation Study

Proposed Pay Plan

The revised pay plan adjustment included the following data points:

Paypoint HR Requested Adjustment	Paypoint HR Adjustment	Current Structure
Pay plan Grade Levels	20	33
% Between Each Grade Level	Average of 7.5%	Average of 5%
Min Grade to Max Grade % Difference	60%	60%
Minimum Hourly Rate	\$15.00	\$13.44
<i>FLSA Review</i>	<i>6 proposed updates</i>	
<i>Proposed External Market Percentile</i>	<i>50th Percentile</i>	

Classification & Compensation Study

Proposed Pay Plan

- External Market data was acquired in September and October of 2022. The FY23 pay scales were used throughout the study.
- Adjusting the compensation of job titles to the midpoint of the market helps to make the town competitive with respect to wages at other municipalities.

Classification & Compensation Study

Proposed Pay Plan

Grade	Salary Min	Salary Mid	Salary Max	Hourly Min	Hourly Mid	Hourly Max
1	\$31,200.00	\$40,560.00	\$49,920.00	\$15.00	\$19.50	\$24.00
2	\$33,540.00	\$43,602.00	\$53,664.00	\$16.13	\$20.96	\$25.80
3	\$36,055.50	\$46,872.15	\$57,688.80	\$17.33	\$22.53	\$27.74
4	\$38,759.66	\$50,387.56	\$62,015.46	\$18.63	\$24.22	\$29.82
5	\$41,666.64	\$54,166.63	\$66,666.62	\$20.03	\$26.04	\$32.05
6	\$44,791.63	\$58,229.13	\$71,666.62	\$21.53	\$27.99	\$34.46
7	\$48,151.01	\$62,596.31	\$77,041.61	\$23.15	\$30.09	\$37.04
8	\$51,762.33	\$67,291.03	\$82,819.73	\$24.89	\$32.35	\$39.82
9	\$55,644.51	\$72,337.86	\$89,031.21	\$26.75	\$34.78	\$42.80
10	\$59,817.85	\$77,763.20	\$95,708.55	\$28.76	\$37.39	\$46.01
11	\$64,304.18	\$83,595.44	\$102,886.70	\$30.92	\$40.19	\$49.46
12	\$69,127.00	\$89,865.10	\$110,603.20	\$33.23	\$43.20	\$53.17
13	\$74,311.52	\$96,604.98	\$118,898.44	\$35.73	\$46.44	\$57.16
14	\$79,884.89	\$103,850.35	\$127,815.82	\$38.41	\$49.93	\$61.45
15	\$85,876.25	\$111,639.13	\$137,402.01	\$41.29	\$53.67	\$66.06
16	\$92,316.97	\$120,012.07	\$147,707.16	\$44.38	\$57.70	\$71.01
17	\$99,240.75	\$129,012.97	\$158,785.19	\$47.71	\$62.03	\$76.34
18	\$106,683.80	\$138,688.94	\$170,694.08	\$51.29	\$66.68	\$82.06
19	\$114,685.09	\$149,090.61	\$183,496.14	\$55.14	\$71.68	\$88.22
20	\$123,286.47	\$160,272.41	\$197,258.35	\$59.27	\$77.05	\$94.84

Proposed to be effective on
July 1, 2023.

The pay plan was designed by:

- Using the **comparator benchmarks** in relation to our current position requirements.
- Using the **50th percentile** of the market competitiveness.



Classification & Compensation Study

Fiscal Impact

Based on the classification study a pay plan adjustment of **10%, effective July 1, 2023**, will properly align the Town's current employee salary structure to the current market conditions. The 10% pay plan adjustment would result in an **approximate \$925,000 fiscal impact to the FY24 budget**.

This fiscal impact is broken up into the following funds:

Fund	Share of Cost Increase (%)
General Fund	75%
Water & Sewer Operating Fund	19%
Stormwater Management Fund	6%

Classification & Compensation Study

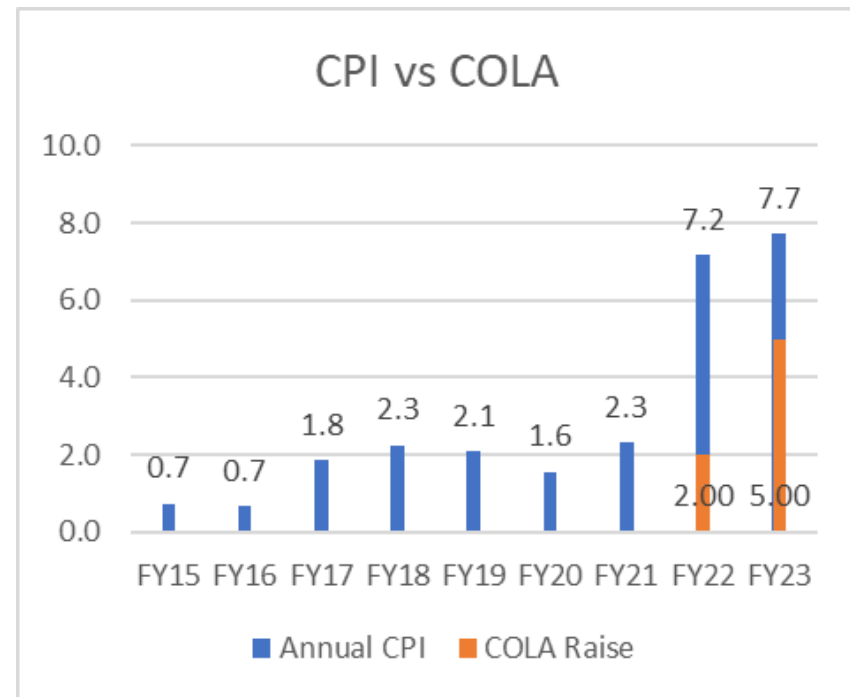
Fiscal Impact

Pay plan adjustments are made in the effort to keep up with the competitive landscape.

This is done by aligning the pay plan to the cost-of-living measures which help to ensure the town remains competitive to its comparators.

Pay Plan adjustments are made for external competitiveness.

Merit for Performance moves an employee through the competitive pay plan based on the employee meeting the performance management program objectives.



Compensation Philosophy

The Town Council seeks to deliver market competitive pay to the Town's workforce. The compensation philosophy is intended to serve as general guidance to the Town Manager on the target market position for the Town's compensation plan.

- The official comparator market represents a group of the local government employers that is comprised of the surrounding Towns and Counties as defined in the most recent Classification and Compensation study.
- Town Council's compensation philosophy sets a target market position for the Town's compensation plan at a minimum of the 50th percentile of the official comparator market. This target is purely an aspirational goal and achievement of this goal is subject to Town funding.

QUESTIONS?