
CITY OF MANITOWOC, WI Committee of the Whole Classification/Compensation Study Policy Review

**Carlson Dettmann Consulting, LLC
Charles E. Carlson, Consultant**

January 20, 2014

Policy Discussion Agenda

- **Job evaluation review**
 - **Factors**
 - **Examples**
- **Market measurement**
 - **Sources and benchmarks**
 - **Data Weighting**
- **Pay plan design review**
 - **Regression analysis**
 - **Pay structure**
- **Pay policy considerations**

Our Recommended Approach

- **In general, balance internal consistency with market competitiveness**
- **Consistent pay plan for all staff**
 - **Except police, fire, and transit unions**
 - **Library addressed separately per statute**
- **Emphasize performance management**

Internal Consistency – Job Evaluation

- **Evaluations based on documentation**
- **Five factors**
 - **Education & required experience**
 - **Decision-making**
 - **Thinking challenges**
 - **Communications**
 - **Working conditions**
- **Objective analysis and application**
 - **Internal review and adjustments**
- **Appeals following adoption**

DECISION MAKING (IMPACT)

IMPACT OF JUDGMENTS	LEVEL	EXTENT OF DECISION MAKING (A/B/C/D) – NATURE OF DECISIONS (A/S/P/F)															
		JOB-CENTERED A				DEPARTMENT-WIDE B				MULTIPLE DEPARTMENTS C				ORGANIZATION-WIDE D			
		A	S	P	F	A	S	P	F	A	S	P	F	A	S	P	F
LEAST – Detailed procedures / protocols and close supervision	1																
CONFINED – Procedures / protocols are clear and supervision is available as required or requested	2		Asst														
MODERATE – Policies and precedents are clear and supervision / managerial direction is available as requested	3			S A													
CONSIDERABLE – Department policies and practices are interpreted and applied with only general supervision / managerial direction	4							M									
SUBSTANTIAL – Judgments involve multi-department policy interpretation and/or defining new policies of major importance to the organization	5												D				
INCLUSIVE – Judgments deal with governance of the entire organization within overall parameters established by the governing authority	6																

THINKING CHALLENGES AND PROBLEM SOLVING

CONTEXT AND COMPLEXITY OF CHALLENGES AND PROBLEMS	LEVEL	REQUIRED RESPONSE				
		Make clear-cut choices A	Choose among several responses of equal effect B	Choose the best alternative from among the possibilities C	Examine, research, and resolve each challenge/issue D	Develop and offer original, creative solutions E
Complexity is low and challenges / problems are relatively minimal	1					
Challenges / problems tend to be routine procedure / process issues	2		Asst			
Challenges / problems tend to be more diverse but are typically covered by precedent or established practice	3			S		
Challenges / problems must be addressed within broader, <u>department-wide procedures and practices</u>	4			A M		
Challenges / problems are complicated and require interpretation and application of <u>policies and objectives</u>	5				D	
Challenges / problems are complex, relating to <u>broad operating policies</u>	6					
Challenges / problems deal with the organization's mission and governance	7					

INTERACTIONS AND COMMUNICATIONS

CONTEXT OF INTERACTIONS AND COMMUNICATIONS	LEVEL	OUTCOMES AND EFFECTS				
		A	B	C	D	E
Responses are provided to others' requests for basic, general information	1					
Requests are answered and contacts initiated to exchange basic, general information	2		Asst			
Specialized information and/or recommendations are provided to others regarding an area of expertise	3			S		
Actively persuades and/or directs others toward achievement of expected outcomes	4			M & A		
Interactions are frequently focused on complex issues of major importance to the organization	5				D	
Interactions are consistently focused on critical operational and/or governance issues	6					

WORK ENVIRONMENT

POTENTIAL FOR ACCIDENTS AND/OR HEALTH HAZARDS IN THE REGULAR WORK ENVIRONMENT	LEVEL	PHYSICAL REQUIREMENTS		
		LOW	MEDIUM	HIGH
Minimal	1			
Limited potential for accidents and some exposure to one or two recognized health hazards	2			
Some potential for accidents and some exposure to multiple recognized health hazards	3			
Potential for lost-time accidents and regular exposure to multiple recognized health hazards (or frequently to one)	4			
Frequent potential for lost-time accidents and continuous exposure to health hazards	5			
Continuous potential for severe / lost time accidents and/or intense exposure to recognized health hazards	6			

Evaluation Results

- **Dozens job classifications, each with a point score**
 - **Unique pay range for each classification is unworkable**
- **Instead, allocate positions into grades with point intervals**
 - **Presently dozens and not uniform**

Market Measurement Method

○ Sources

- Custom public sector survey
- Bureau of Labor Statistics
- Towers Watson
- Fox Valley Chambers Survey

○ Results

- 35 of 85 job classifications (covering over 50% of employees) matched
- Sample covers thousands of area employees

Public Sector Measurement

- **For most positions**

- **Cities of Fond du Lac, Green Bay, Oshkosh, Sheboygan, Stevens Point, Superior, Two Rivers, Watertown, Wausau, and West Bend. Plus Manitowoc County**

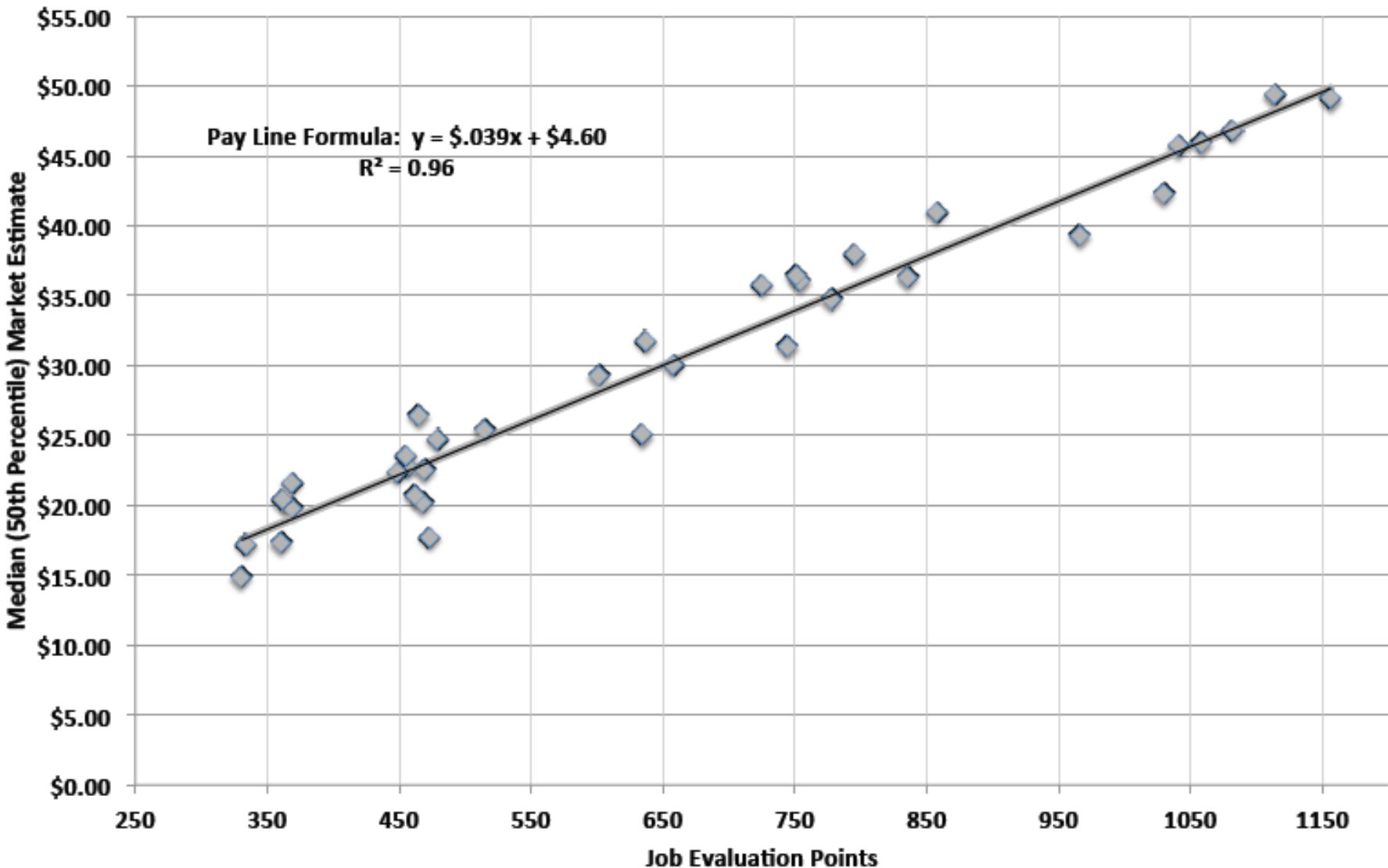
- **For selected others**

- **Cities of Appleton, Beloit, De Pere, and Neenah; Brown, Calumet, Kewaunee, and Sheboygan Counties**

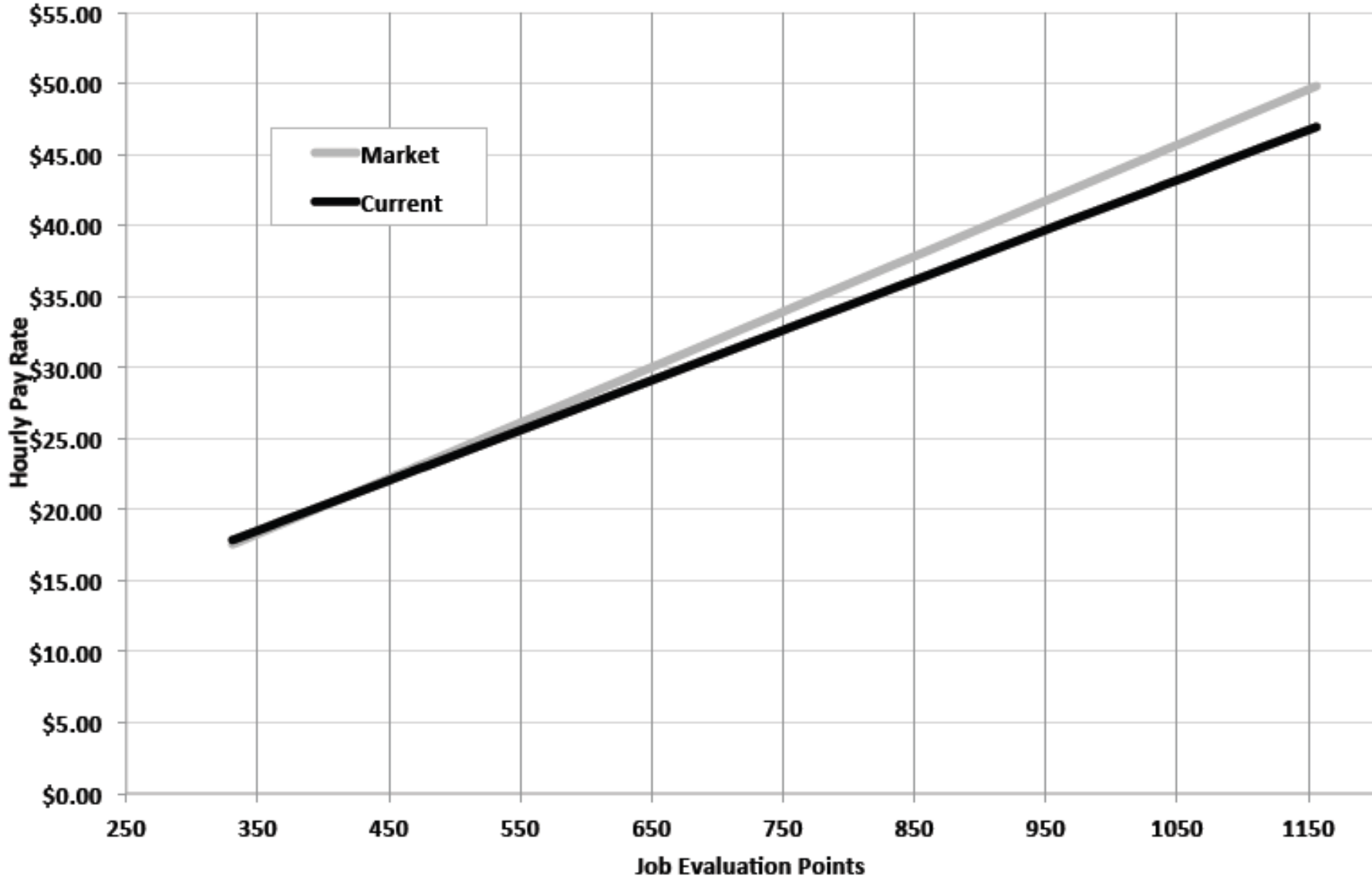
Policy Question #2

- **Where does the City want to position itself in its labor markets?**
 - High?
 - Low?
 - Average?
- **Data weighting**
 - Depends on recruitment/retention experience
- **Do benefits matter?**
 - Yes; health insurance is key
 - Manitowoc has implemented significant changes

**City of Manitowoc
Regression of Median Market Pay on Job Evaluation**



City of Manitowoc
Comparison of Current and Market Regression Lines of Best Fit



Weighting the Data

JOB LEVEL	PRIVATE	PUBLIC
Department Heads & Managers	25%	75%
Supervisors, Professionals & Advanced Technical	50%	50%
Non-exempt	75%	25%

City of Manitowoc Health Insurance (2013)

PPO Plan	Family Premium	Employer %	Employer Cost	Employee Cost
Kaiser Avg. (200+ Employees)	\$16,860	73%	\$12,312	\$4,548
Kaiser Avg. (Midwest)	\$16,656	71%	\$11,820	\$4,836
Kaiser Avg. (State/Local Gov't)	\$15,792	73%	\$11,532	\$4,260
City of Manitowoc	\$16,308	87.5%	\$14,269	\$2,038

PPO Plan	Single Premium	Employer %	Employer Cost	Employee Cost
Kaiser Avg. (200+ Employees)	\$6,108	81%	\$4,944	\$1,164
Kaiser Avg. (Midwest)	\$5,928	79%	\$4,680	\$1,248
Kaiser Avg. (State/Local Gov't)	\$6,204	88%	\$5,460	\$744
City of Manitowoc	\$6,648	87.5%	\$5,817	\$831

Creating Pay Grades

- **Each pay grade in the proposed matrices have point intervals**
 - **Grades B thru e are 25-point intervals**
 - **Grades F thru R are 50-point intervals**
 - **Grades S and T, the two highest management grades, have 100-point intervals**
- **Individual job classifications are assigned to grades according to their job evaluation score**
- **The Control Point of each grade equals**
 - **Y (predicted salary) = (\$.039 times grade middle point value) + \$4.60**
- **Important to note that overlap between ranges**
 - **So when someone says the next higher range is more appropriate, there is overlap**

Trend Line Data

○ Equation for line:

- **y (predicted pay) = \$.039 times x (job evaluation score) + \$4.60**
- **.039 is line slope (every point = \$.039)**
- **\$4.60 is the y -axis intercept**
- **Correlation coefficient is 0.96**
 - ★ **Can be interpreted as job evaluation system explains 96.0% of the variance in market pay**
 - ★ **This is a very high coefficient; tight fit**
 - ★ **Excellent basis for designing a pay plan**

○ Data aged by 1% to be relevant for 2014

Example of How We Use the Line Data

- **Objective is to create range Control Points linked to market data**
- **Example:**
 - **Job evaluation score = 580**
 - **Allocated to Grade J (550-599 pts.)**
 - **Middle value is 574.5 pts**
- **Using the line equation**
 - **$\{(\$0.39 \text{ times } 574.5 \text{ pts}) + \$4.60\} + 1\% = \$27.34$**
 - **Becomes the Gr J Control Point (Step 6)**

Designing a Pay Structure

- **Currently**
 - **Short step system for represented positions**
 - **Longer step plan for traditional non-represented staff**
- **Direction for new plan**
 - **How much emphasis to be placed on performance management?**

What Are Options?

- **Public employers across Wisconsin are moving to more performance management**
- **Quick movement to variable pay for performance is relatively rare**
- **Interest is intense in making at least some compensation performance driven**

Option A – Step Plan

- **Step system**
 - **Steps = 2.5% of range C/P**
 - **Range spread = 28.5%**
- **Progression based on performance at least meeting expectations**
 - **Steps to Control Point (Market) at one-year intervals**
 - **Steps beyond Control Point could be in intervals > annual**
- **When increase structure, increase steps**
- **This is a very typical Wisconsin plan**

Grade	Start	End	87.5% Minimum	90.0% Step 2	92.5% Step 3	95.0% Step 4	97.5% Step 5	100.0% Control Point	102.5% Step 7	105.0% Step 8	107.5% Step 9	110.0% Step 10	112.5% Step 11
T	1100	1199	\$43.79	\$45.05	\$46.30	\$47.55	\$48.80	\$50.05	\$51.30	\$52.55	\$53.80	\$55.06	\$56.31
S	1000	1099	\$40.34	\$41.49	\$42.64	\$43.80	\$44.95	\$46.10	\$47.25	\$48.41	\$49.56	\$50.71	\$51.86
R	950	999	\$37.75	\$38.83	\$39.90	\$40.98	\$42.06	\$43.14	\$44.22	\$45.30	\$46.38	\$47.45	\$48.53
Q	900	949	\$36.02	\$37.04	\$38.07	\$39.10	\$40.13	\$41.16	\$42.19	\$43.22	\$44.25	\$45.28	\$46.31
P	850	899	\$34.29	\$35.27	\$36.25	\$37.23	\$38.21	\$39.19	\$40.17	\$41.15	\$42.13	\$43.11	\$44.09
O	800	849	\$32.56	\$33.49	\$34.42	\$35.35	\$36.28	\$37.21	\$38.14	\$39.07	\$40.00	\$40.93	\$41.86
N	750	799	\$30.84	\$31.72	\$32.60	\$33.48	\$34.36	\$35.24	\$36.12	\$37.00	\$37.88	\$38.76	\$39.65
M	700	749	\$29.10	\$29.93	\$30.77	\$31.60	\$32.43	\$33.26	\$34.09	\$34.92	\$35.75	\$36.59	\$37.42
L	650	699	\$27.38	\$28.16	\$28.94	\$29.73	\$30.51	\$31.29	\$32.07	\$32.85	\$33.64	\$34.42	\$35.20
K	600	649	\$25.65	\$26.38	\$27.11	\$27.84	\$28.58	\$29.31	\$30.04	\$30.78	\$31.51	\$32.24	\$32.97
J	550	599	\$23.92	\$24.61	\$25.29	\$25.97	\$26.66	\$27.34	\$28.02	\$28.71	\$29.39	\$30.07	\$30.76
I	500	549	\$22.19	\$22.82	\$23.46	\$24.09	\$24.73	\$25.36	\$25.99	\$26.63	\$27.26	\$27.90	\$28.53
H	450	499	\$20.47	\$21.05	\$21.64	\$22.22	\$22.81	\$23.39	\$23.97	\$24.56	\$25.14	\$25.73	\$26.31
G	400	449	\$18.73	\$19.27	\$19.80	\$20.34	\$20.87	\$21.41	\$21.95	\$22.48	\$23.02	\$23.55	\$24.09
F	350	399	\$17.01	\$17.50	\$17.98	\$18.47	\$18.95	\$19.44	\$19.93	\$20.41	\$20.90	\$21.38	\$21.87
E	325	349	\$15.71	\$16.16	\$16.60	\$17.05	\$17.50	\$17.95	\$18.40	\$18.85	\$19.30	\$19.75	\$20.19
D	300	324	\$14.54	\$14.96	\$15.37	\$15.79	\$16.20	\$16.62	\$17.04	\$17.45	\$17.87	\$18.28	\$18.70
C	275	299	\$13.47	\$13.85	\$14.24	\$14.62	\$15.01	\$15.39	\$15.77	\$16.16	\$16.54	\$16.93	\$17.31
B	250	274	\$12.47	\$12.83	\$13.18	\$13.54	\$13.89	\$14.25	\$14.61	\$14.96	\$15.32	\$15.68	\$16.03

Option A: Pro's and Con's

○ Pro's

- **Simple to manage**
- **Costs predictable and controlled**
- **Employees know what to expect**

○ Con's

- **Not flexible**
- **Costs fixed (unless steps suspended)**
- **Every employee treated the same regardless of contribution**

Option B – Open Range Plan

- **Structure**
 - **Minimum, Control Point, and Maximum**
 - **50% range spread**
 - **No fixed steps**
- **Establish a merit pay matrix to manage progression**
 - **Very similar to what the City of Neenah has utilized**
- **Adjust schedule periodically based on market changes**

Grade	Start	End	80.0% Minimum	Pay for Performance	100.0% Control Pt.	Pay for Performance	120.0% Maximum
T	1100	1199	\$43.79	→	\$50.05	→	\$60.06
S	1000	1099	\$40.34	→	\$46.10	→	\$55.32
R	950	999	\$37.75	→	\$43.14	→	\$51.77
Q	900	949	\$36.02	→	\$41.16	→	\$49.39
P	850	899	\$34.29	→	\$39.19	→	\$47.03
O	800	849	\$32.56	→	\$37.21	→	\$44.65
N	750	799	\$30.84	→	\$35.24	→	\$42.29
M	700	749	\$29.10	→	\$33.26	→	\$39.91
L	650	699	\$27.38	→	\$31.29	→	\$37.55
K	600	649	\$25.65	→	\$29.31	→	\$35.17
J	550	599	\$23.92	→	\$27.34	→	\$32.81
I	500	549	\$22.19	→	\$25.36	→	\$30.43
H	450	499	\$20.47	→	\$23.39	→	\$28.07
G	400	449	\$18.73	→	\$21.41	→	\$25.69
F	350	399	\$17.01	→	\$19.44	→	\$23.33
E	325	349	\$15.71	→	\$17.95	→	\$21.54
D	300	324	\$14.54	→	\$16.62	→	\$19.94
C	275	299	\$13.47	→	\$15.39	→	\$18.47
B	250	274	\$12.47	→	\$14.25	→	\$17.10

Option B: Pro's and Con's

○ Pro's

- **Maximum flexibility to recognize contribution differences**
- **No fixed costs**

○ Con's

- **More uncertainty for employees**
- **Pressure on administration and Board to fund adequately and stay the course**
- **More work for managers and supervisors**

Option C – Combination Plan

- **Spread of 137%**
 - **Minimum = 87.5% of C/P**
 - **Maximum = 120% of C/P**
- **Steps over 5 years to Control Point**
 - **Step = 2.5% of C/P**
- **Use merit between Control Point and Maximum**
 - **Like with Open range plan**
- **When increase structure, increase steps**

Grade	Start	End	87.5% Minimum	90.0% Step 2	92.5% Step 3	95.0% Step 4	97.5% Step 5	100.0% Control Pt.	Pay for Performance	120.0% Maximum
T	1100	1199	\$43.79	\$45.05	\$46.30	\$47.55	\$48.80	\$50.05	→	\$60.06
S	1000	1099	\$40.34	\$41.49	\$42.64	\$43.80	\$44.95	\$46.10	→	\$55.32
R	950	999	\$37.75	\$38.83	\$39.90	\$40.98	\$42.06	\$43.14	→	\$51.77
Q	900	949	\$36.02	\$37.04	\$38.07	\$39.10	\$40.13	\$41.16	→	\$49.39
P	850	899	\$34.29	\$35.27	\$36.25	\$37.23	\$38.21	\$39.19	→	\$47.03
O	800	849	\$32.56	\$33.49	\$34.42	\$35.35	\$36.28	\$37.21	→	\$44.65
N	750	799	\$30.84	\$31.72	\$32.60	\$33.48	\$34.36	\$35.24	→	\$42.29
M	700	749	\$29.10	\$29.93	\$30.77	\$31.60	\$32.43	\$33.26	→	\$39.91
L	650	699	\$27.38	\$28.16	\$28.94	\$29.73	\$30.51	\$31.29	→	\$37.55
K	600	649	\$25.65	\$26.38	\$27.11	\$27.84	\$28.58	\$29.31	→	\$35.17
J	550	599	\$23.92	\$24.61	\$25.29	\$25.97	\$26.66	\$27.34	→	\$32.81
I	500	549	\$22.19	\$22.82	\$23.46	\$24.09	\$24.73	\$25.36	→	\$30.43
H	450	499	\$20.47	\$21.05	\$21.64	\$22.22	\$22.81	\$23.39	→	\$28.07
G	400	449	\$18.73	\$19.27	\$19.80	\$20.34	\$20.87	\$21.41	→	\$25.69
F	350	399	\$17.01	\$17.50	\$17.98	\$18.47	\$18.95	\$19.44	→	\$23.33
E	325	349	\$15.71	\$16.16	\$16.60	\$17.05	\$17.50	\$17.95	→	\$21.54
D	300	324	\$14.54	\$14.96	\$15.37	\$15.79	\$16.20	\$16.62	→	\$19.94
C	275	299	\$13.47	\$13.85	\$14.24	\$14.62	\$15.01	\$15.39	→	\$18.47
B	250	274	\$12.47	\$12.83	\$13.18	\$13.54	\$13.89	\$14.25	→	\$17.10

Option C: Pro's and Con's

○ Pro's

- **Less work and known expectations from Minimum to Control Point (market estimate)**
- **Raises beyond the Control Point for performance exceeding expectation**

○ Con's

- **Pressure on administration and Board to fund adequately and stay the course**
- **Have to make sure employees aren't being evaluated highly just to qualify for raises**

Pay-for-Performance Requirements

- **Strong form of government with authority delegated for centralized decision-making**
 - Consistent administrative support
 - Department head accountability
- **Accurate performance measurement**
 - Forms need to be developed
 - Skilled, trained managers and supervisors
 - Auditing and re-training
- **Consistent political support from the City Council**
 - Can't be a fad
 - Adequate funding

Our Recommendation

- **Select either Option A (Step Plan) or Option C (Combination)**
 - **More realistic and predictable than an open range plan**
 - **Provides plenty of emphasis on performance management**
- **Implementation**
 - **If below minimum, move to minimum on a plan**
 - **If between steps, move to step that provides an increase**
 - **If above maximum, pay “red-circled”**

IMPLEMENTATION: OPTION A

**Total to Min.
\$75,299**

**Next Step
\$53,832**

**Total
\$129,132
2.0%**

**Current Payroll
\$6,354,924**

COMPENSATION ANALYSIS

**Number of
Employees at**

Step 1	17	14%
Step 2	4	3%
Step 3	8	7%
Step 4	12	10%
Step 5	14	12%
Step 6	4	3%
Step 7	10	8%
Step 8	8	7%
Step 9	5	4%
Step 10	6	5%
Step 11	6	5%
Above	25	21%
Total	119	

IMPLEMENTATION: OPTION C

**Total to Min.
\$75,299**

**Next Step
\$42,494**

**Total
\$117,794
1.9%**

**Current Payroll
\$6,354,924**

COMPENSATION ANALYSIS

	Number of Employees at	
Step 1	17	14%
Step 2	4	3%
Step 3	8	7%
Step 4	12	10%
Step 5	14	12%
Step 6	4	3%
C/P to Max	54	45%
Above Max	6	5%
Total	119	

Experienced Staff

Grouping	Number	Percent of Whole	Cummulative Percent
Greater than 30 Years of Service	9	5.4%	5.4%
25 Years to 30 Years	21	12.6%	18.0%
20 Years to 25 Years	24	14.4%	32.3%
15 Years to 20 Years	24	14.4%	46.7%
10 Years to 15 Years	19	11.4%	58.1%
5 Years to 10 Years	25	15.0%	73.1%
Less than 5 Years of Service	45	26.9%	100.0%
Total	167	100%	

Aging Staff – Turnover Will Be Critical

Grouping	Number	Percent of Whole	Cumulative Percent
Age 60 or Older	19	11.4%	11.4%
Age 55 to Age 60	27	16.2%	27.5%
Age 50 to Age 55	34	20.4%	47.9%
Age 45 to Age 50	27	16.2%	64.1%
Age 40 to Age 45	25	15.0%	79.0%
Age 40 or Less	35	21.0%	100.0%
Total	167	100%	

Final Analysis –Pay Plan Makes Sense If..

- **Plan is internally equitable**
- **Pay ranges reasonably reflect what employees can earn in your labor market performing similar duties**
- **Supports employee development**
- **Employees have opportunity to make more based upon contribution**
- **Can be funded and maintained consistently**

Economic Development Staffing Review

Findings

- **Internal capacity to achieve the level of desired improvements DOES NOT exist.**
- **Current strengths include:**
 - **Various functions related to development are consolidated into a single department**
 - **Experienced staff in each of the functional areas.**

Findings (cont.)

- **Current weaknesses include:**
 - **Economic development leadership is primarily transactional, not outreach.**
 - **Due to reduced resources, the City cannot keep up with current level of service demands let alone adding a new level of service.**
 - **No agreement that there is an economic development problem, or how to resolve this lack of agreement.**

Recommendations

- **Challenges only can be overcome with leadership, strategic planning, and a combination of additional funding and internal realignment.**
 - **Develop a broad political agreement on both strategy and finances.**
 - **In order to grow out of the problem, the City will have to invest in leadership and services related to Community Development.**

Recommendations (cont.)

- **City should consider replacing on City Planner position with a Director of Community and Economic Development.**
- **Due to recent resignation of the Associate Planner, we recommend that the City replace that position with a Economic Development Expediter/ Planning Associate**
 - **We further recommend investigating the possibility of contracting out all or part of its GIS function.**