

2018 Compensation Study Report City of Rochelle, Illinois



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January, 2019



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STUDY BACKGROUND



Study Background

Overall Study Process

- Review of the City's current job descriptions addressing approximately 39 jobs and 43 full-time employees:
 - Job analysis utilizing current job descriptions.
 - Discussion with HR regarding questions about job duties.
 - Evaluation of all current jobs with Decision Band Method® .
- Market Compensation Study
 - Conduct of a comprehensive compensation review, using a customized survey.
 - Development of new pay structures based on internal equity and compensation study results.
 - Conduct of an analysis of the financial impact for implementation of the new structure and compensation plan.
 - Preparation of a final report to include all findings and recommendations.



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Job Evaluation



Job Evaluation

Process

- Gallagher Benefit Services (GBS) reviewed job descriptions of all City jobs to understand the responsibilities and requirements of each classification in the City.
- Discussion were conducted with HR.
- A job evaluation process known as the Decision Band Method® (DBM) was applied to each individual classification to propose new salary structure.
- Using information gained from the job descriptions, the discussion with HR, and organization charts, Gallagher proposed DBM grades. The City reviewed those grades and provided feedback resulting in finalized grading.



Job Evaluation

Decision Band® Method

- To assess the different levels of job value using a formal method of job evaluation, the Decision Band Method® of job evaluation was adopted by the City as the methodology addressing the internal alignment of work.
- Job Evaluation
 - Uses a defined methodology to determine the relative value of jobs within an organization.
 - Provides an objective and documented method for job analysis and evaluation.
 - Provides the basis for determining pay.



Job Evaluation

Decision Band® Method

The Decision Band Method® is based on the following characteristics:



The value of a job should reflect the importance of the job to the organization.



The importance of a job is directly related to the decision-making requirements of the job.



Decision-making is common to all jobs.



Decision-making is measurable.



Decision Band Method[®] Process

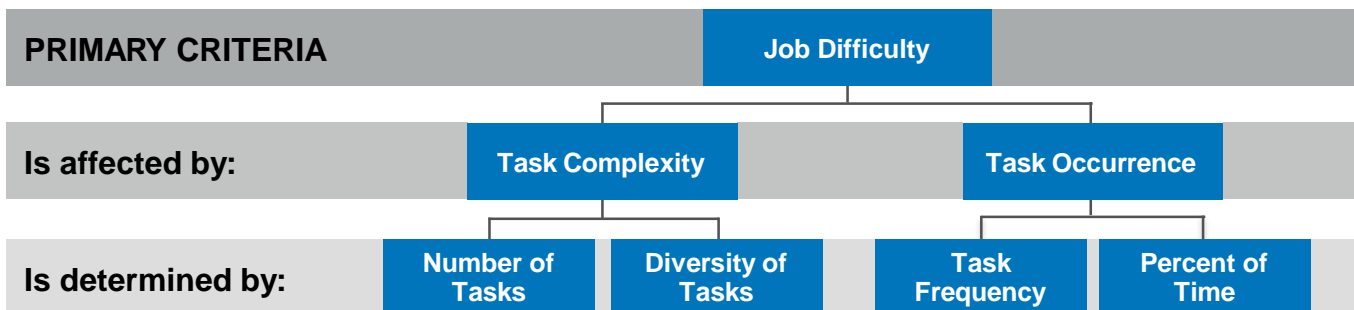
STEP 1: Determine appropriate band

BAND A: Defined	BAND B: Operational	BAND C: Process	BAND D: Interpretive	BAND E: Programming	BAND F: Policy
Determine manner and speed to perform defined steps of an operation	Determines how and when to perform steps of processes	Develops and selects appropriate process to accomplish operations of programs	Interprets programs into operational plans and deploys resources	Plans strategies, programs and allocates resources to meet goals	Organization scope, direction, and goals

STEP 2: Determine appropriate grade

GRADE ASSIGNMENT	<ul style="list-style-type: none"> Jobs with coordinating or supervisory responsibility <u>within the same band</u> are placed in the higher grade Jobs without this responsibility <u>within the same band</u> are placed in the lower grade
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STEP 3: Determine appropriate subgrade





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Salary Survey



Survey Sources

Surveyed Comparator Organizations

- The City and GBS identified 23 public organizations for survey.

29 Public Sector Organizations	
City of Batavia*	City of Peru
City of Dekalb*	City of Plano*
City of Dixon*	City of Princeton*
City of Elgin	City of Rock Falls*
City of Freeport*	City of Rockford*
City of Geneseo*	City of Sandwich*
City of Geneva*	City of Sterling*
City of Harvard*	City of Sycamore
City of Lasalle	Lee County
City of Marengo	Ogle County
City of Mendota*	Rockford Public Schools
City of Ottawa	

- 14 highlighted organizations participated this study by submitting completed custom salary survey.



Survey Results

Salary Data Results

- The following charts show the information collected from the survey process and compare market data to the City's actual salary information.
- The following guidelines are used when determining the competitive nature of current compensation:
 - **+/-5% = Highly Competitive**
 - **+/-5 - 10% = Competitive**
 - **+/-10-15% = Possible misalignment with market**
 - **>15% = Misalignment with market**

Geographic Adjustments

- All custom survey data have been adjusted to reflect the local cost of labor level.
- Geographic factors were collected from Economic Research Institute database as reputable data source.

Data Effective Date

- Effective date of survey data was September 1, 2018.



Survey Results

- We follow the U.S. Department of Justice and Federal Trade Commission guidelines that state five job matches should exist per job in order to conduct statistical analyses or for drawing conclusions;
- Data collected for 20 positions matched this criteria for actual salary.



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Proposed Structure and Implementation



Salary Structure Development

- By utilizing a combination of the market data and the job evaluation results, we are proposing a salary structure that is competitive with the market and internally equitable.
- The proposed structure is based on the 50th percentile of the full market, adjusted to City of Rochelle.
- We recommended a universal 50% range spread across the DBM bands for consistency consideration.



Salary Structure Development

Full Market, City of Rochelle – 50 th Percentile				
DBM Rating	Minimum	Midpoint	Maximum	Range Spread
A11	\$14.34	\$17.92	\$21.51	50%
A12	\$15.21	\$19.01	\$22.82	50%
A13	\$16.14	\$20.17	\$24.21	50%
B21	\$17.13	\$21.41	\$25.69	50%
B22	\$18.17	\$22.71	\$27.25	50%
B23	\$19.28	\$24.10	\$28.91	50%
B31	\$20.76	\$25.95	\$31.14	50%
B32	\$22.69	\$28.36	\$34.03	50%
C41	\$24.43	\$30.54	\$36.65	50%
C42	\$25.92	\$32.40	\$38.88	50%
C43	\$27.50	\$34.38	\$41.25	50%
C51	\$29.62	\$37.02	\$44.42	50%
C52	\$32.37	\$40.46	\$48.55	50%
D61	\$34.86	\$43.57	\$52.28	50%
D62	\$36.98	\$46.22	\$55.47	50%
D63	\$39.23	\$49.04	\$58.85	50%
D71	\$42.25	\$52.81	\$63.37	50%
D72	\$46.17	\$57.72	\$69.26	50%
E81	\$49.73	\$62.16	\$74.59	50%
E82	\$52.76	\$65.95	\$79.13	50%



Implementation and Cost Options

- The following table outlines costs associated with placing employees into the proposed structure :

Implementation	Bring All Employees to AT LEAST Minimum	Bring to Range Penetration based on Longevity (Years with City)*
Cost	\$7,557	\$87,897
% of Salary Cost	0.23%	2.71%
# EE's Receive Increase	3	17
# EE's Below Proposed Minimum	3	3
# EE's Above Proposed Maximum	11	10

* Initial model assumed 20 years with the City to move individual from range minimum to maximum.



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Recommendations and Next Steps



Recommendations

- Adopt the Decision Band Method® to establish internal equity.
- Implement the proposed salary structure option.
- Select an implementation option (bring to min, bring to current range penetration, etc.).



Ongoing Administration

- The salary structure should be adjusted by a structure movement trend factor every year to remain competitive with the market.
- Salary advancement through the structure should be based on competent performance in the job class at a higher rate than the salary structure adjustment.
- In addition to adjusting the salary structure each year to keep pace with the market, the City should conduct a comprehensive market compensation study similar to the salary study part of the project at least every three to five years.



Ongoing Administration

- The City should annually review its internal alignment to ensure proper leveling between jobs.
- The City should determine whether to handle reclassification requests internally, or whether GBS will review and respond to requests.
 - We recommend the City maintain a schedule for reclassification requests (i.e. reclassification requests are reviewed once every quarter). This helps to ensure the City maintains proper internal hierarchy.

Thank You

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