

From: Maurice Jones <mjones@townofchapelhill.org>
Sent: Friday, January 7, 2022 9:57 PM
To: Town Email Users
Subject: Town Manager's Update on the Compensation and Classification Study

Hello Everyone,

I wanted to take a moment to provide a few highlights of the Compensation and Classification Study discussion we will be having with the Town Council next week. Our goal from the very beginning of this study was to take a significant step forward in our addressing our pay for employees. We recognize that all of you play a critical role in making the Town of Chapel Hill a special place and we believe the recommendations associated with this study will help ensure you are being paid a fair and competitive salary.

Two years ago, we recognized we had fallen behind our peers in pay and also had deficiencies in our pay structure. So we proposed the study to the Council, they approved it unanimously and the work began. Unfortunately COVID hit as we were nearing the finish line, which forced us to pause the study to see how the economic downturn would effect our budget. Early in 2021, the economic outlook had improved and we restarted the process with our consultant, MAG. However it became apparent the labor market was shifting so I asked MAG to re-examine the pay and ranges of our peers to ensure we were as up to date as possible. Their new numbers increased the estimate for Phase 1 of the project. We had budgeted \$400,000 to meet the first year needs of the study, but we needed more. We have now approached Council about allocating an additional \$500,000, from our Excess Fund Balance, to fund our plan for setting new minimums for pay ranges and positions, and to help address compression issues across the board. Our goal is to have the Council vote on the additional funding on January 26th.

Here are a few details:

- The proposed new pay ranges were established to reflect the market value of a given job profile and not an incumbent. We looked at our peer organizations and benchmarked jobs (jobs that are similar across organizations, for example: Solid Waste Collectors, Firefighters, Planners, Administrative Assistants, etc.) to compare salary ranges. Each consulting group uses different methods to calculate ranges. They all use benchmark data, economic indicators and other labor market information to build ranges. We have examined the ranges and have made additional adjustments to factor in the living wage and the challenges we are seeing in our labor market. Our first step was to raise everyone whose salary is below the new minimums up to the new minimums.
- We are also looking to address some of our compression issues. Our proposal is to provide a 3% pay increase for employees who are not expected to receive an increase as a result of the study but have five years of service or more with the Town. A 2% increase will be offered for employees who are not slated to see an increase, and who have less than five years of service with the Town. An employee is eligible for one of these two increases if they started with the Town prior to December 31st, 2021. We will take additional steps to address compression in future phases of implementation.

- We will formally present the Comp and Class Study to the Council on January 12th. The materials have been posted to the Council's January 12th Agenda and to the HIVE.
- We plan to come back to the Council on January 26th to get formal approval on the funding and the go ahead to move forward. If approved, we anticipate having the increases included in the first paychecks in February.
- We are still working on a number of details that will be worked out before the Council votes on January 26th.
- We will be posting a list of FAQs next week.
- An appeals process is also being finalized for employees that will help address concerns about the classification of positions.

I want to stress that this is the beginning of our efforts to address pay and benefits in a competitive and sustainable manner. For future phases we will examine some of the other recommendations from the study including pay for performance initiatives, improvement of our tuition assistance program and possibly developing step systems for some departments. We will have additional information next week on how the plan, if approved by the Council, will impact you as an employee.

As always, thank you for your excellent work! Please stay safe.

All the Best,
Maurice

Maurice Jones
Town Manager
Town of Chapel Hill, NC
(919) 968-2743
www.townofchapelhill.org