

## **WAGE ASSIGNMENT/ADJUSTMENT PROCESS**

### **Present/Past wage adjustment process.**

Over the last ten years the Town has provided the following combination of wage adjustments

1. Cost of Living Adjustments (COLA) based upon the Consumer Price Index (CPI).
2. COLA not based on any index.
3. Merit increases in some cases.
4. No increases at all in some cases.
5. Individual wage adjustments to address market driven competition for a given position.

### **Present challenges of the wage adjustment process in place now.**

1. We have experienced salary compression in several departments as well as disparities between job descriptions and commiserate pay. An example would be in the police department where officers hired today are being paid at a rate of 29 cents less than an officer who has been with the department for six years.
2. Some job positions are not paying a competitive salary. This is demonstrated by low retention rates.
3. There is no system to fairly or adequately determine salaries and adjustments.
4. Determinations of merit based upon personnel evaluations has been problematic due to interpretations of evaluation criteria and issuance of merits.

The Board of Selectmen commissioned a pay and classification study which was completed in 2003. The Town contracted with the NH Municipal Association to complete the study. The study proposed a wage classification system consisting of 20 grades with 10 steps in each grade. The study proposed 5% between each grade and 3% between each step.

The study used the federal civil service commission's criteria to score the positions to determine which grade they should be assigned to. The study used 15 criteria to score each position.

The BOS never implemented the recommended wage classification system.

### **Options to address present challenges.**

1. Continue present combination of COLA and merit salary increases.
2. Address specific areas of disparities on a case by case basis.
3. Address specific positions with retention issues which are impacted by market demands.
4. Implement a wage classification system.
5. Hold evaluators including the BOS accountable for personnel evaluations that can be supported by documented performance.
6. Apportion merit pool funds in a systematic fashion.

- a. By department based upon percentage of salary lines.
- b. By department based on the overall performance of each department in its ability to meet its mission statement and that of the Town.

### **Wage Classification System**

Wage Classification Systems (WCS) are commonly found in most entities of appreciable size both private and public. The advantages and disadvantages are as follows:

#### Advantages

1. Reduce or eliminate disparities between positions.
2. Provides protection against discrimination claims.
3. Alleviates salary compression.
4. Provides employees with a future view of what their salary may be if they continue in the same job or advance.
5. Allows for better defined pay rate assignment for lateral transfer employees who transfer in from employment from outside of the town.
6. Allows for long term planning of operational costs based on projections of the present workforce.

#### Disadvantages

1. Can be costly to transition from present situation to new wage classification system.
2. Can be politically sensitive for the reasons indicated in #1 above.
3. Can result in a disincentives for employee performance if steps are not based upon merit.
4. Can create controversy/disputes in regards to scoring to determine grade level.

## WAGE CLASSIFICATION SYSTEM OPTIONS

Should the BOS choose to implement a WCS a number of decisions would need to be made.

- Step increases based on one or more of the following:
  - Merit
  - Time in service (lateral transfers and existing personnel)
  - Additional qualifications
- Determination of grade levels:
  - Based upon salary study
  - Based upon scoring
    - Determination of scoring criteria
- Determination of placement of existing personnel within the newly developed system:
  - Based upon qualifications
  - Based upon market demands and retention concerns
- Determination of percentage increases between grades and steps:
  - Based upon wage study
  - Straight line
  - Based upon position
  - Provide incentives for advancement
    - Step increases for increased qualifications, examples
      - Firefighter to EMT-B
      - Police Officer to Master Patrolman
- Assumption- steps are adjusted annually based the CPI. Determination of individual change from one step to another is based upon the criteria as indicated above.
- Assumption- steps and grade levels are evaluated on an annual basis to determine if they are still valid and effective.
- Implementation schedule and areas of priority determination.
  - Multi-year Plan
  - Focus on specific problem area positions
  - Assumption-WCS would begin in 2016
  - Decision to issue merit increases in 2015 or utilize merit pool funds to try to bridge some of the disparities. This would be time sensitive as personnel evaluations are due by the end of April with COLA and potential merit increases are scheduled to take effect on July 1, 2015.
- Salary Study methodology
  - Based solely on Towns of similar size

- Based upon job market criteria and likely sources of competition in the market for each position.