

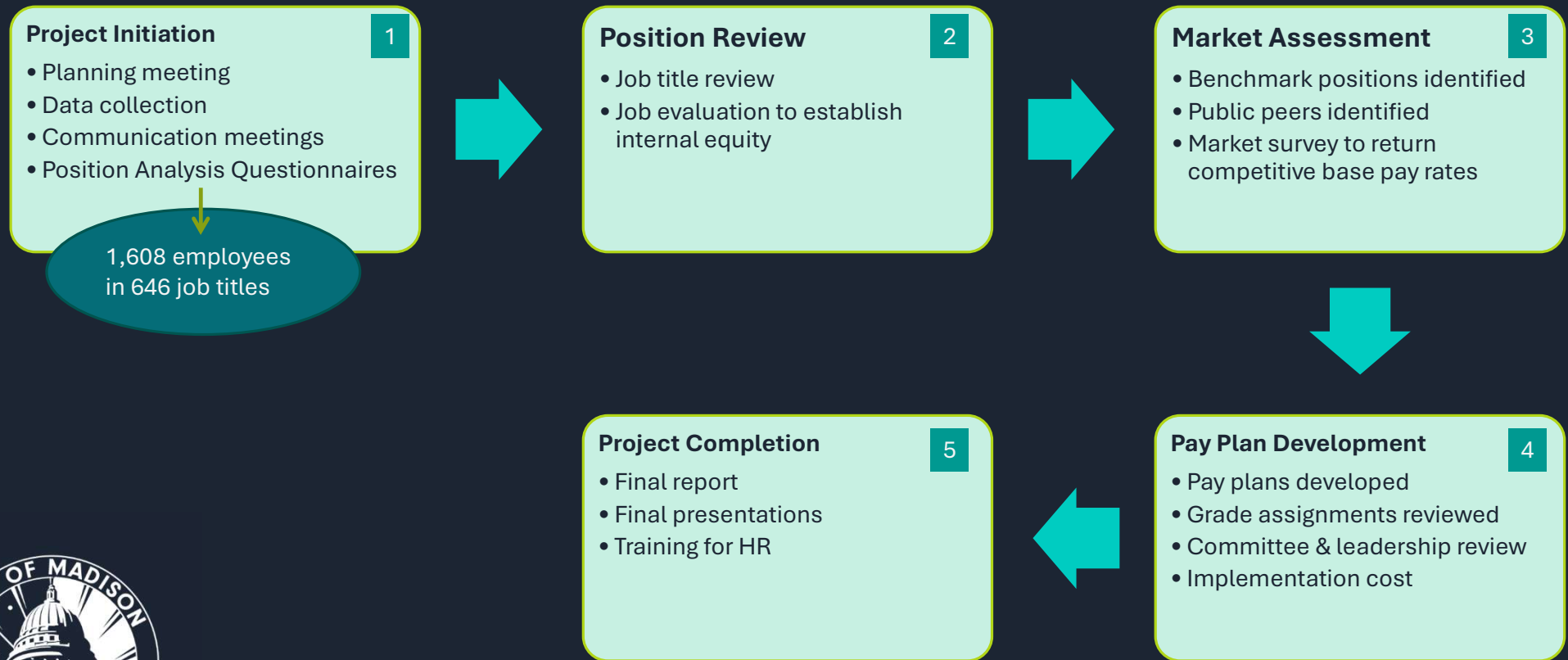


# City-wide Classification & Compensation Study

City of Madison, WI



# Project Overview: Five-Phase Process



## Job Evaluation

Baker Tilly has a point-factor job evaluation system called SAFE® (Systematic Analysis and Factor Evaluation), which was developed specifically for the evaluation of public sector positions.

- The end results is a total score for every job based on 8 compensable factors.
- All positions were evaluated.
- This is an evaluation of the position, not the person in the position.

| COMPENSABLE FACTOR    | DESCRIPTIONS / MEASUREMENT                               |
|-----------------------|----------------------------------------------------------|
| Experience            | Minimum years of experience required by the position     |
| Level of Work         | Degree of difficulty of work performed by the position   |
| Human Relations       | Type and level of human interactions                     |
| Physical Demands      | Physical exertion performed by the position              |
| Working Conditions    | Environmental conditions experienced by the positions    |
| Independence to Act   | Degree of independence to make decisions and act on them |
| Impact of Actions     | Severity of consequences as a result of decisions        |
| Supervision Exercised | Type and level of supervision exercised                  |
| TOTAL                 |                                                          |

**Education** was removed as compensable factor for internal equity measurement.

# Market Survey and Data Analysis

## Public and Private Peers

- 16 public peers were identified, data was compiled from all 16
- Data from 3 published surveys was included to represent the 'private sector'
- 561 job titles were included in the survey (527 full time, 36 hourly)
  - This represents 87% of all job titles across the City of Madison

## Quality Control

- A minimum 75% overlap in duties and responsibilities was considered when matching jobs
- A minimum of 3 matches was required to calculate a market value
  - Positions with less than 3 matches were noted as "insufficient data"

## Data Adjustments

Differences in work week, fiscal year, and/or cost of labor by geography

## Market Peers

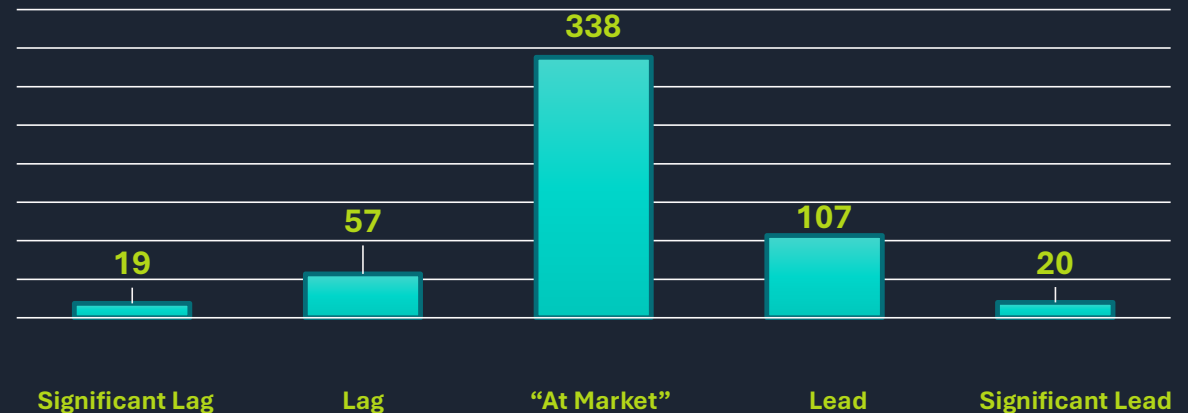
- Ann Arbor, MI
- Aurora, IL
- Austin, TX
- Boulder, CO
- Cincinnati, OH
- Columbus, OH
- Dane County, WI
- Des Moines, IA
- Eugene, OR
- Grand Rapids, MI
- Lincoln, NE
- Milwaukee, WI
- Spokane Transit Authority
- St. Paul, MN
- State of Wisconsin
- University of WI - Madison
- Comp Analyst
- Economic Research Institute
- PayFactors

## Market Results

| City's Overall Market Position |                   |
|--------------------------------|-------------------|
| Current Minimums               | 111.3% on average |
| Current Midpoints              | 101.9% on average |
| Current Maximums               | 95.0% on average  |

- Of the 561 titles benchmarked, 20 had 'insufficient data'
- Otherwise, benchmarks had 8.1 matches, on average.
- Overall, the City's current minimums are leading market, with midpoints aligned at market, and maximums slightly lagging.
  - Results reflect base pay only and do not consider additional pay such as longevity.

- Looking individually at benchmarks compared to market, 86% are "at" or "leading" market at the midpoint.
- Only 3.5% were considered 'significantly lagging market, and most of those were hourly classes.



## Pay Plans & Grade Assignments

### Current Pay Plans

- The City currently utilizes 20+ comp groups for similar positions and/or collective bargaining group.
- Most are step plans with 5 steps

### Proposed Pay Plans

- To establish a more consistent, transparent, and easier to understand framework, the existing comp groups were consolidated into 9 pay plans.
- The consolidation establishes more intentional hierarchy across job families while addressing unintended overlap and compression.

| Current Comp Group                           | Proposed Plan            | # of Titles |
|----------------------------------------------|--------------------------|-------------|
| Hourly CG 15, 16, 17, 19, 20, 28, 31, 71, 83 | Hourly                   | 78 titles   |
| CG 15, 16, 17, 18, 20, 32, 33, 71            | General                  | 275 titles  |
| CG 41, 42                                    | Transit                  | 31 titles   |
| CG 13, 16                                    | Fire                     | 16 titles   |
| CG 11                                        | Police                   | 5 titles    |
| CG 12, 14                                    | Public Safety Management | 7 titles    |
| CG 18, 19, 43, 44                            | Professional             | 356 titles  |
| CG 23                                        | Attorney                 | 2 titles    |
| CG 21                                        | Executive                | 34 titles   |

### Grade Assignments

- Positions were assigned to grades with consideration to internal equity, market results, career progressions, as well as supervisor-subordinate separation.
- Assignments were reviewed by HR, the Selection Committee, and Department Heads. Feedback was incorporated, as appropriate, with final assignments confirmed by the project team.

## Benefits Results

### **Paid Time Off**

- Madison is competitive on holidays, floating holidays and sick leave, but vacation accrual trails peer averages through the early- and mid-career years, reaching the peer average around 20 years of service

### **Sick Leave**

- Madison provides 13 annual sick days, generally in line with the 13.45-day peer average; however, 9 of 13 peers allow employees to donate sick leave, while Madison does not, and 9 peers reported unlimited sick-leave accrual

### **Health**

- Madison pays 91% of HMO premiums, above peer averages of 79% employee-only / 74.9% family. However, maximum out-of-pocket limits are substantially higher than peer averages.

### **Parental Leave**

- Madison provides 6 weeks to both parents at 100% pay, compared with a 9.83-week peer average, placing Madison at the low end of the reported 6–12-week range.

### **Disability Benefits**

- Madison provides 65% wage replacement for both short- and long-term disability, compared with peer averages of 69.1% and 61%, respectively, placing Madison generally in line with peer practices

# Employee Pay Equity

## Occupational Sorting

- Differences are largely associated with how employees are distributed across occupations, departments, and career levels, rather than unequal pay for equal work.

## Occupational Level Findings

- Six occupations showed significant differences, with findings primarily tied to tenure, retention, and advancement patterns rather than inconsistent pay practices.

## Historically Undervalued Roles

- Madison's pay structure appropriately values several administrative and support roles above the external market, addressing historic market undervaluation.

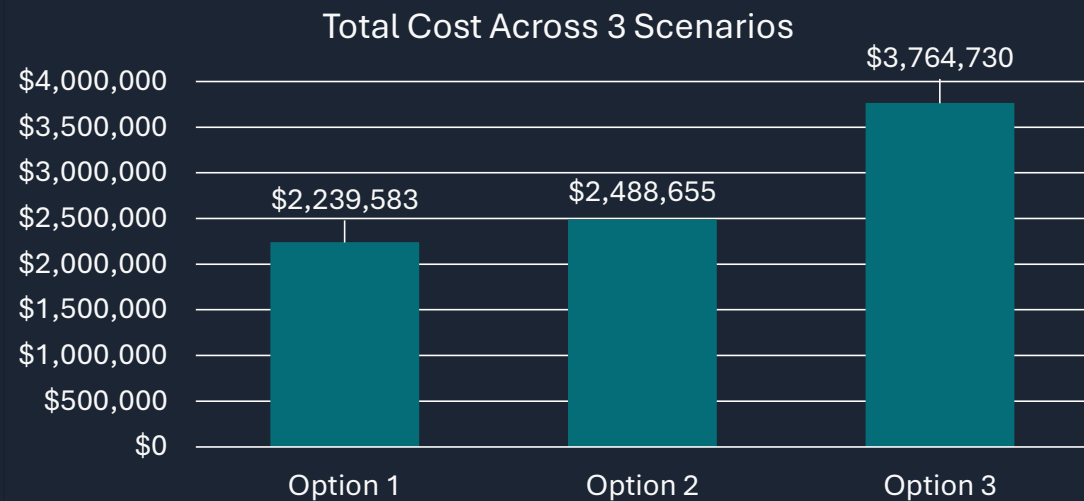
## Focus Going Forward

- Findings support targeted actions around retention, advancement, promotion and reclassification practices, and ongoing pay equity monitoring rather than broad pay adjustments.

The Steering Committee has established recommended policies and adjustments to policies based on these findings

## Implementation

- ✓ Baker Tilly (BT) prepared three implementation scenarios for the City's consideration.
- ✓ Cost reflects **base pay only** for non-bargained pay plans (Hourly, General, Professional, and Attorney).



### BT Scenario 1

Employees move to the step closest to their existing salary, without a decrease. Employees below the minimum move to Step 1 while employees above the maximum retain their existing salary. **\$2,239,582.88**

### BT Scenario 2

Employees move to the step related to their years in position. For example, 3 years in position = step 3. If the existing salary is already greater, employees receive Option 1 related to their existing salary. **\$2,488,655.34**

### BT Scenario 3

Employees move to the next step from what is established by Option 1. **\$3,764,729.66**



# Implementation Options (with annual cost)



## BT Scenario 1

Implementation cost **\$2,237,620.32** to all funds

- Employees move to the step corresponding with their existing salary but without a decrease in pay. Employees above the maximum would be red-circled and not receive any adjustment.

## BT Scenario 2

Implementation cost **\$2,548,261.03** to all funds

- Employees move to the step corresponding with their years in position. Currently, employees advance from Step 1 to Step 2 of the pay plan after six months, and then to Steps 3, 4, and 5 each year thereafter. This scenario would review each employee's year in position and place them at the appropriate step in their new range.

## BT Scenario 3

Implementation cost **\$3,920,249.55** to all funds

- All employees receive at least a step increase, except for those already over the maximum of their new range. Employees above the maximum would retain their existing salary without adjustment.

## CoM Scenario 4

Implementation cost **\$510,000** to general fund

- We assumed the least amount of cost by maintaining the current compensation plans and updating only the classifications that would have seen an increase in range or grade through the Baker Tilly study.

## CoM Scenario 5

Implementation cost **\$808,795.82** to general fund

- In scenario 5, we merged multiple compensation plans (salary schedules) in CGs 15, 16, 17, 20, 32, 33, and 71 into a General Employee Plan by aligning each of the ranges within each plan according to their midpoints.
- We then merged multiple compensation plans (salary schedules) in CGs 18, 43, and 44 into a new Professional/Supervisory Employee Plan by aligning each of the ranges within each plan by using the midpoints for each plan and mirrored the process for CG19.

# Recommendations from Steering Team



Implement both hourly and permanent changes focusing on ways to reduce overall costs rather than eliminate significant benefits that might be obtained by not implementing at all.

Implement permanent changes first focusing on positions that are significantly out of market.

Support recommendations for actions to improve findings related to any wage disparities by gender or race.

*Please see those recommendations above.*

Implement either Scenario 2 from Baker Tilly or Scenario 5 developed by Human Resources.

Communicate fully around new process for job evaluation to ensure organizational clarity.

Phase implementation to reduce costs rather than implementing the lowest cost scenario that dramatically reduces the benefits of the Compensation Study.

# Initial Implementation– 2026/2027

Implement CoM Scenario 5 in 2027, fourth quarter, which includes the following benefits:

- ❖ Consolidation of like positions (Example: The classification of Custodial Worker 2 would now be paid the same across compensation groups)
- ❖ Remediation of existing compensation plan disparities (i.e. CG 44 earning approximately \$30 per year less than CG18).
- ❖ Standardization of step increase rates for the Hourly, Attorney, and General Plans
- ❖ Ability to implement recommendations for all classifications, including Librarian 1 and Electrician.
- ❖ Lower costs compared to the Baker Tilly options, significantly related to the lack of structural changes to the CG 18 plan
- ❖ Reduction of total compensation plans (salary schedules)

Implement new position study process created by Baker Tilly and related rules and policies



# Future Steps Include:

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- ☐ Implementing hourly classification pay schedule which includes step increases for tenured hourly employees and a more competitive wage structure based on market findings
- ☐ Negotiate into future contracts any individual classification changes for under-market positions and any schedule adjustments for IAFF, WPPA, and Teamster employees
- ☐ Implement equity recommendations including regular reporting on demographic findings
- ☐ Communicate regularly around total compensation and classification
- ☐ Create plan for regular re-evaluation of market impacts on hard to fill classifications

