



# Compensation 101 Overview

Admin/Finance Committee

Study Report

March 6, 2024

3.7.2024 This presentation was updated to provide additional context for individuals reviewing it outside of the staff presentation and/or to make clarifications based on Commissioner questions during the meeting.

# Components/Definitions



**Annual Wage Increase:** This is an annual increase provided to job categories as determined by CBA or, for non-represented and appointed staff, the Superintendent. Commissioners determine this for the Superintendent.



**Step Increase:** Most positions have a limited series of steps that an individual progresses through during the initial years of employment. These steps are typically about 4% to 4.5% apart from each other.

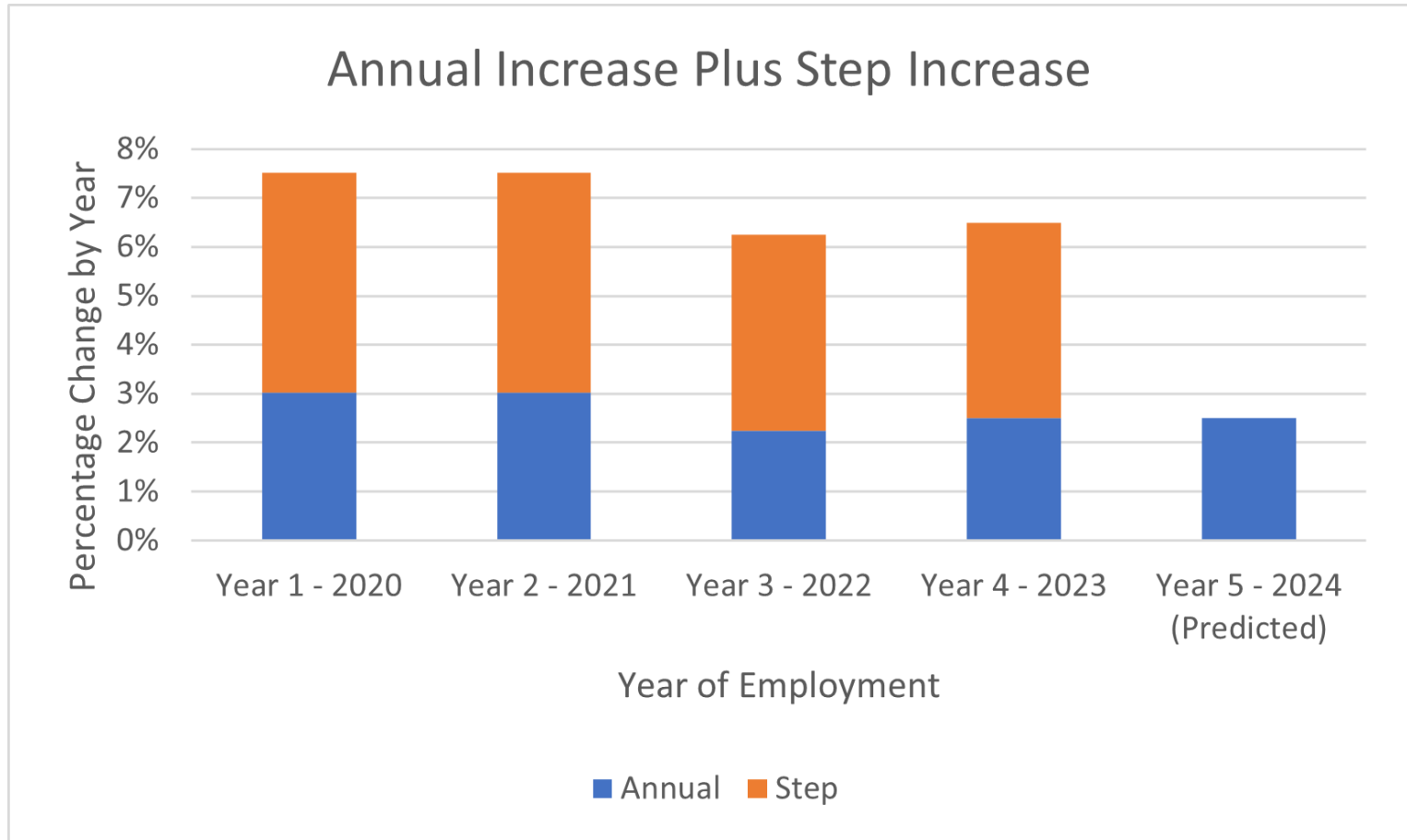


**Reclassification:** This is a process of determining if the person's job description is reflective of the work they are being asked to do or are authorized to do. This is a focus on job duties versus compensation.

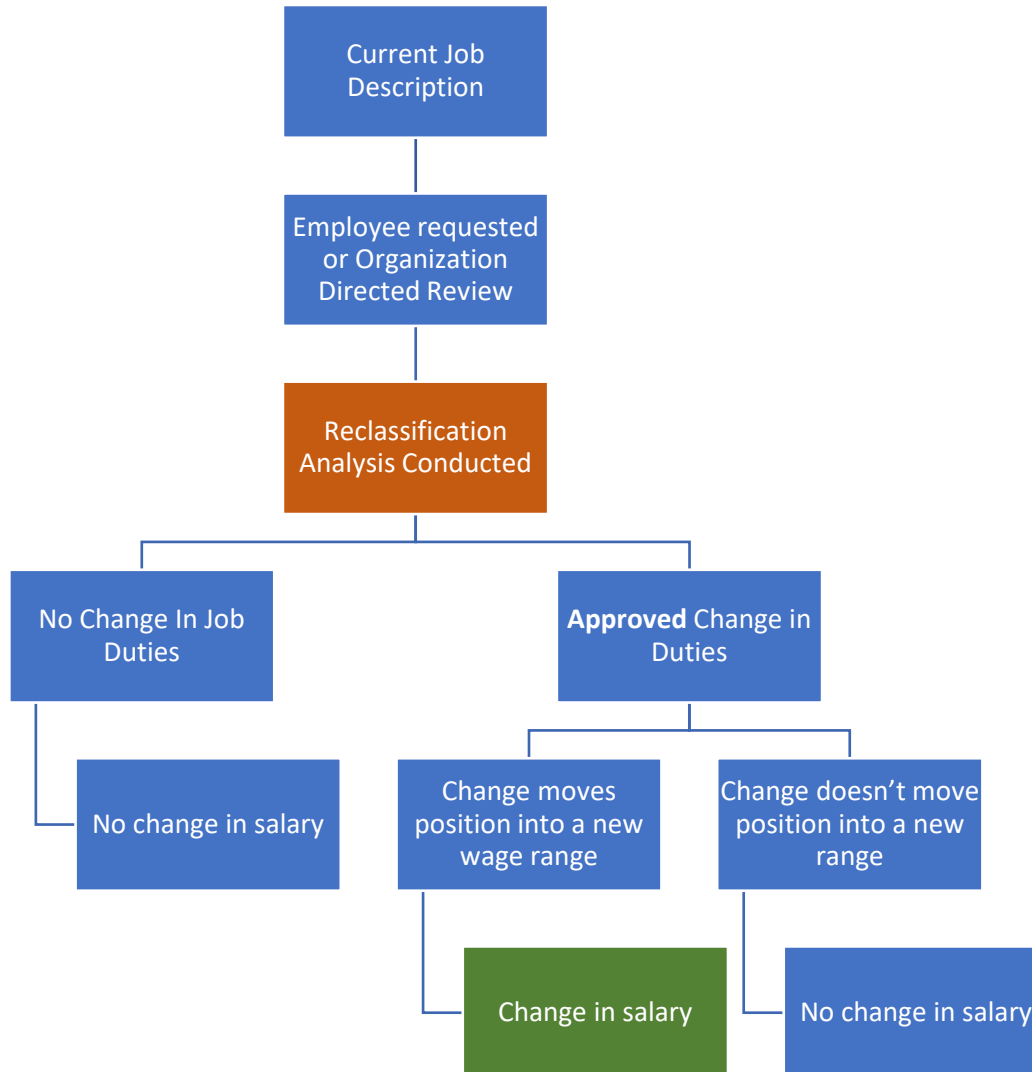


**Market-based Wage Study:** This is a process of comparing a job category at the MPRB against relevant positions to determine if the MPRB's wage range is within the market for that position. These are typically done at an organizational level every few years.

# Graphic – Annual Increase + Step Increase Examples



# Graphic – Reclassification



# Graphic – Market-based Wage Study (Organization-Wide)





# Considerations for Budget Recommendations

- Labor contracts normally include a general wage increase on employees' salaries and can also include other monetary items such as longevity and safety allowance
- After the impacts of the Great Recession and before COVID annual wage increases for government employees were generally in the range of 2-3% per year. Inflation was low during this period.
- From 2020-2021 labor contracts settled with slightly lower increases than prior years, due to the uncertainty caused by COVID.
- With a continued strong labor market and high inflation (7% in 2021 and 6.5% in 2022) contracts of other agencies settling in 2023 and later have included larger annual wage increases.
  - The City of Minneapolis have approved labor contracts with increases of 4.5% in 2024, and 2.5% in the 2 other years of the contracts.
- Part-time provisional staff wages have increased above the Minneapolis minimum wage (currently \$15.57/hour) to attract more applicants and compete with other entities.

# Considerations for Budget Recommendations

- Settled labor contracts - budget based on the contractual wage schedules
- Unsettled labor contracts - budget based on an estimated general wage increase
  - Use contracts/increases of other MPRB contracts as well as other governments as basis for budget
- Reclassifications/Wage Study/Other Negotiated Changes
  - Initial budget is estimated. Examples:
  - In 2019, \$250,000 was budgeted for the estimated impact of an organizational wide wage study. The wage study was implemented in 2020.
  - In 2019 an additional step for Arborists and Parkkeepers was negotiated. In 2020 \$264,000 was budgeted for the additional step.



# Considerations for Budget Recommendations

- General Fund budget is heavily reliant on Property with 79% of the budget supported by this one funding source
- Wages and Fringe is 72% of the General Fund expenditure budget
- To fund an increase to the budget it would require an increase to property taxes or a reduction to expenditures
  - If all certified and appointed General Fund positions receive an additional 1% general wage increase it would equate to approximately \$600,000
    - Average Full-Time Position Wage & Benefits = \$111,000 (5.45 FTE)
    - 0.73% Property Tax Increase
  - If all certified and appointed General Fund positions receive an additional 5% general wage increase it would equate to approximately \$3,000,000
    - Average Full-Time Position Wage & Benefits = \$111,000 (27 FTE)
    - 3.65% Property Tax Increase



# MPRB v Local Jurisdictions

Wage Growth Comparisons 2019-2023										
Entity	2019 Jan 1	2019 July 1	2020 Jan 1	2020 July 1	2021 Jan 1	2021 July 1	2022	2023 Jan 1	2023 July 1	Cumulative Wage Growth
Ramsey County	2.50%		2.50%		0.50%		1.50%	2.25%		9.6%
City of St. Paul	1.50%	1.25%	2.75%		0.00%		1.50%	1.50%	1.50%	10.4%
City of Minneapolis 363	2.35%		2.35%		1.50%		2.50%	2.50%		11.7%
Hennepin County	2.50%		2.50%		2.00%		2.50%	2.50%		12.6%
MPRB	1.40%	1.40%	1.50%	1.50%	1.50%	1.50%	2.25%	2.50%		14.4%

This chart is shown for illustrated purposes. The City of Minneapolis union contracts have settled for varying increases. One of the City's unions is shown here and more can be provided, if requested. The uncertainty of COVID19 is reflected in the wage increases in 2021 and 2022 for Ramsey County and City of St. Paul, and in 2021 for the City of Minneapolis. The MPRB wage increases were maintained during this period between 2% – 3% and reflects the highest accumulated growth.

# Indicators to Consider – Market-based Wage Study

## Markets Utilized

- **Local** peer or **national** peer varies based on availability of comparable positions and candidate pools

## Regional Fluctuations

- Geographic location of peer entity, such as urban or rural and desirability of the area, impact salaries

## Total Compensation

- **Healthcare, pension, time off**, etc. are major factors that vary widely between industries and contribute to overall income

## Duties and Qualifications

- **Tasks performed and required knowledge/experience** influence which positions are similar and comparable

## Additional Factors

- **Organizational structure, size of workforce**, etc indicate entity comparability and level of responsibility in individual roles

## Indicators to Consider – Internal (Re)Classification Study

### Cresap Points System

- Assigns points based on job duties and minimum requirements as recorded in the job description
- Minneapolis uses the same system

### Six Scored Factors in Cresap Matrix

- Pre-requisite knowledge, Decisions, Supervision, Relationships, Working conditions, Effort

### Internal Comparisons

- Consider positions with similar factor points, similar total **points**, similar **work/responsibility**

### Salary Range Determinations

- Utilize comparable internal positions to establish Step One of the standard step structure

Step 1	Step 2	Step 3	Step 4	Step 5
Base	+4.5%	+4.5%	+4%	+4%

# Outcomes that are Desired



## Talent Acquisition

Attract diverse and talented individuals at the forefront of the industry



## Market Placement

Maintain competitive wages at the top of MPRB range to retain top talent



## Wage Compression Relief

Alleviate pressure between employee and supervisor pay rates at all levels of the organization



## Pay Equity

Ensure equitable pay ratios between employees from historically marginalized communities and employees from non-racialized backgrounds



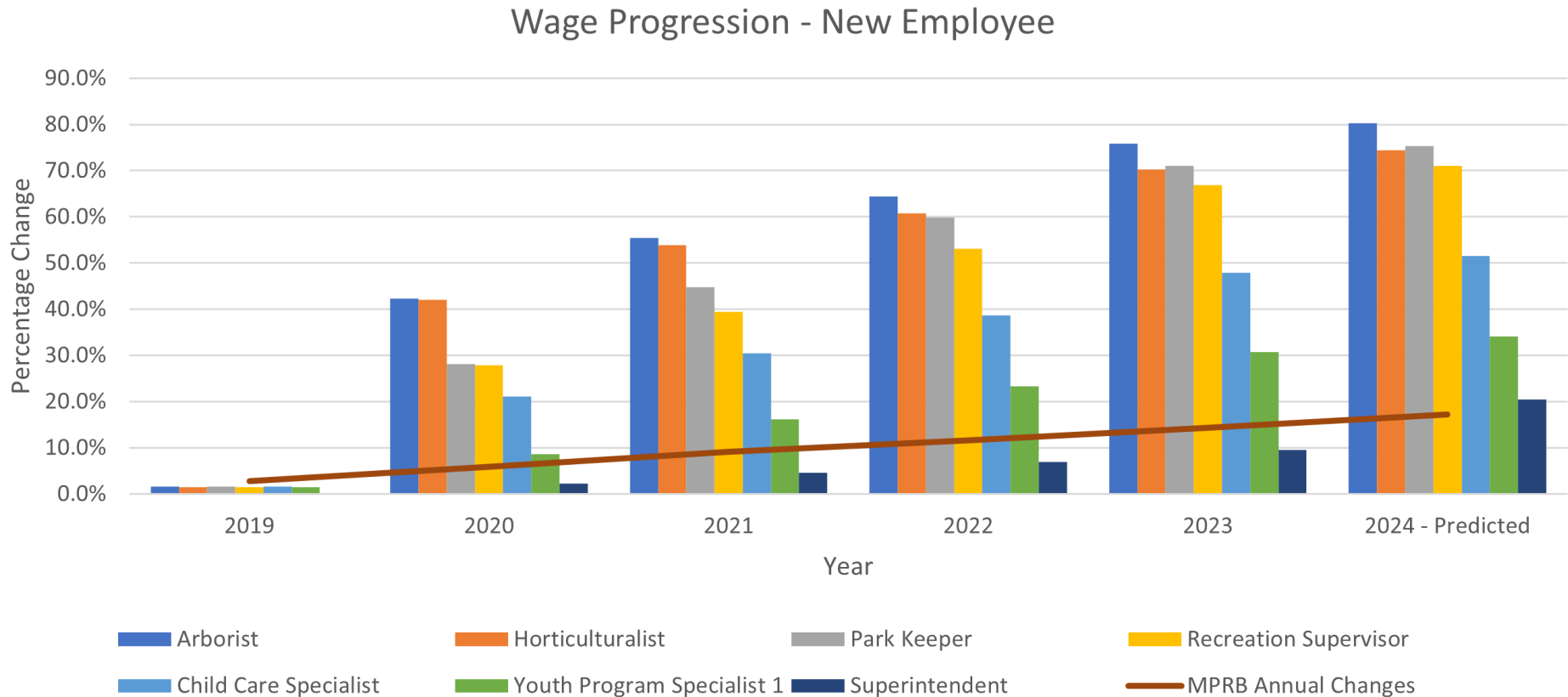
# Putting it all together

Terms of employment in relation to compensation vary between position types (appointed, represented, non-represented)

- Employment Contracts, Collective Bargaining Agreements, Civil Service, etc.

Review examples of how positions between 2019 – 2024 (predicted) illustrates different aspects of compensation

# Progression Comparison



This slide shows wage progression over years of specific job titles for an employee who started January 2019. This information shows cumulative change and assumes the employee starts at the first step of their position (if the position has step increases). It includes annual wage increase and, where relevant, step increases, position reclassifications and/or market-study adjustment that occurred during this time.