City of Bloomington Classification and Compensation Strategy

Revised Summary of Market Pricing Results
November 3, 2023

DRAFT – For Internal City of Bloomington Use Only

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Background and Document Purpose

In January 2023, the City of Bloomington (City) contracted with Crowe LLP (Crowe) to conduct a Compensation and Classification Study, including a market compensation analysis to obtain data and make recommendations related to compensating a subset of City positions. The scope of this market analysis included 257 non-union, Civil positions at the City and included base compensation only; the scope of this engagement did not include an assessment of benefits, hazard pay, bonuses, or other types of compensation other than base pay.

This document summarizes the approach and results of the market compensation analysis. This document also provides related observations and recommendations based on the analysis.

This document includes the following appendices:

- ***Appendix A: Document Definitions***

- ***Appendix B: Revised Pay Ranges For In-Scope Positions*** (provided under separate cover)

Approach Summary

The following section summarizes Crowe's approach to the market compensation analysis. Below the graphic, we explain each set of activities in more detail.
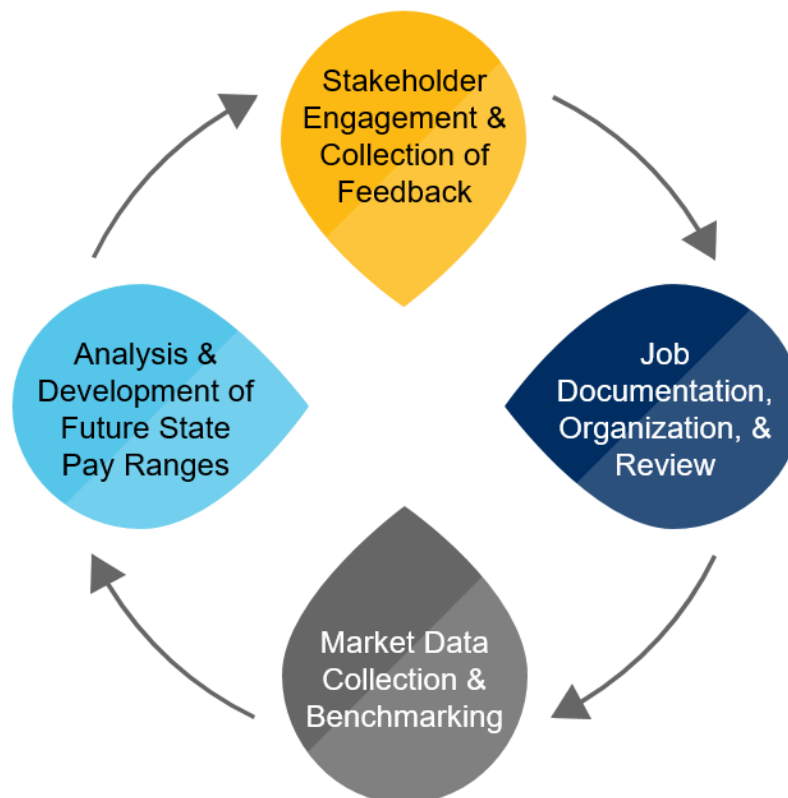
Stakeholder Engagement and Collection of Feedback

Prior to beginning the market analysis, Crowe met with City stakeholders to better understand perceived strengths and challenges related to the City's current classification and compensation practices. Meetings included representatives from the following stakeholder groups:

- **Office of the Mayor**
- **City Department Heads**, which included representatives from Community and Family Resources, Economic and Sustainable Development, Engineering, Fire, Housing and Neighborhood Development, Information and Technology Services, Parks and Recreation, Planning and Transportation, Public Works, and Utilities
- **Job Evaluation Committee (JEC)**, which included the Deputy Mayor, Controller, Corporation Council, and Human Resources Interim Director
- **Human Resources (HR) Department leadership**, which included the Human Resources Interim Director and Director of Compensation and Benefits

Stakeholders shared input on topics such as: position recruitment; position retention; processes and policy related to the internal valuation of positions (i.e., pay grade determination); processes and policy related to setting salaries for new hires; and pay grade compression. We considered this feedback and used it to inform various parts of the analysis (such as benchmark selection) as well as several of the recommendations and observations (such as recommended policy decisions related to salary setting). We thank the City's leaders for sharing their input to help shape this study.

Job Documentation, Organization, and Review

As a first step in the market analysis, Crowe developed a customized Position Description Questionnaire (PDQ) for incumbents of in-scope positions to complete. PDQs asked a series of questions related to the scope of an incumbent's role, common duties, managerial responsibilities, and other topics. Completed PDQs were returned to Crowe and compared against current job (position) descriptions. The purpose of this review was to determine if current job descriptions could be relied on as accurate documentation of incumbent duties for purposes of identifying comparable jobs in the market. The analysis determined that job descriptions were substantially consistent with PDQs, and the City determined that current job descriptions could be used as inputs to identify comparable jobs in the market.

In parallel, the City and Crowe organized in-scope positions into job families. A job family consists of multiple job titles that have similar functions and essential responsibilities, and may also require comparable knowledge, skills, and training. Job families help to establish a consistent classification process for organizing jobs and helps in determining one's career path progression.

Job families are organized based on core job functions. While some job families may use terms similar to business unit names, these families are not equivalent to City departments or business units. For example, the Utilities department may have accounting-related positions, which would be assigned to the Finance job family due to the core functions of their job.

This process was essential to the market analysis as it assisted the Crowe team with selecting a representative sample of benchmark titles from all job families and ensured that there were appropriate market data sources with potential job matches for all job families. See Exhibit 1 below for job families used in the market analysis.

Exhibit 1
City of Bloomington Job Families

Job Family	Description
Administration	This group consists of all jobs with duties related to administering, advising, supervising, or performing work involved in supporting the administration of City services. Positions may perform tasks related to the oversight of strategic initiatives, general clerical duties, or administrative support.
Community Relations	This group consists of jobs with duties related to engaging with community members through administering and coordinating programs, providing information on community-based programs and services, and conducting outreach.
Engineering	This group includes all jobs with duties related to advising, administering, supervising, or performing professional or technical work concerned with engineering or architectural projects, structures, systems, processes, equipment, or devices.
Environmental Services	This group consists of positions that are responsible for testing of natural resources, including water quality, and management of associated equipment and facilities.
Executive Leadership	This group consists of positions that are responsible for providing executive level oversight and management of City agency(ies) and departmental operations, including providing leadership and direction at senior levels of City government.
Facilities	This group consists of jobs that are responsible for the maintenance and operations of the City's facilities, including buildings, public spaces, street operations, and parking services.
Finance	This group consists of all jobs that are responsible for the accounting and management of the City's finances. This includes budgetary planning, grant management, accounting, financial planning, and related roles.
Human Resources	This group consists of jobs responsible for employee compensation and benefits, recruitment, employee performance management, labor relations, and related matters.
Information Technology	This group consists of all jobs that support the City's information technology systems, including software, hardware, and network infrastructure.
Legal	This group includes jobs that advise on, administer, supervise, support, or perform work in the legal field, including laws and regulations, contracting, labor relations, and related matters.
Procurement	This group includes jobs responsible for the proper procurement, contracting, purchasing, and contract management associated with the City's goods and services.
Program Management	This group consists of jobs that are responsible for overseeing City projects or programs, including both internal projects/programs and public-facing projects/programs.
Public Safety	This group consists of jobs that are responsible for ensuring the safety of the City's residents.
Social Services	This group includes all jobs that advise on, administer, supervise, or perform professional work in social services, including but not limited to social work or in the administration of public programs.

Market Data Collection and Benchmarking

Next, Crowe used market data to benchmark the base pay for in-scope benchmark positions. The City and Crowe selected 86 of the City's 257 in-scope positions as benchmarks (approximately 33%), intentionally selecting a representative cross section of positions from all job families, City departments, and pay grades.

The City selected a total of eight market data sources. This included six data sources to be used for all in-scope benchmark positions, and two additional peer employers for positions in specific job families with recruitment and/or retention challenges: Information Technology (IT), Engineering, and Executive

Leadership. Crowe then collected and analyzed market data from each of the eight market data sources selected by the City. Crowe relied on publicly available data for six of 8 sources; obtained data from the City of Indianapolis for use by the City of Bloomington for the seventh source; and the City purchased Mercer's Metropolitan Benchmark – North Central Region survey as the eight data source. Exhibit 2 lists all data sources selected by the City and used in this study.

Exhibit 2
Selected Market Data Sources

Data Source	Applicable Job Families
Monroe County, IN	All Families
City of Indianapolis, IN	All Families
Indiana University	All Families
City of Columbus, IN	All Families
State of Indiana	All Families
Mercer's Total Renumeration Survey – Metropolitan Benchmark – North Central	All Families
City of Ann Arbor, MI	Executive Leadership, Information Technology, Engineering
City of Champaign, IL	Executive Leadership, Information Technology, Engineering

Next, Crowe market priced the 86 benchmarks based on compensation information from peer employers. Crowe identified the peer market minimum, midpoint (or calculated mean), and maximum pay for comparable jobs, and used this information to calculate the composite market salary range for each benchmark.

Following the completion of the benchmarking activity in June 2023, the City and Crowe executed a change order to include an additional project activity at the request of the City. The additional activity consisted of *evaluating approximately 50 of the City's job (position) descriptions using the City's existing Point Factor Job Scoring Rubric.* The purpose of this activity was to identify positions whose job (position) descriptions may be misaligned with the current pay grade to provide additional considerations for which pay grades to use for the sole purpose of applying the results of market benchmarking. Crowe evaluated 47 positions in total and shared results with the City on a rolling basis.

Benchmarking Analysis and Development of Future State Pay Ranges

Finally, Crowe conducted an analysis to extrapolate the market results for application to all in-scope positions (benchmarks and non-benchmarks) and developed market-relevant pay ranges. To develop recommended, market-informed pay ranges, Crowe looked to align external valuation (market analysis results) and internal valuation (or groups of jobs that are compensated comparably, as primarily indicated by City pay grades). Crowe then plotted the relationship between market data and these groups of jobs.

As part of this process, Crowe reviewed outliers, anomalies, and clustered data (e.g., if market data points are clustered together for multiple City grades). Based on the results of this review and with City input, Crowe used best professional judgement to refine select pay grades for purposes of developing pay ranges. Final adjustments included:

- Adjusted certain pay grades based on the position grade evaluation activity and subsequent emails and discussions with the City's Human Resources department.
- Due to clustered market data, consolidated the City's benchmarks that are currently assigned to Grades 1-3 into one group and Grades 7-8 into one group. (For clarity, it was observed that there was clustering in market data for market jobs comparable to the City's jobs in Grades 1-3. In other words, while the City of Bloomington may be assigning varying pay grades to these jobs, the market is compensating them as if they are of comparable market value. Therefore, for purposes of this step of the analysis only, the decision was made to consolidate the City's benchmarks currently assigned to Grades 1-3 into one group for a more accurate reflection of the market data. There was a similar clustering of market data for jobs currently assigned Grades 7-8, and a similar consolidation was made.)
- Due to market variation in data points among jobs the City currently treats as Grade 12, divided Grade 12 into several additional grades. (In other words, since the market appears to be compensating these jobs at different levels, Crowe treated them as such to develop future state pay ranges that reflect the market.)

See the *Market Compensation Results* section of this document for final recommended pay ranges.

Market Compensation Results

The following section provides the results of the market analysis and recommended pay ranges. Results provided in the linear graph below indicate a strong correlation between market midpoints and the pay grades. (As noted above, certain adjustments were made to the pay grades used for this portion of the analysis.)

The graph below depicts the alignment between external value (indicated by market data) and internal value (indicated primarily by the City's pay grades, with some adjustments as summarized above). This provides Crowe with the linear regression needed to calculate updated, market-relevant pay ranges. See Exhibit 3.

Exhibit 3
City of Bloomington Average Market Midpoints by Grade
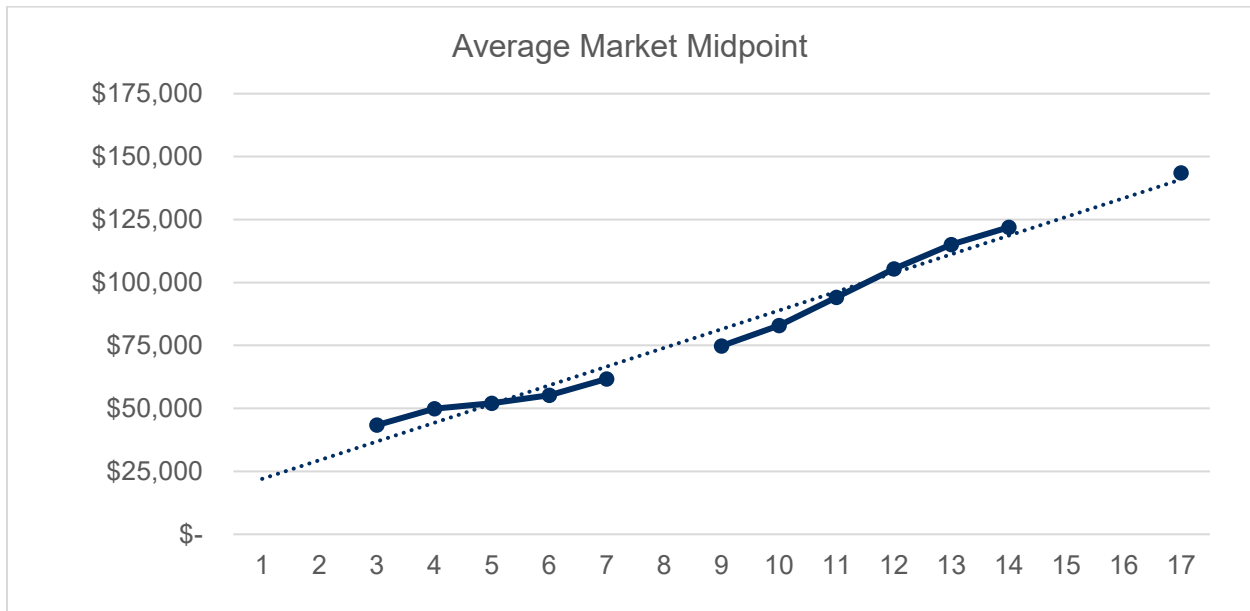
Resulting Pay Ranges

The City expressed to Crowe its interest in an updated pay structure that includes narrower pay ranges for each grade, more grades, and consistent linear progression from one pay grade to the next. Based on these goals and the market results, Crowe provided an initial set of market pay ranges to the City on August 22, 2023. See Exhibit 4 below.

Exhibit 4
Potential Future State Citywide Pay Schedule (*Preliminary* Schedule A)

Grade	Minimum	Midpoint	Maximum	Range
1	~~$19,165~~*	~~$22,040~~*	~~$24,915~~*	30%
2	~~$25,628~~*	$29,472	$33,316	30%
3	$32,090	$36,904	$41,718	30%
4	$38,553	$44,336	$50,119	30%
5	$45,016	$51,768	$58,520	30%
6	$51,478	$59,200	$66,922	30%
7	$57,941	$66,632	$75,323	30%
8	$64,403	$74,064	$83,725	30%
9	$70,866	$81,496	$92,126	30%
10	$77,329	$88,928	$100,527	30%
11	$83,791	$96,360	$108,929	30%
12	$86,493	$103,792	$121,091	40%
13	$92,687	$111,224	$129,761	40%
14	$98,880	$118,656	$138,432	40%
15	$105,073	$126,088	$147,103	40%
16	$111,267	$133,520	$155,773	40%
17	$117,460	$140,952	$164,444	40%

Final pay ranges require adjustment to recognize the City of Bloomington's minimum living wage. Alternatively, the City may opt not to assign grades 1 and 2 to any jobs.

This structure did not envision the City assigning jobs to all 17 grades in the future. For example, the City might not assign any jobs to the updated/future state Grade 1 or 2. However, the City might wish to retain Grades 1 and 2 on its pay schedule to avoid the misperception that positions are being downgraded if there is a change to the new pay schedule. In addition, the City may not necessarily choose to use all of the "new" grades (13-17) at the higher end of the scale; however, in order to provide the City the ability to compensate certain senior-level positions in line with the market, those positions may at times require a higher Pay Grade.

Premium Schedule

The City also requested analysis and recommendations for differentiating pay for certain types of positions that are particularly challenged by recruitment and retention issues.

Analysis of market data for comparable jobs found that jobs in Information Technology (IT) and Engineering are compensated *3.2% more on average* than other jobs at the same grade level. (Market results indicate that the market compensates *between 1.3% and 6.2%* more, *depending on the grade,* for jobs in IT and Engineering than other City jobs at the same grade level.)

Based on this analysis, Crowe also provided an optional "premium" pay schedule for the City's consideration. Crowe used the more conservative 3.2% pay differential in this initial presentation of the premium pay schedule. See Exhibit 5 for this optional premium schedule, which reflects pay that is 3.2% more than the citywide schedule above in Exhibit 4.

Exhibit 5
Potential Future State Premium Pay Schedule (*Preliminary* Schedule B)

Grade	Minimum	Midpoint	Maximum	Range
1	~~$19,779*~~	~~$22,745*~~	~~$25,712*~~	30%
2	~~$26,448*~~	$30,415	$34,382	30%
3	$33,117	$38,085	$43,053	30%
4	$39,787	$45,755	$51,723	30%
5	$46,456	$53,425	$60,393	30%
6	$53,126	$61,094	$69,063	30%
7	$59,795	$68,764	$77,733	30%
8	$66,464	$76,434	$86,404	30%
9	$73,134	$84,104	$95,074	30%
10	$79,803	$91,774	$103,744	30%
11	$86,473	$99,444	$112,414	30%
12	$89,261	$107,113	$124,966	40%
13	$95,653	$114,783	$133,914	40%
14	$102,044	$122,453	$142,862	40%
15	$108,436	$130,123	$151,810	40%
16	$114,827	$137,793	$160,758	40%
17	$121,219	$145,462	$169,706	40%

*Final pay ranges require adjustment to recognize the City of Bloomington's minimum living wage. Alternatively, the City may opt not to assign grades 1 and 2 to any jobs.

If the City elects to use this schedule, it will be important for the City to carefully determine which jobs are compensated on the premium pay schedule. For example, the City will need to decide if a title such as "Senior Project Manager" in the Engineering department will be compensated on the citywide pay schedule (like other project/program managers) or on the premium pay schedule below (like other engineering jobs).

Revised Pay Ranges in Collaboration with the City

Between August 22 and October 6, 2023, the City and Crowe collaboratively refined the initial resulting future state pay ranges (as provided in the prior section of this report) to further meet the City's policy objectives. Adjustments based on the City's feedback resulted in several draft iterations of the pay schedules during this period.

The revised pay schedules below (see Exhibits 6 and 7) include the following adjustments made in collaboration with the City:
- Differentiation in the minimum pay for Grades 1-3 and adjustment for minimum wage
- Reduction from 17 to 14 pay grades
- Adjustment in the ranges within each grade, from 20% (Grades 1-3) to 30% (Grades 4-14)
- Increasing the Premium Pay Schedule differential from 3.2% to 6.2%
- Focusing the Premium Pay Schedule on positions in Grades 5-14 (in the City's experience, Grades 1-4 have fewer recruitment and retention challenges)

Exhibit 6
Revised Future State Citywide Pay Schedule (Schedule A)

Grade	Minimum	Midpoint	Maximum	Range
1	$32,760	$36,036	$39,312	20%
2	$34,400	$37,840	$41,280	20%
3	$36,809	$40,490	$44,171	20%
4	$38,932	$44,772	$50,612	30%
5	$45,264	$52,054	$58,844	30%
6	$51,597	$59,336	$67,075	30%
7	$57,929	$66,618	$75,307	30%
8	$64,261	$73,900	$83,539	30%
9	$70,593	$81,182	$91,771	30%
10	$76,925	$88,464	$100,003	30%
11	$83,257	$95,746	$108,235	30%
12	$91,304	$105,000	$118,696	30%
13	$104,348	$120,000	$135,652	30%
14	$121,739	$140,000	$158,261	30%

Exhibit 7
Revised Future State Premium Pay Schedule (Schedule B)

Grade	Minimum	Midpoint	Maximum	Range
5	$48,070	$55,281	$62,492	30%
6	$54,796	$63,015	$71,234	30%
7	$61,521	$70,748	$79,976	30%
8	$68,245	$78,482	$88,718	30%
9	$74,970	$86,215	$97,461	30%
10	$81,694	$93,949	$106,203	30%
11	$88,419	$101,682	$114,946	30%
12	$96,965	$111,510	$126,055	30%
13	$110,818	$127,440	$144,062	30%
14	$129,287	$148,680	$168,073	30%

Implementation Considerations

In this section, we outline an approach the City may take to implement updated pay ranges as well as an updated classification structure in an organized, methodical way. We provide these for the City's consideration as it makes decisions about whether, when, and how to implement the results of this Compensation and Classification Study. Where possible, we have structured these recommendations in a logical sequence, though the City may need to adjust the sequence and activities as the City formalizes its implementation plans.
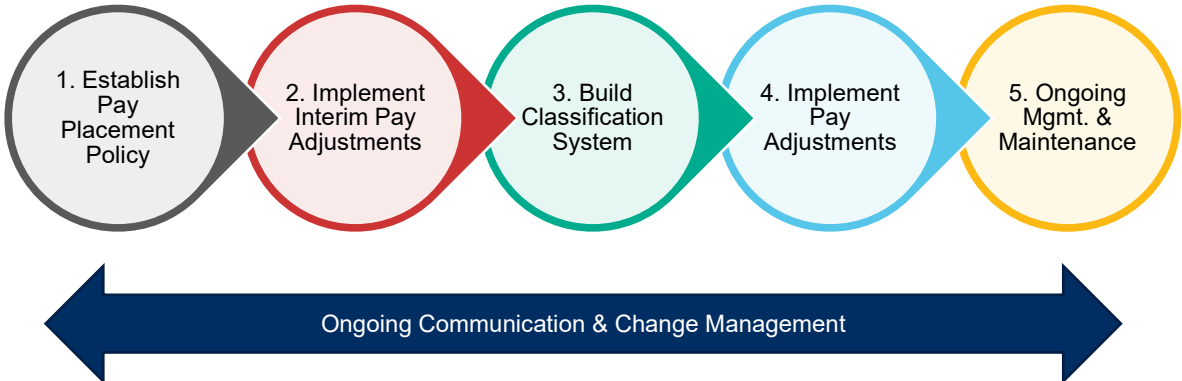
Stage 1: Establish Policy for Pay Placement and Adjustments within Pay Ranges

We recommend that the City establish, document, and communicate a Pay Placement Policy and process for determining appropriate placement within a pay range. This policy and process will be used to determine pay placement for new hires (including incumbents who are promoted, demoted, or transferred to other jobs) and for adjusting incumbent compensation within pay ranges.

Specifically, the City should make a policy decision regarding whether pay placement within a range will be based on tenure (length of service) or performance. We summarize potential characteristics of these two models below. See Exhibit 8 on the following page.

Exhibit 8
Comparison of Potential Pay Placement Policy Options

	Pay Range Minimum Placement Criteria	Pay Range Midpoint Placement Criteria	Pay Range Maximum Placement Criteria	Comments
Based on Tenure	• New hires begin here, regardless of qualifications or capabilities they bring to the job on Day 1	• A specific, pre-determined length of service (number of months/years in the job)	• A specific, pre-determined length of service (number of months/years in the job)	• <u>New hires</u> would be placed at the minimum of the pay range. • <u>Internally promoted employees</u> would be placed at the minimum of the pay range, or the City may establish a policy related to a minimum differential for promotions (e.g., an employee promoted one pay grade will be compensated at least 15% more than they earned at the previous (lower) pay grade). • <u>Incumbent raises</u> may be earned based on a pre-established length of service – such as moving to the 25th, 50th, 75th, and 100th percentiles after 1, 2, 3, and 4 years of service.
Based on Performance	• Entry-level • Needs guidance and training to complete essential responsibilities • May be dependent on others for training	• Proficient • Meets essential responsibilities and is fully competent • Can work independently	• Mastery • Exceeds essential responsibilities • May be ready for advancement	• <u>New hires</u> would be placed either at the minimum or midpoint of the pay range, depending on the capabilities and experience they bring to the job on Day 1. • <u>Internally promoted employees</u> would be placed at the minimum or midpoint of the pay range based on the same criteria used to place new (external hires), or the City may establish a policy related to a minimum differential for promotions (e.g., an employee promoted one pay grade will be compensated at least 15% more than they earned at the previous (lower) pay grade). • <u>Incumbent raises</u> may be earned based on merit and documented performance.

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Stage 2: Implement Interim Pay Adjustments

Prior to the development of a comprehensive new citywide classification system (which will take several months; see Stage 3), we recommend the City make interim pay adjustments based on the results of the market analysis and current pay grades. This will provide near-term increases for incumbents based on the market analysis and will not reduce pay for any incumbents (based on our discussions with the City). We recommend the interim pay adjustments rather than waiting several months to develop a complete classification structure and corresponding pay grade updates.

Incumbents will fall into three categories:

1. **Earning <u>Within</u> Range**: Near-term, the City may decide not to adjust pay for any incumbents whose current pay falls within the new, future state pay range for their current pay grade.

   a. Alternately, if the City establishes a policy for pay placement based on tenure or performance (see Stage 1 above), the City may determine whether upward adjustments are necessary to align with that policy decision. (For example, if the City adopts a tenure-based policy that provides for paying at the midpoint of a pay range to incumbents with3 years of service, then the City may review incumbents' length of service to determine whether adjustments are needed to reach the appropriate midpoint.)

2. **Earning <u>Below</u> Range**: Near-term, the City may decide to adjust pay for these incumbents to bring them up to the minimum of the new, future state pay range for their current pay grade.

   a. Alternately, if the City establishes a policy for pay placement based on tenure or performance (see Stage 1 above), the City may determine whether upward adjustments are necessary to align with that policy decision. (For example, if the City adopts a tenure-based policy that provides for paying at the midpoint of a pay range to incumbents with 3 years of service, then the City may review incumbents' length of service to determine whether adjustments are needed to reach the appropriate midpoint.)

3. **Earning <u>Above</u> Range**: Near-term, the City may decide not to adjust pay for these incumbents based on the new, future state salary ranges. In addition, we provide the following considerations for cost-of-living adjustments (COLAs):

   a. **RECOMMENDATION:** The City may decide to provide a **lump sum, annual payment** to these incumbents instead of a percentage-based COLA, until the pay grade range (which will also increase by the COLA percentage, per existing City policy) exceeds the incumbent's pay rate in a future year. This would enable the City to provide an adjustment to employees consistent with the dollar value of the COLA, however it has the benefit of helping correct for pay inequities over time by maintaining the incumbents' current salary level until the pay range (and other employees in the pay range) catch up. Further, the City may decide to provide these lump sum payments in two installments (for example, 50% of the value of the COLA at Month 6 and 50% of the value of the COLA at Month 12), so that this group of incumbents does not receive their COLA value substantially earlier than other City employees (those currently earning within or below the new future state pay range).

   b. The City may decide to **omit percentage-based COLAs** for these incumbents until the salary range exceeds their pay rate in a future year. This would assist in more quickly reducing disparities across employees in the same pay grade, although there may be difficulty and resistance from incumbents (and potentially their supervisors) who would not receive COLAs in this scenario.

    c. The City may decide to **provide percentage-based COLAs** for these incumbents. This would enable the City to provide consistent COLAs to the entire workforce and may be seen as the path of least resistance in the short term. However, this will enable continued disparity in the earnings of employees in the same pay grade, which will exacerbate rather than correct internal pay inequities.

Stage 3: Build Out Citywide Career Path Classification System

Based on conversations with the City throughout the course of this project, we recommend developing a comprehensive classification structure with the following elements:

- **Classifications:** Classifications are higher-level identifiers that organize a group of jobs. Each classification will include a *classification title, classification description, function, sub-function, and pay grade*.

- **Positions**: Positions are unit of financial control within the City, typically budgeted and managed by supervising departments. In practice, one position represents the duties and responsibilities which comprise the work performed by one employee. Each position is assigned to a classification (managed by Human Resources) and includes a *position title and job (position) description* which may be managed by individual departments and overseen by Human Resources). Importantly, each position's pay grade is determined by its higher-level classification, and all positions that share a classification will be assigned the pay grade.

The diagram below illustrates a high-level overview of the relationship among these elements with two examples of hypothetical Administrative Assistant I and Administrative Assistant II classifications:

Proposed Structure   **Hypothetical Examples**
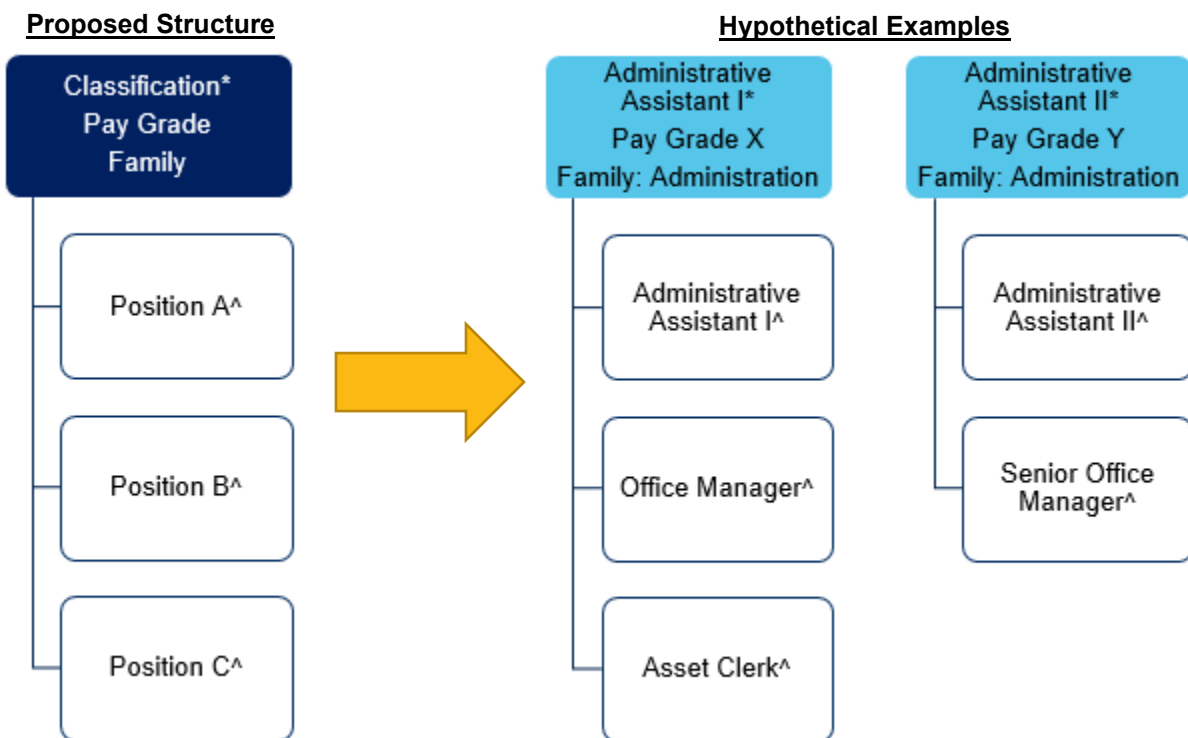
*Managed by Human Resources
^Managed by supervising Department

Exhibit 9 below summarizes differences between classifications and positions in the future state.

Exhibit 9
Comparison of Classifications vs. Positions

Classifications	Positions
• Managed by Human Resources • Establish the official classification description, which defines the general nature of work, qualifications, and pay grade (using an objective scoring tool and the classification description) • Facilitate cross-departmental consistency and equity across positions within each classification • Communicate career paths • Serve as the official job name in the City's future salary ordinances • Serve as the basis for future classification and compensation studies, including internal and/or external equity analyses	• Managed by supervising departments with guidance and approval from Human Resources • May include a position title and/or job (position) description within the boundaries established by the higher-level classification (including the pay grade), yet tailored to the specific position's assignment • Provide flexibility for each department's unique needs for assignments and/or working titles

To build out and implement a classification structure, we recommend the following activities:

1. **Leverage and Validate Job Families**: During this Compensation and Classification Study, the City and Crowe identified 14 families of jobs that broadly perform similar functions. The City should begin by reviewing the job families developed during this study (please see Exhibit 1) and determine whether updates are needed. This will serve as an input to begin identifying career path classification titles in the next step.

2. **Develop Career Path Classification Titles and Series Indicators**: To help identify upward and lateral career opportunities, classification titles should be relatively standard and understood to typical municipal job applicants and incumbents.

   In addition, each advancing classification title should function like a step on a ladder, with increasing requirements for experience, complexity of duties, and similar characteristics associated with each classification. The City may decide to use series indicators such as I, II, III, and IV, for example.

   Below is an example of potential classification titles and series indicators:

Family	Sample Para-Professional Classifications	Sample Professional Classifications	Sample Supervisor & Manager Classifications
Finance	Accounting Assistant I	Accounting Analyst I, II, III	Accounting Supervisor, Accounting Manager,
Benefits	Benefits Assistant I, II	Benefit Analyst I, II, III	Benefits Manager
Engineering	Engineering Technician I, II	Structural Engineer I, II, III	Structural Engineering Manager

3. **Develop Classification Descriptions (may occur in parallel or iteratively with Step 4):** For each classification, develop a classification description that includes:

a. The essential nature and scope of the classification

b. Examples of duties and responsibilities assigned to positions in that classification

c. Minimum qualifications and the knowledge, skills, and abilities required to perform duties assigned to this classification

d. Any certifications, licensures, and other requirements

e. Specific pay grade (determined by an objective scoring rubric[1] and the contents of the classification description).

4. **Assign Positions to Classifications (may occur in parallel or iteratively with Step 3)**: In consultation with departments and citywide management, Human Resources should assign each existing position to a new classification. In some cases, this may require discussion and potential adjustment to existing job (position) descriptions to adhere to the boundaries established by the higher-level classification. <u>Notably, this assignment of each position to a new classification will determine the pay grade for each position, as pay grade is determined at the classification level.</u> This is likely to be an iterative process and will require substantial collaboration between Human Resources and other departments regarding positions in their control.

5. **Update Job (Position) Descriptions to include Classification Details**: Upon assigning each position to a classification, the City should update each job (position) description to include:

a. **Minimum recommended additions**: Classification title (including Series indicator, if relevant); pay grade (see Step 6 below)

b. **Optional recommended additions**: Classification description; job family; other classifications along the relevant career path (for example, on a job (position) description for an Accounting Analyst I may include a section such as the following:

> Accounting Assistant I
> **Accounting Analyst I (this position)**
> Accounting Analyst II
> Accounting Analyst III
> Accounting Supervisor
> Accounting Manager

6. **Assign Classification Pay Grades Using Updated Objective Scoring Rubric[1]**: The City should re-evaluate all classifications using an established, objective scoring rubric. Results of the market analysis and other project activities highlighted possible inconsistencies in the City's approach to assigning position grades (see ***Additional Observations*** in this report). Prior to implementing additional pay adjustments (see Stage 5 below), the City will want to confirm that all classifications (and the positions in each classification) are appropriately graded.

7. **Review and Approve Changes**: The City should follow its internal processes for reviewing and approving the changes contemplated during this stage, with special attention to any changes to pay grades or job (position) descriptions that result from the new classification assignment. The City should consider internal equity (e.g., equitable results for similar jobs; analysis of impacts on employees with various racial, gender, age, and other characteristics) and external equity (e.g., market relevance) when reviewing the final proposed changes. If the City identifies any anomalies, outliers, or unintended impacts, the City should determine whether adjustments are needed prior to communicating and implementing the changes.

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[1] During the Compensation and Classification Study, Crowe recommended updates to certain criteria included in the City's job scoring rubric. The City is contemplating those changes at the time of this report's publication. Crowe recommends that the job scoring rubric be validated or updated prior to using that rubric to score each classification and determine its resulting pay grade.

8. **Communicate Changes**: The City should then communicate the changes to all relevant parties, which may include City Council and leadership, incumbent employees, managers and supervisors, union representatives (if the City applies the classification structure to jobs represented by bargaining units), job applicants, and other relevant stakeholders.

Stage 4: Implement Pay Adjustments

At this stage, the City will have made a policy decision regarding appropriate pay placement within each pay range (i.e., tenure or proficiency-based placement); developed a comprehensive classification structure with a new hierarchy of classifications and positions; assigned updated pay grades to each classification; assigned classifications to each position; and reviewed and internally vetted the results. At this time, the City will have the information needed to provide additional compensation adjustments (following any interim adjustments made in Stage 2) that may be necessary as a result of the updated classification system.

The City's actions will vary based on two categories of incumbents' current pay compared to the new pay ranges, classifications, and pay grades. Those two categories are:

1. **Earning <u>Below</u> or <u>Within</u> Range**: The City should adjust incumbent pay based on the new classifications, pay grades, Pay Ranges, and Pay Placement Policy – whether based on tenure or performance (see Stage 1). For example, if the City adopts a tenure-based policy that provides for paying at the midpoint of a pay range to incumbents with 3 years of service, then the City may review incumbents' length of service to determine whether adjustments are needed to reach the appropriate midpoint. In all cases, incumbent pay should be brought up at least to the minimum of the new pay range for the newly assigned (or confirmed) pay grade. In many cases, incumbent pay may need to be adjusted to another point in the pay range, consistent with the City's policy.

2. **Earning <u>Above</u> Range**: The City may decide not to adjust pay for these incumbents based on the new, future state salary ranges. In addition, we provide the following considerations for COLAs:

   a. **RECOMMENDATION:** The City may decide to provide a **lump sum, annual payment** to these incumbents instead of a percentage-based COLA, until the salary range exceeds the incumbent's pay rate in a future year. This would enable the City to provide an adjustment to employees consistent with the dollar value of the COLA, however it has the benefit of helping correct for pay inequities over time by maintaining the incumbents' current salary level until the pay range (and other employees in the pay range) catch up. Further, the City may decide to provide these lump sum payments in two installments (for example, 50% of the value of the COLA at Month 6 and 50% of the value of the COLA at Month 12), so that this particular group of incumbents does not receive their COLA value substantially earlier than other City employees (those currently earning within or below the new future state pay range).

   b. The City may decide to **omit percentage-based COLAs** for these incumbents until the salary range exceeds their pay rate in a future year. This would assist in more quickly reducing disparities across employees in the same pay grade, although there may be difficulty and resistance from incumbents (and potentially their supervisors) who would not receive COLAs in this scenario.

   c. The City may decide to **provide percentage-based COLAs** for these incumbents. This would enable the City to provide consistent COLAs to the entire workforce and may be seen as the path of least resistance. However, this will enable continued disparity in the earnings of employees in the same pay grade, which will exacerbate, rather than correct, internal pay inequities.

Stage 5: Ongoing Management and Maintenance of Classification and Compensation Structures

The City will need to actively manage and maintain various aspects of the classification and compensation structures. To accomplish this, we provide the following recommendations:

1. **Align Human Resources Responsibilities:** Reassess the roles and responsibilities for key positions involved in City compensation and classification activities. At present, Human Resources coordinates with the Job Evaluation Committee (JEC) to execute multiple classification and compensation related activities. Human Resources personnel may be better situated to evaluate the designation of pay grades, classification titles and descriptions, and alignment of positions to classifications, as Human Resources personnel have specialized training and experience in classification and compensation.

2. **Communicate Policies and Practices**: We recommend that the City expand its documentation and transparent communication of key Human Resources policies and practices. For example, we recommend transparent communication to citywide stakeholders about the upcoming Pay Placement Policy so that employees and supervisors/management understand how initial salaries are determined for new hires, as well as the realistic potential for future adjustments.

3. **Plan Cyclical Internal and External Valuations:** Consistent with the City's stated intention to complete an external market analysis of base pay every two-to-three years, we recommend incorporating cyclical internal valuations to assist in validating classifications and pay grades between market assessments. When an organization has confidence in its classifications and pay grades, it provides a strong foundation for a market assessment – including the selection of benchmark jobs as well as how to slot non-benchmark jobs into the market results. Each of these actions (and others) within a market study rely on appropriately grouping jobs based on comparable internal worth.

Below is a sample illustration of how the City might approach these cycles of periodic review. See Exhibit 10.

Exhibit 10

Sample Illustration: Possible Classification and Compensation Structures Management Lifecycle
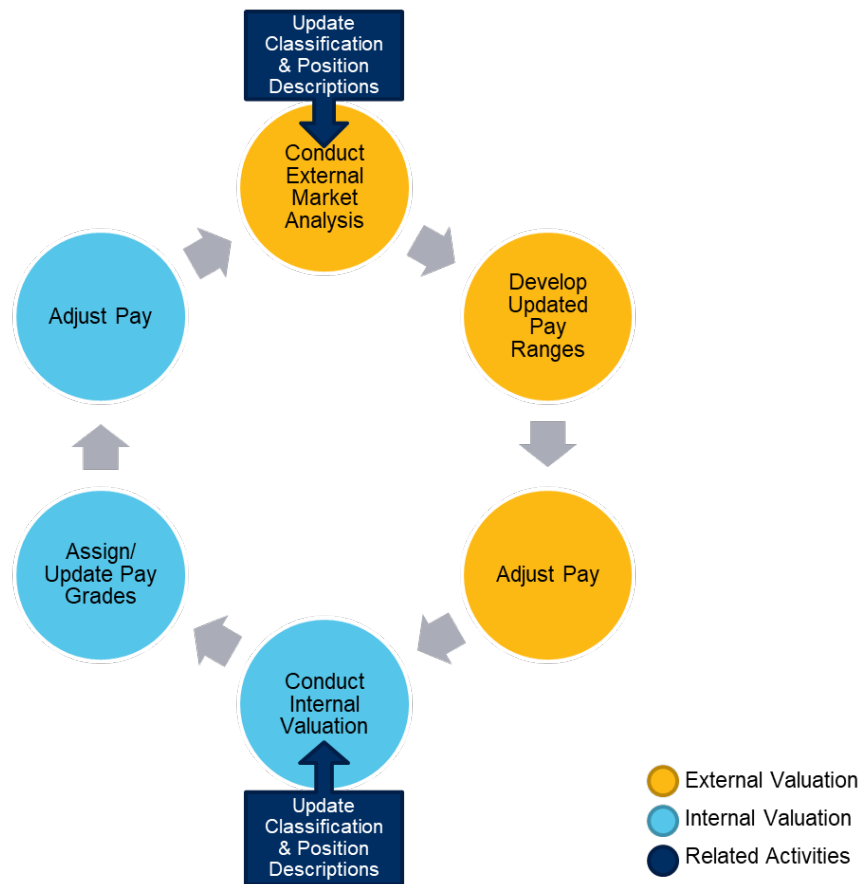
Throughout All Stages: Communication and Change Management

Given the sensitive nature of employee classification and compensation, we recommend that the City proactively communicate its plans and key decisions at certain points throughout the implementation process. This should include updating City stakeholders on plans for implementing pay adjustments (if any), a new classification system, and potential pay grade adjustments.

In addition, we recommend a formal organizational change management initiative to:

- Address the people-related aspects of this initiative
- Increase the success of the implementation
- Prepare stakeholders for a successful transition
- Increase support and manage resistance to the changes
- Build organizational competency for change

To assist with this, we recommend the City identify a sponsor and champions for the upcoming classification and compensation changes, as well as a change management and communications lead who can identify appropriate stakeholders and develop appropriate communications and change strategies for various stakeholder groups (such as City Council and administration, incumbent employees, managers and supervisors, and union representatives, if applicable).

Additional Observations

In this section, we provide additional observations and recommendations based on our analysis.

Observation #1: Pay Grade Inconsistencies

Results of the market analysis, scoring a subset (50) of the City's job (position) descriptions using the City's Point Factor Job Scoring Rubric, and discussions with City stakeholders highlight possible inconsistencies in the City's currently assigned pay grades.

For example, at present the City currently has administrative assistant and other similar administrative/clerical type roles assigned to grades ranging from 2 to 5. In some cases, an identical position title is assigned multiple different grades, depending on where that position is staffed within the City. Typically, it is considered a leading practice to use a consistent pay grade for all jobs that share a title.

In addition, scoring 8 administrative/clerical type positions using the City's existing rubric resulted in 5 of 8 positions (62%) being scored at a different grade than is currently assigned to that position. Across all 48 in-scope positions for this activity, for 22 of 48 positions (or, 46%), either Crowe or the City's point factor score resulted in a different grade than is currently assigned to that position. These inconsistencies are further underscored by results of the market analysis. As previously noted in prior sections of this report, the analysis demonstrated no clear distinction between market results for benchmark positions in grades 1-3 and grades 7-8. This suggests that there is little to no meaningful difference between the way the market compensates positions in the City's current grades 1-3 and 7-8

In certain conversations, the City has also expressed questions about current pay grades based on the inherently subjective nature of position scoring (see Observation #2 below) as well as evolution in scorers and circumstances over time. Crowe understood this to be a driving factor for the addition of project activity: *Evaluating approximately 50 of the City's job (position) descriptions using the City's Point Factor Job Scoring Rubric*, results of which are discussed above.

Organizational confidence in accurate pay grades is a foundational element to any successful classification and compensation strategy. As the City also knows, if there are inconsistencies in City pay grades, adjustments to pay ranges and/or classification structures will not solve existing compensation challenges.

We note that this issue should be remedied in the recommended future state classification system, in which we recommend that pay grades are assigned at the classification level and all jobs within the classification are consistently, equitably graded.

Observation #2: Challenges with Point Factor Job Scoring Process and City Rubric

As noted in a prior section of this report, during the Compensation and Classification Study, Crowe recommended updates to certain criteria included in the City's job scoring rubric.[2] These proposed updates included:

- Combine the *Knowledge* and *Experience* factors into one single factor or remove the Knowledge factor to avoid duplication and awarding disproportionate points for these factors, which have overlap as written in the existing rubric. (Alternatively, the City may consider replacing the Knowledge factor with a new Education and Certifications factor.)

- Update the *Direction of Others/Professional Designation* factor to *Direction of Others* or *Direction of Others or Resources*, as this factor as written in the existing rubric is largely focused on the degree of supervisory responsibilities involved in the job. (Alternatively, the City may consider updating this factor to S*upervision of Personnel or Physical/Financial Resources* to measure the extent to which a job involves supervisory responsibilities of physical resources and financial assets.)

- Review and revise the *Environmental Strain* factor to verify that definitions and score guidelines are objective and understood by evaluators.

- Update the *External Work Relationships* factor to *Communication* to assess the degree to which a job involves communication with internal and external stakeholders.

- Reassess current factor weighting to determine if the point distribution aligns with a factor's relative importance the City, which will assist in determining pay grades (and therefore compensation personnel) consistently with the City's internal priorities.

The City is contemplating these changes at the time of this report's publication. Crowe recommends that the job scoring rubric be validated or updated prior to using that rubric to score each classification and determine its resulting pay grade.

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[2] For all recommended updates, please refer to the **City of Bloomington Classification and Compensation Strategy** document provided from Crowe to the City in June 2023.

Next Steps

At this time, we recommend that the City review this report and other deliverables from the Classification and Compensation Study. The City will need to make a series of key policy decisions related to this Study, including but not limited to which compensation and classification structures and recommendations to implement, the timeline for those implementations, and the change management strategy to support the City's implementation overall.

Crowe is here to support the City's transition toward implementation. For example, in collaboration with the City, Crowe can develop a formalized timeline and implementation roadmap; support key implementation activities like building out classification descriptions and position-to-classification alignment, facilitating revisions to the City's Point Factor Scoring Rubric, or other activities like communication support and formal change management.

Crowe thanks the City for the opportunity to support this important Classification and Compensation Study. For any questions related to this report, please feel free to contact the Crowe project team.

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Appendix A: Document Definitions

Crowe referenced and adapted the following definitions from the United States Office of Personnel Management (OPM)[3] for purposes of this document.

Career Path	One of several approaches to establishing a classification system is a career path approach. This approach uses naming conventions and sequences that clearly illustrate advancement opportunities across jobs within the organization.
Classification	A classification is a higher-level identifier that organizes a group of jobs (positions). Each classification may include a classification title, classification description, function, sub-function, and pay grade.
Classification Description	A classification description summarizes the most important features of a classification title. It includes the general nature of work for the classification title and a high-level description of the knowledge, skills, and abilities (KSA) required for competent performance of the classification title. Human Resources should own and maintain the classification descriptions with collaborative assistance from citywide management.
Classification System	A classification system defines, organizes, and evaluates the responsibilities, requirements, and level of authority of positions across an organization. A classification system for the City may encompass classification titles, classification descriptions, pay grades, position titles, and position descriptions.
Classification Title	A classification title is a brief and descriptive title of one classification. Human Resources will manage classification titles and guide departments on proper alignment of positions to an appropriate classification.
Function	A function is a concise, descriptive identifier of the general subject matter or type of work performed by a classification. Several classifications may be assigned to the same function. Functions do not necessarily coincide with the department/bureau in which a position is located.
Job Family	A job family consists of multiple job titles that have similar functions and essential responsibilities, and may also require comparable knowledge, skills, and training. Job families help to establish a consistent classification process for organizing jobs and helps in determining one's career path progression.
Pay Grades	Pay grades are an organized system of compensation tiers in the form of salary ranges. This fixed framework is commonly used in public service.
Position	A position is a unit of financial control within the City and is typically budgeted and managed by supervising departments/bureaus (with appropriate financial and human resources controls). In practice, one position represents the duties and responsibilities which make up the work performed by one employee. Each position is assigned to a classification (managed by Human Resources) and includes a position title and position description (which may

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[3] https://www.opm.gov/policy-data-oversight/classification-qualifications/

	be managed by individual departments and overseen by Human Resources).
Position Description	A position description summarizes the most important features of a position. It includes the general nature of work for the position; the core, essential duties and responsibilities; and the knowledge, skills, and abilities (KSA) required for competent performance of the position. The City may decide to empower individual departments with the authority to draft job (position) descriptions, as long as each job (position) description is consistent with the classification description to which the position is assigned, and such draft position descriptions from individual departments will be subject to review by Human Resources for proper alignment to the classification as well as other human resources matters (such as compliance with labor laws, internal equity considerations, and other factors).
Position Title	A position title is a brief and descriptive title of one or more positions within the same occupational area. A position title may be managed at the department-level, subject to review by Human Resources.
Series	A series is a subdivision of a classification consisting of jobs with similar specialized line of work and qualification requirements. Series levels are designated by a title to indicate progression (e.g., I, II, III; or entry, journey, senior).
Sub-Function	A sub-function is a concise, descriptive identifier of a specific occupational area within a function.

Appendix B: Revised Pay Ranges For In-Scope Positions

This appendix applies the Revised Pay Ranges in Collaboration with the City (see Exhibit 6) to each in-scope position.

Note: This appendix relies on City position data as of April 12, 2023. However, as discussed throughout the report, we anticipate that several pay grade assignments are subject to change, which will impact the results presented in this appendix. Results are subject to change based on pay grades and the City's final decision about whether to implement the pay ranges presented in Exhibit 6. This appendix does not apply the Revised Future State Premium Pay Schedule (see Exhibit 7) to in-scope positions. If the City elects to use the Revised Future State Premium Pay Schedule, it will be important for the City to determine which individual jobs are compensated on the premium pay schedule.

We have provided Appendix B to the City under separate cover.