

City of Hammond

2022 Compensation Study





Scope

- The HR NOLA compensation team provided a comprehensive evaluation of 107 municipal jobs to determine relative worth based on industry and geographical standards.
- The compensation team also established appropriate benchmarking standards and matched city jobs accordingly.
- Finally, the compensation team identified potential pay concerns through market metrics and recommends changes to current compensation to ensure an equitable and competitive pay structure.



Approach

Data Gathering

HR NOLA approaches each compensation study by using job descriptions to pull data from the CompAnalyst system. The data is tailored to roles with similar job duties of those listed in the job descriptions. We also asked for additional information regarding number of direct reports, managerial responsibilities and other compensable factors.

Compensation Metrics

After data is gathered, the HR NOLA compensation team produces data metrics to compare current compensation to benchmarked data.

Compensation Suggestions

HR NOLA provides the data gathered and metrics produced, along with expert suggestions to ensure fair, equitable, and competitive compensation is being offered.



Data Source: CompAnalyst

- CompAnalyst is the market's leading compensation management system that allows us to review current market salary data. The data we used for this survey was current as of December 2021.
- The accuracy that CompAnalyst provides comes from 800 million data points that come from HR-reported pay data. HR-reported data includes certified pay information directly from Human Resources Information Systems that employers utilize.
- We can break down positions into specific industries, organization sizes, market locations, and base the salary off of the specific job. All of these inputs allow the Compensation Team to fine tune the data for each job.



Data Source

In addition to matching the job duties for each position, the Compensation Team was able to further refine the data based on:

- Education Levels
- Specific Years of Experience
- Working Conditions
- Competencies
- Skill Sets
- Certifications
- Licenses
- Number of Reports
- Seniority of Supervisor
- FLSA Status
- Working Hazards
- Staffing Decisions
- Budgetary Decisions
- Training Responsibility
- Performance Evaluation
- Supervision Levels
- Policy Management
- Process Creation



Data Metrics

Percentiles & Distribution

A compensation percentile tells how much a certain percentage of an overall population in a geographic area or within a given industry earns. This metric allows for comparison of compensation data based on how the data set is distributed. Ex. If a salary falls into the 75th percentile, then the salary is higher than 75% of the data set and lower than 25% of the data set.

CompaRatio

CompaRatio (comparison ratio) is a metric that helps employers determine appropriate salaries for positions within their organization by comparing the current salary for the position to the midpoint of the benchmarked range. A compa-ratio of 100% is considered right at the target market. Normally, CompaRatios are based of the 50th percentile, but we chose to use the 25th percentile as that was the basis of our salary ranges.



Example:

Annual Pay Range				
Position Title	25 th	50 th	75 th	Base Average
Planning Coordinator	\$41,000.00	\$47,700.00	\$56,700.00	\$50,000.00

Position Title	Experience	Education	Certifications & Competencies
Planning Coordinator	3-5yr (+2.1%), 6+yr (+2.4%)	BA (+4.1%)	American Assoc of Code Enf (+1.6%) Floodplain Mgmt (+1.6%) Intl Building Code Std (+1.6)

Example: Incentives

Position Title	Experience	Education	Certifications & Competencies
Planning Coordinator	3-5yr (+2.1%), 6+yr (+2.4%)	BA (+4.1%)	American Assoc of Code Enf (+1.6%) Floodplain Mgmt (+1.6%) Intl Building Code Std (+1.6)

1. The Building and Planning Department hires a Planning Coordinator
2. Because the candidate has 4 years of experience, the starting salary would be increased by 2.1%
3. During the course of employment, the employee completes their Bachelor's degree, which results in a salary increase of 4.1%
4. The employee also becomes certified with the American Association of Code enforcement, which increases their salary by 1.6%



Salary Ranges

In discussions with management, we determined that using the 25th percentile of the compensation benchmarks would provide the most realistic and achievable outcomes in terms of budgetary implementation. To establish bands, we applied a 20% variance, using the 25th percentile of the benchmarks as a midpoint.

Example:

Position Title	Current Starting Salary	25 th Percentile (Midpoint)	Bottom of Suggested Range	Top of Suggested Range	Percentage Difference
General Parks Worker	\$22,000.00	\$31,500.00	\$28,350.00	\$34,650.00	29%



Employee Benefits

The Compensation Team compared the City of Hammond's employee benefits to other local municipalities in the areas of:

- Annual Leave:
- Sick Leave
- Paid Holidays
- Health Insurance Costs
- Retirement Contributions

Years of Service	Hammond	Years of Service	Mandeville	Years of Service	Lafayette	Years of Service	Baton Rouge
0-1	5 Days	0-5	12 Days	1	10 Days	0-2	12 Days
1-4	10 Days	6-10	15 Days	2	11 Days	3-4	15 Days
4-9	15 Days	11+	19.5 Days	3	13 Days	5-9	18 Days
9+	20 Days			4	14 Days	10-14	21 Days
				5	15 Days	15+	24 Days
				6	16 Days		
				7	17 Days		
				8	18 Days		
				9	19 Days		
				10	20 Days		
				11	21 Days		
				12	22 Days		
				13	23 Days		
				14	24 Days		
				15 +	25 Days		



Performance Management Recommendations

In order for the City to better incentivize strong performance, we encourage the City to link performance directly to compensation increases. For example:

<u>Rating</u>	<u>Description %</u>	<u>Increase</u>
5	Excellent	4%
4	Above Average	3%
3	Satisfactory	2%
2	Decreased Performance	1%
1	Unsatisfactory	0%

In order for performance management to be accurate and equitable, managers should be trained annually in the process and procedures as well as rating errors and rating distributions.

Wage Compression

Also known as pay compression, occurs when newly hired, less experienced employees earn close to what senior employees make. It can be caused by:

- Increasing only lower paying or minimum salaries
- Arbitrary Pay Increase systems

To prevent wage compression:

- Consistently keep track of the market rate, and match it as closely as possible for all positions.
- Conduct pay equity reviews and make adjustments as needed.
- Consider non-financial Compensation.



Maintenance

The City of Hammond should review the compensation plan each year to ensure that Total Rewards are at least market standard.

The organization should also create procedures to monitor merit, cost of living, and performance raises to ensure adherence to the compensation plan.

A process should be created for if an employee takes on more responsibility than their job description and job scope. Job descriptions should be re-evaluated annually.





Questions?

Thank you!

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