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Total Rewards Study Overview

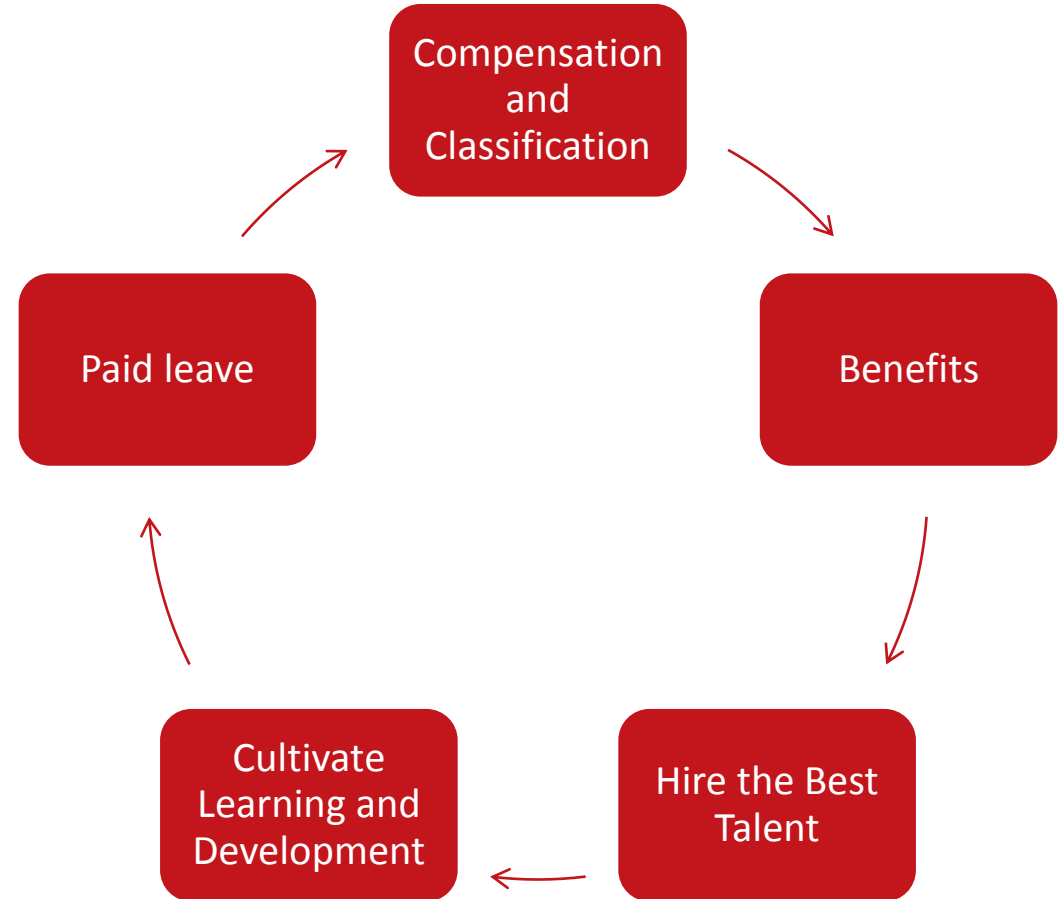
Office of Human Resources & Budget Management Office

October 18, 2016



Total Rewards: History and Definition

- City's most recent Total Rewards Study last conducted in 2008
- OHR originally planned to conduct 2017
 - Lay ground work to conduct every 7-10 years to maintain visibility into prevailing/competitive market practices for pay and benefits



Background

- Proposal was made to PRC by BMO to implement a paid parental leave for Denver employees consistent with other jurisdictions in November 2015
- OHR suggested a full rewards study to examine all aspects of City rewards offerings to our employees (not just paid parental leave)
- The Mayor directed OHR to conduct a Total Rewards Study in 2016 with an emphasis on time off and leave offerings with particular focus on paid family leave
- The imminent Total Rewards Study will ensure a holistic view of the City's employee value proposition

2016 Total Rewards Study

- Study will encompass non-bargained employees' total rewards
- Segal Waters selected as consultant
 - National practice leaders with significant public sector expertise
 - Prior experience with other City and County of Denver studies
 - Segal will study the full spectrum of public and private sector rewards and evaluate the City's competitiveness on a total rewards basis
 - Custom survey to be conducted among national peer cities and local large authorities and/or public entities
- Anticipated Timeline
 - Custom survey to launch late October 2016
 - Draft report to OHR January 2017
 - Recommendations development February 2017

Total Rewards Study Components: Classification and Compensation

- Review Classification Structure, to include:
 - Number of pay grades
 - Pay grade range widths and midpoint distances
 - Separation of non-exempt (600) and exempt (800) classification series
- Review Compensation Delivery Practices, to include:
 - Pay Delivery – % increases for promotions, % increases for reallocations, pay equity adjustments, market adjustments
 - Base pay – overall competitiveness of pay ranges
 - Variable pay – performance bonuses (org, team, individual); other bonuses: referral, retention, spot, sign-on, relocation assistance, etc.

Total Rewards Study Components: Benefits

- Review types of benefits and employer/employee contributions for:
 - Medical
 - Dental
 - Vision
 - Life
 - Disability
 - Retirement: Defined Benefit and Deferred Compensation (457b)

Total Rewards Study Components: Time Off

- Review Time Off, including:
 - Overall Paid Time Off (PTO, vacation/sick, holiday, personal)
 - Paid Family Leave

Total Rewards Study Components: Additional Rewards

- Tuition Assistance
- Student Loan Forgiveness/Education Refunds
- Parking Subsidy
- Commuter Subsidy
- Relocation Assistance
- Wellness Incentive
- Alternative Work Schedules
 - Compressed workweek
 - Telework
- Service Recognition
- Leadership Development

Paid Family Leave – Phase I (Paid Parental Leave)

- Benchmarked:
 - Other government jurisdictions nationally who offer a paid maternity and/or paternity leave benefit
 - Top 20 largest employers in the Metro Denver area
 - Metro area government employers
- Analyzed current employee leave taking patterns for maternity and paternity leave
 - Estimated 585 city births in 2014
 - Average length of unpaid time off under maternity leave was 4 1/2 weeks in 2015
 - Median PTO leave bank of female employees between 18-45 years of age = 45 hours
 - Median Sick and Vacation bank of same population = 253 hours
- Modelled a bonding leave and a maternity/paternity leave benefit for city employees and associated costs
 - Estimated cost of paid parental leave at \$900,000 - \$1,920,000 depending on length of leave.(General Fund, CSA employees only)

Paid Family Leave – Phase II (Paid Family Leave)

- Total cost of Total Rewards study is \$300,000
 - Department of Labor Women’s Bureau will fund a portion as it relates to paid family leave - \$126,092
- Grant Goals and Outcomes
 - Goal 1: Support a comprehensive definition of paid family medical leave
 - Outcome 1: Determine if Paid Family Leave is a prevailing practice
 - Outcome 2: If PFL is a prevailing practice, identify characteristics of those programs
 - Outcome 3: If paid FML is not a prevailing practice, identify prevailing PTO accrual practices
 - Goal 2: Extend paid family leave or increase PTO to city employees
 - Outcome 4: Estimate increase in City costs for paid FML benefits or change in PTO accrual
 - Outcome 5: Analyze leave-taking patterns of female and male employees
 - Goal 3: Share knowledge
 - Outcome 6: Support paid family and medical leave and similar benefit packages in and around Denver through dissemination of findings report

Total Rewards Study and Grant Timeline

Timing	Milestone	Description
Aug., 2016	1. Grant Award	Grant started on 8/1/2016.
Sept., 2016	2. Symposium	Grant Administrator, Leave Team Member, and Grant Accountant attend Paid Family and Medical Leave Findings Symposium in Washington D. C.
Oct.- Dec., 2016	3. Total Rewards Study	Segal conducts market assessment
Jan. – March. 2017	4. Findings and recommendations	Segal presents final recommendations to the City (Goal 1)
Nov. 2016 -Feb. 2017	5. City analysis	The City examines differences in female and male employee leave-taking patterns
March, 2017	6. Benefit modeling	The City engages in benefit modeling to identify cost increases of benefits (Goal 2)
April-May, 2017	7. Present findings and recommendations	Team presents findings and recommendations to Career Service Board and Policy Review Committee and disseminates report
June-July 31, 2017	8. Action plan	The City creates an action plan for benefits change implementation (Goal 3)
September, 2017	9. Closure	Grant ends 9/30/2017

Next Steps

- Discuss recommendation with Career Service Board to require OHR to conduct a Total Rewards Study every 7-10 years
- Discuss who would like to participate in the committee that vets Segal's recommendations
- Determine how OHR will measure success of this Total Rewards Study (e.g., Employee Engagement Survey 2017, 2019), information gleaned from Exit Interviews, etc.
- Questions?