



DENVER
THE MILE HIGH CITY

CITY AND COUNTY OF DENVER COMPENSATION PRACTICES STUDY

Arthur J. Gallagher & Co | Gallagher Benefit Services, Inc.
Gallagher Human Resources & Compensation Consulting Practice
March 9, 2021



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Introduction

Gallagher's Public Sector and Higher Education practice is committed to the public and higher education sectors, providing insights based on national and international experience for over 35 years to help clients compete in both the public and private sector labor markets.



Office locations are **nationwide**



In-depth understanding of **private and public sector**



Documented **City** experience



Experience in both **union** and **non-union** environments



Practical and realistic solutions for higher education and public sector HR issues including:

- ☑ **Compensation and Benefits**
- ☑ **Classification**
- ☑ **Job Evaluation**
- ☑ **Pay Equity**
- ☑ **Organization Development**



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Goals of the Study

Scope of Work

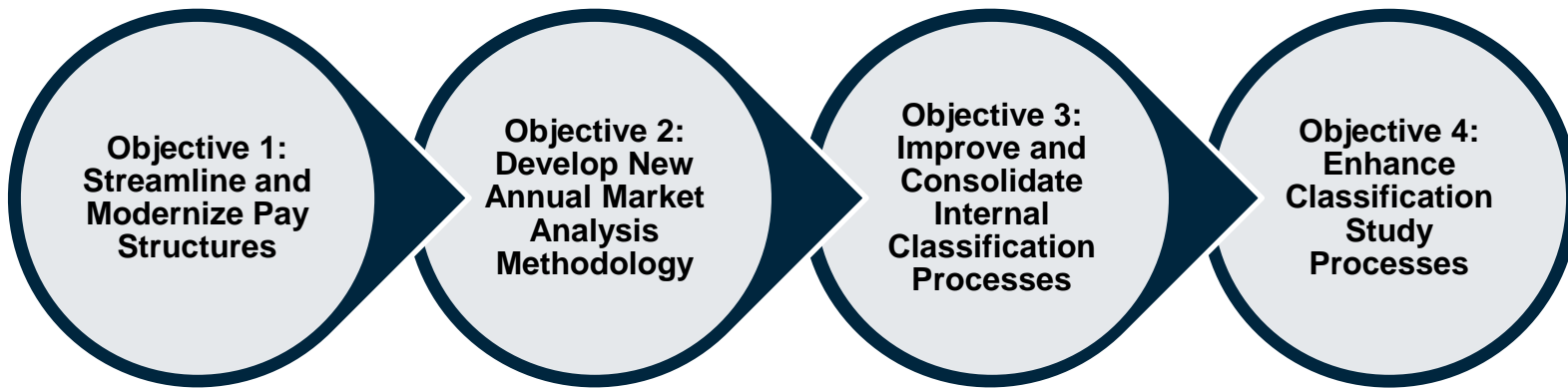
Analysis and Outcomes

Communications and Equity

Summary and Appendix

Purpose: Redesign a market-competitive compensation framework

Scope of Work:



Study's Goals:

- Ensure market competitiveness
- Ensure alignment with charter and DRMC
- Ensure ease of understanding for leaders and employees
- Address city's 2021 minimum wage requirement (\$15/hour) in new pay tables

Out of study scope: Uniformed collectively bargained (Police, Fire, Sheriff), Elected Officials, Appointed Charter Officers, contractors, contingent workers, election judges, and interns.

Gallagher Study Approach and Methodology

Conducted Eight Focus Group Sessions

Reviewed Current Compensation Structure, Practices, and Processes

Analyzed Market Data and Information for Trends and Best Practices



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Objective 1: Streamline and Modernize Pay Tables and Ranges

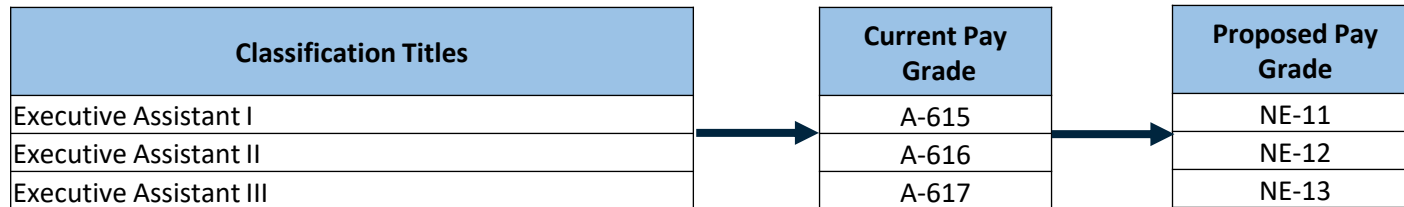
Consolidate pay tables and pay ranges

Advantages:

- Reduces pay tables from twenty (20) to three (3)
- Widens pay ranges and midpoint distances
- Easier for employees to understand potential career paths
- Simpler compensation structure to maintain
- Classifications mapped to closest new pay range midpoint

Objective 1: Streamline and Modernize Pay Tables and Ranges

Pay Grade Mapping Example



Pay Table Design

Table Design Element	Table Type	Current	New
# of Pay Grades/Ranges	Exempt	178	22
	Non-Exempt	188	18
	Community Rate	10	10
Pay Range Widths	Exempt	60%	65%, 70%
	Non-Exempt	46%	50%, 55%
	Community Rate	37.5%	37.5%
Pay Range Midpoint Distances	Exempt	6.9%	8.0%
	Non-Exempt	4.55%	6.0%
	Community Rate	1.9%, 7.25%	5.0%

Objective 2: Develop New Annual Market Analysis Methodology

Modernize annual market analysis to ensure competitiveness

Structure Updates

- Utilize *WorldatWork* as primary source for annual pay range updates

Market Adjustments

- Implement market adjustments if classification midpoint is more than 10% behind market
 - Depends on employee's position in range
 - Depends on employee's performance (no market adjustment if rated *Unacceptable*)
- Pay grade won't change (can change only as a result of a classification study)
- Implement pay range updates and market adjustments January 1 each year

Objective 2: Develop New Annual Market Analysis Methodology

Market Adjustment – Example

- *Objective* – Ensure classification midpoint is within 10% of market pay
- *Application* – Market adjustments provided to only classifications that lag market and per employee’s position in pay range
- *Outcome* – Employees paid more competitively to market

Classification	Pay Range Quartile	Market Comparison	Market Gap	Market Adjustment
Executive Assistant I	1st	Market Median -16%	6.0%	6.0%
Executive Assistant I	2nd	Market Median -16%	6.0%	4.5%
Executive Assistant I	3rd	Market Median -16%	6.0%	3.0%
Executive Assistant I	4th	Market Median -16%	6.0%	1.5%

Proposal: Exempt 2021 from the annual market analysis due to dramatic changes in the market and the city’s budget situation.

Objective 3: Improve Individual Position Audit Practices

Recommendations:

- Streamline Position Description Questionnaire (PDQ)
- Increase partnership among Manager, HR Business Partner, and Class/Comp Analyst throughout process
- Initiate a pay review depending upon position audit outcome
- Sunset automatic progressive increases
- Leaders submit position audit or pay review requests during a March 1 through October 31 timeframe

Objective 4: Improve Classification Study Processes

Study practice improvements:

- Consult with agency leadership annually regarding classification and pay
- Expand information gathering methods
 - Employee surveys, focus groups, field observations
- Conduct a study if the classification experiences:
 - Market lag of 20% per annual market analysis
 - Market lag of 10% per prior two annual market analyses
 - Significant changes in technology or industry trends
 - Significant turnover or hiring challenges



Communications:

- Leadership
 - Mayor's Office, Budget Office, Council President, Council Finance Committee Chair, Council Finance Committee members, Agency Appointing Authorities
 - Employee groups
 - Management teams
 - OHR Communications
 - *Leaders in the City* and *Denver Employee Bulletin*
 - Website:
 - Slide deck
 - Q&As
 - Classification grade/range mapping
- <https://denvercity.sharepoint.com/sites/HR/SitePages/news-Proposed-Class-and-Comp-Pay-Plan-Redesign.aspx?cid=2624bac9-7a81-49de-b9da-4073008f69e8>



Equality/Equity:

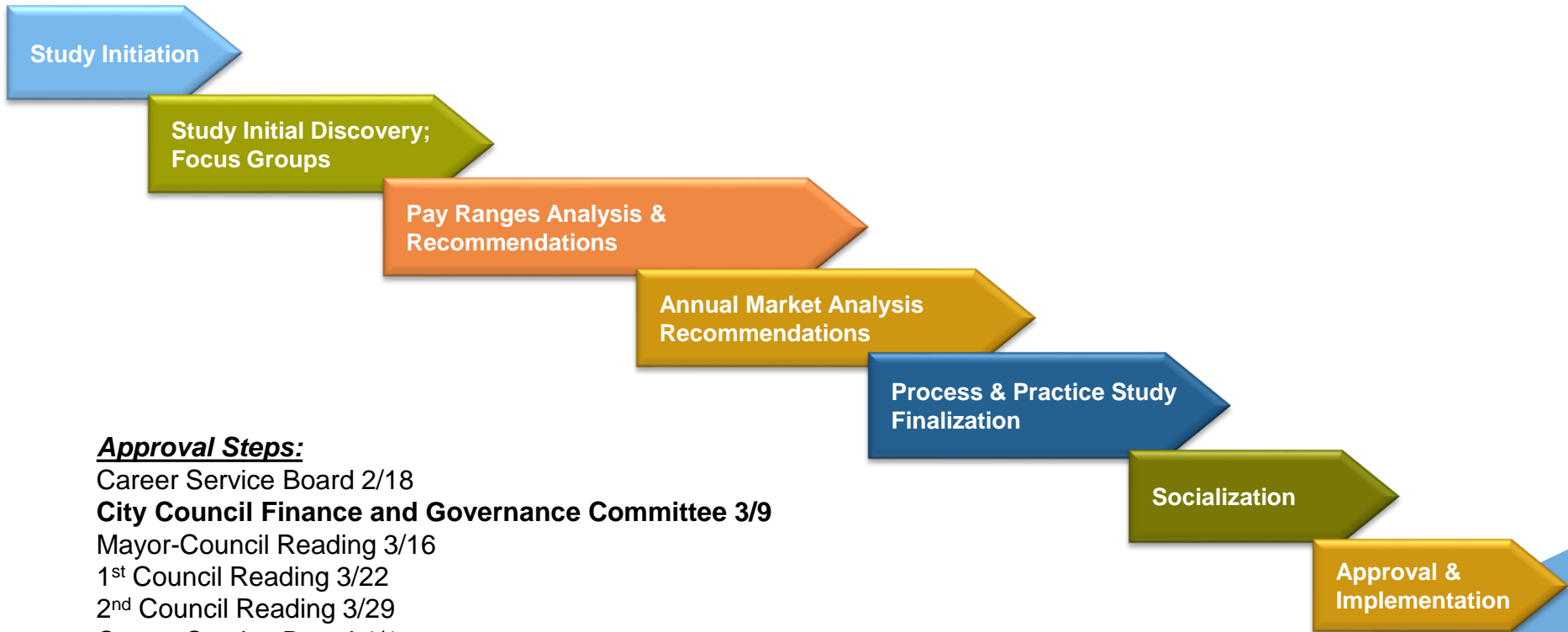
Denver's *Office of Social Equity & Innovation* guides making Denver a more equitable city through its values of Accountability and Transparency, Collaboration and Communication, Equitable Programs and Policy, and Inclusion and Engagement, among others.

These proposals support OSEI values:

- Enhance transparency
- Establish processes that treat employees similarly
- Ensure unbiased systems
- Include management and employees



Timeline:



Approval Steps:

- Career Service Board 2/18
- City Council Finance and Governance Committee 3/9**
- Mayor-Council Reading 3/16
- 1st Council Reading 3/22
- 2nd Council Reading 3/29
- Career Service Board 4/1
- Effective date 4/11

Thank You!

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Appendix



Summary of Proposals

Objective 1: Streamline and Modernize Pay Tables and Ranges

- Implement consolidated pay tables/ranges
- Implementation costs (annualized):
 - Increases to new pay range minimums where needed = \$40K
 - Establishes \$15/hour range minimum = \$111K (city's range minimum is \$14.77/hour as of 1/1/21)
 - Total costs = \$151K (BMO has budgeted within agencies' 2021 budgets)

Objective 2: Develop New Annual Market Analysis Methodology

- Annual ranges to move at same market trend per *WorldatWork* guidance
- Employee market adjustments based on classification market lag and employee pay range position
- If applicable, pay grade changes only occur with a classification study
- Consolidated date of January 1 for pay tables adjustments and employee market adjustments

Objective 3: Improve Individual Position Audit Practices

- Streamlined Position Description Questionnaire (PDQ)
- Class/Comp Analyst to partner with Manager and HR Business Partner
- Include pay review depending on audit outcome
- Sunset progressive audit program
- Implement a defined time period for audit and pay adjustment submissions

Objective 4: Improve Classification Study Processes

- Class/Comp Analysts to hold annual discussions with agencies
- Class/Comp to use a variety of efficient methodologies to capture employee duties information
- Defined criteria to determine a classification study

Non-Exempt Ranges

Objective 1



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Non-Exempt							
Pay Grade	Minimum	Segment 1	Midpoint	Segment 3	Maximum	Range	Midpoint Increase
NE-05	\$15.00	\$16.88	\$18.75	\$20.63	\$22.50	50%	
NE-06	\$15.90	\$17.89	\$19.88	\$21.86	\$23.85	50%	6.00%
NE-07	\$16.85	\$18.96	\$21.07	\$23.17	\$25.28	50%	6.00%
NE-08	\$17.87	\$20.10	\$22.33	\$24.56	\$26.80	50%	6.00%
NE-09	\$18.94	\$21.30	\$23.67	\$26.04	\$28.41	50%	6.00%
NE-10	\$20.07	\$22.58	\$25.09	\$27.60	\$30.11	50%	6.00%
NE-11	\$21.28	\$23.94	\$26.60	\$29.26	\$31.92	50%	6.00%
NE-12	\$22.55	\$25.37	\$28.19	\$31.01	\$33.83	50%	6.00%
NE-13	\$23.91	\$26.90	\$29.88	\$32.87	\$35.86	50%	6.00%
NE-14	\$24.85	\$28.26	\$31.68	\$35.09	\$38.51	55%	6.00%
NE-15	\$26.34	\$29.96	\$33.58	\$37.20	\$40.82	55%	6.00%
NE-16	\$27.92	\$31.75	\$35.59	\$39.43	\$43.27	55%	6.00%
NE-17	\$29.59	\$33.66	\$37.73	\$41.80	\$45.87	55%	6.00%
NE-18	\$31.37	\$35.68	\$39.99	\$44.31	\$48.62	55%	6.00%
NE-19	\$33.25	\$37.82	\$42.39	\$46.96	\$51.54	55%	6.00%
NE-20	\$35.24	\$40.09	\$44.94	\$49.78	\$54.63	55%	6.00%
NE-21	\$37.36	\$42.49	\$47.63	\$52.77	\$57.91	55%	6.00%
NE-22	\$39.60	\$45.04	\$50.49	\$55.93	\$61.38	55%	6.00%

Exempt Ranges

Objective 1



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Exempt							
Pay Grade	Minimum	Segment 1	Midpoint	Segment 3	Maximum	Range	Midpoint Increase
EX-05	\$45,030	\$52,348	\$59,665	\$66,983	\$74,300	65%	n/a
EX-06	\$48,633	\$56,536	\$64,438	\$72,341	\$80,244	65%	8.00%
EX-07	\$52,523	\$61,058	\$69,593	\$78,129	\$86,664	65%	8.00%
EX-08	\$56,725	\$65,943	\$75,161	\$84,379	\$93,597	65%	8.00%
EX-09	\$61,263	\$71,219	\$81,174	\$91,129	\$101,084	65%	8.00%
EX-10	\$66,164	\$76,916	\$87,668	\$98,419	\$109,171	65%	8.00%
EX-11	\$71,457	\$83,069	\$94,681	\$106,293	\$117,905	65%	8.00%
EX-12	\$77,174	\$89,715	\$102,256	\$114,796	\$127,337	65%	8.00%
EX-13	\$83,348	\$96,892	\$110,436	\$123,980	\$137,524	65%	8.00%
EX-14	\$90,016	\$104,643	\$119,271	\$133,899	\$148,526	65%	8.00%
EX-15	\$97,217	\$113,015	\$128,813	\$144,610	\$160,408	65%	8.00%
EX-16	\$103,050	\$121,084	\$139,118	\$157,151	\$175,185	70%	8.00%
EX-17	\$111,294	\$130,771	\$150,247	\$169,724	\$189,200	70%	8.00%
EX-18	\$120,198	\$141,232	\$162,267	\$183,301	\$204,336	70%	8.00%
EX-19	\$129,813	\$152,531	\$175,248	\$197,966	\$220,683	70%	8.00%
EX-20	\$140,199	\$164,733	\$189,268	\$213,803	\$238,338	70%	8.00%
EX-21	\$151,414	\$177,912	\$204,410	\$230,907	\$257,405	70%	8.00%
EX-22	\$163,528	\$192,145	\$220,762	\$249,380	\$277,997	70%	8.00%
EX-23	\$176,610	\$207,517	\$238,423	\$269,330	\$300,237	70%	8.00%
EX-24	\$190,739	\$224,118	\$257,497	\$290,876	\$324,256	70%	8.00%
EX-25	\$205,998	\$242,047	\$278,097	\$314,146	\$350,196	70%	8.00%
EX-26	\$222,477	\$261,411	\$300,345	\$339,278	\$378,212	70%	8.00%

Community Rate Ranges

Objective 1



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Community Rate							
Pay Grade	Minimum	Segment 1	Midpoint	Segment 3	Maximum	Range	Midpoint Increase
CR-FLR	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00		
CR-05	\$15.00	\$16.40	\$17.81	\$19.22	\$20.62	37.5%	
CR-06	\$15.75	\$17.22	\$18.70	\$20.18	\$21.65	37.5%	5.00%
CR-07	\$16.54	\$18.09	\$19.64	\$21.19	\$22.74	37.5%	5.00%
CR-08	\$17.36	\$18.99	\$20.62	\$22.24	\$23.87	37.5%	5.00%
CR-09	\$18.23	\$19.94	\$21.65	\$23.36	\$25.07	37.5%	5.00%
CR-10	\$19.14	\$20.94	\$22.73	\$24.53	\$26.32	37.5%	5.00%
CR-11	\$20.10	\$21.98	\$23.87	\$25.75	\$27.64	37.5%	5.00%
CR-12	\$21.10	\$23.08	\$25.06	\$27.04	\$29.02	37.5%	5.00%
CR-13	\$22.16	\$24.24	\$26.31	\$28.39	\$30.47	37.5%	5.00%