



**City of Charlottesville**  
**2023 General (Unaffiliated Employees)**  
**Updated, Proposed Draft Pay Schedule & Compensation Policy**  
**FAQ's**

**This FAQ will be posted on the City's public facing website.**

**Why is the City updating their pay structure and compensation policy?**

In support of the Employee Engagement Survey performed by UVA in early 2022, the Interim City Manager identified as a 2022 priority to look at the City's Compensation Plan. For this reason, the City contracted services with Gallagher Consulting in the Spring of 2022 to complete a City-Wide Classification & Compensation (market-based) Study, which was presented to Council on April 3, 2023.

The primary purpose of the study was to review the current pay and the pay ranges for the City's (identified, benchmark) positions compared to those of other external labor markets (cities and counties and other published survey data) to provide information in order to help:

- 1) ensure competitive employee pay and benefits
- 2) ensure a fair and equitable pay structure and pay plan
- 3) provide a method for employee pay progression (through a step-based plan)

Another important part of the study involved reviewing the City's benefits as part of employee compensation. Additionally, the City Personnel Policy updates in October 2022 and March 2023 had a placeholder for sections of the Compensation Policy that would be updated with the Compensation Study process. These sections of policy have now been updated as well with this process.

**About market-based compensation programs**

The City has a market-based pay plan and compensation policy. Market-based pay plans are common in public sector municipal government to help provide an externally competitive pay and benefits plan and the results are usually readily transparent with available comparator pay data.

A market-based compensation program is key to attracting and retaining an engaged and high performing workforce to support the mission and values of the City. The end result will help guide us toward making our compensation competitive with other municipalities, local governments, and jurisdictions in the labor market.

**Who is impacted by the market-based compensation program?**

All benefits eligible, general (Unaffiliated, non-union) employee positions will be placed in the appropriate pay step of their pay range in the updated salary structure.

**What has been updated?**

The City's existing market-based pay plan had not been updated for some time, which did not address any potential pay compression issues or pay (salary range) misalignment.

Here is some helpful information about the new market-based pay plan:

- The new pay structure has approximately 30 salary ranges or "pay bands."

- The number of pay ranges or “bands” in the previous structure (57) appeared to have hiring range limits within the bands and created confusion in that it allowed for position classifications within a job family to appear to be in the same salary range.
  - For example, Assistant Commonwealth Attorney II, II and III all appeared within the same salary range (which appeared to have the same minimum and maximum salary range, even though the actual allowed hiring and maximum salary range amounts were different).
- Position classifications (by title) were placed in the new pay structure based on data from: 1) the Gallagher study as well as, 2) the individual position classification level of skill, effort, responsibility, and working conditions and 3) a review of the previous position’s placement in the existing pay structure.
- The use of the term(s) “technical,” “professional” or “management” as a type of band (including per Gallagher’s recommendation) is no longer being used as it may not correlate with the appropriate level of market pay and internal equity considerations for the positions in the bands.
- Additionally, there was not an approved mechanism in place for regular individual pay increases (a link of pay to performance) aside from any approved, annual cost of living adjustment (COLA). The new pay structure has built in, consistent pay steps for which employees who have a “meets standard” annual performance evaluation will be eligible for a pay step increase each year (subject to annual budget appropriation) as well as any budget approved COLA.

As an important component of employee compensation, the City’s benefits were also reviewed with the Gallagher Compensation Study process, from which it was determined that the City offers a competitive benefits package. For this reason, there are no proposed changes to the benefits with this process.

Additionally, as was previously mentioned, the City’s Compensation Policy was updated accordingly to align with the changes to the market-based pay plan.

#### **How have Leaders been involved in the updated pay structure and policy review process?**

HR began to build out the draft pay structure following the study presentation by Gallagher to Council at the April 3, 2023 meeting. Human Resources has been working closely (and meeting) with all of the department heads and the City Manager’s Office throughout this process (during the months of May, June, and July of 2023). Their input and feedback was incorporated into the overall structure and policy.

#### **How is this better than what we have today?**

- The new pay structure should have better pay and salary range alignment internally and to be more competitive to the external labor market.
- It will be easier to administer and maintain now that it has been updated.
- It is a more transparent structure and easier for employees to understand.
- Department heads will be able to offer/provide regular pay increases for their employees on a consistent basis tied to their performance (pay step plan) which affects recruitment, engagement, and retention.
- Additionally, when making new hire offers, hiring managers can offer more precise and consistent amounts (on a pay step) to help ensure pay equity and prevent pay compression. Leaders will utilize the compensation policy to make pay decisions within the assigned pay grade.

### **How are City employees impacted by the market-based compensation program?**

The updated pay structure will be implemented as a multi-year plan to align base pay rates with external market and internal compensation philosophy.

- All positions will be eventually placed on a pay step within their new salary range. As a result, some employees will be eligible to receive a pay adjustment based on their placement on the step scale (pay step) of their new salary range.
- The City Manager will determine which departments will be reviewed for placement (and in which order) as well as when the implementation will occur during this period.
- Positions included in a collective bargaining unit are able to bargain any pay adjustments through their union collective bargaining negotiations.

### **How does this process account for employees who do unique or uncommon jobs or did not have a match from the Gallagher Study?**

Unfortunately, no study will be able to have matches for every position at the City. We have done our best to ascertain when a job is unique or uncommon from other jobs at the City and have placed these unique positions in the salary structure based on the information from the Gallagher Study data, reviewing PDQ's and in discussion with department heads.

### **Will there be any changes to the pay structure once the job descriptions are updated?**

Unfortunately, the job descriptions were not able to be updated with the Gallagher study process as this is a lengthy process. The PDQ's that were completed were incorporated as part of the Gallagher study and in the classification position placement in the pay structure. For this reason, job descriptions will be updated in the future, but are not anticipated to reflect any significant changes to the pay structure or individual position pay but may reflect a change in title.

Creating uniform and consistent job descriptions will allow us to clearly show the work being done at the City. Uniform and consistent job descriptions help to:

- Accurately reflect job duties and responsibilities.
- Identify similarities across jobs.
- Ensure alignment of our jobs to the external job market as well as to other jobs at the City.
- Create consistency in job levels and titles which define career paths and enable employees to see where they are currently positioned and the advancement opportunities within the City.

### **What are the steps that the City will complete to implement the updated, market-based compensation program?**

There are several steps to complete the adoption and implementation:

1. Approval by Council of the updated pay structure and the updated Compensation Policy and Plan (anticipated to be presented at the August 2023 Council meeting).
2. Move any employees that are below the minimum of their new salary range to the minimum of their new salary range.
3. City Manager determination of the order in which departments will be reviewed for (individual, employee) salary placement within the pay step of their new pay range, based on an individual review of each employee's relevant experience, education, and skill set, to include a department head and HR review of placement.
4. Implement the updated Compensation Policy to help ensure fair and equitable compensation practices on an on-going basis. Budget dollars in FY25 and annually thereafter (creating a multi-year plan to implement pay changes).

5. Job description creation and updates from the PDQ's with the assistance of an outside consultant (estimated 2024).

**When will the new pay structure and policy take effect?**

The new pay structure and compensation policy will be effective following Council-approval (anticipated in August/September 2023). It is anticipated that the transition of employee positions to an individual pay step within their new pay range will occur in phases effective following the approval of the pay structure and policy by Council. The City Manager will determine the implementation of any salary adjustments that will occur over a multi-year period. Just like today, funding must be available for pay changes.

**How will leaders (Department heads) continue to be involved in the process?**

There are several points in the process in which leaders have been and will be involved.

- Department heads and Deputy department heads have met with HR and discussed their department positions' placement within the updated salary structure. The departments provided feedback to HR for consideration with the finalization of the structure.
- All Department heads with direct reports are expected to meet with their direct reports to share this information.
- Department heads will continue to be provided information and will be expected to meet individually with those that report to them to provide information on individual employee position placement.

**What will change from how we make pay decisions today?**

The compensation policy will help guide leaders in making pay decisions based on factors such as the market value of the job; the employee's knowledge, skills, abilities (training, education, and experience) and certifications; and internal equity (see also the proposed, draft Compensation Policy).

**Who will make employee compensation decisions in the future?**

The Department heads and/or their hiring designee will make compensation decisions utilizing the City Compensation Policy within the assigned pay grade. HR will be available to assist the if they have concerns with compression and/or equity issues.

**How will Leaders make compensation decisions in the future?**

The new Compensation Policy is designed to be more easily administered, including for the departments. This means that when Unaffiliated employees have questions about their pay, they will contact their supervisor and/or department management directly. Departmental management will then follow up with Human Resources with any pay adjustment matters.

Department Heads and/or their hiring designee will coordinate with HR and utilize the Compensation Policy to make pay decisions within the assigned pay grade. HR will be available to assist with compression and/or equity issues. The Compensation Policy will help ensure that the compensation program for the City is administered in a fair and equitable manner.

**For Leaders, how can I support those who report to me during this transition?**

- Recognize that this is a significant change for the organization to help create a fair and equitable compensation plan, however, understand that for some, change may be difficult.
- Recognize that those who report to you want to hear about significant organizational change from you.

- Meet with your team initially to share this information, and then individually with staff as decisions are made regarding where their individual position is placed in the salary structure. Please engage with HR if you need assistance.
- Use the tools designed to assist you in leading this organizational change (including from the Executive Leadership Training) specifically with those who report to you. Recognize that significant organizational changes will take time to implement and realign with best pay practices.
- Recognize that while the new pay structure will provide significant improvement in the administration of the City's compensation philosophy, we understand and expect that it will take many years to realign the practices of the past.

We appreciate the continued patience and support of all of those who have and/or will be involved in this process.

## DEFINITIONS

- A. **Pay Grade** – The individual position classification assignment of the pay or salary range within the pay band of the salary structure.
- B. **Pay (or Salary) Range (or Band)** – is the span between the minimum and maximum base salary an organization will pay for a specific job or classification. All regular positions have an assigned pay range based on the City's pay plan.
- C. **Benchmark** – A job or classification that is commonly found and defined, used to make pay comparisons, either within the organization or to comparable jobs outside the organization.
- D. **Classification (Position)** – Sometimes referred to as a job description. This is the process used to allocate a position's defined duties and responsibilities to a job standard. The position classification process involves reviewing the duties and responsibilities assigned to a position.
- E. **Compensation** – Salary or hourly wages and City-paid benefits such as contributions toward health coverage and other group insurance benefits, retirement, paid time off, continuing education allowances, and any other fringe benefit received by employees.
- F. **Compensation Philosophy** – A set of guiding principles that are based on values that drive compensation decision making.
- G. **Pay Equity** – The practice of compensating employees in a consistent and fair way for the same or essentially similar work, regardless of race, gender, disability, sex, sexual orientation, or other status.
- H. **Cost of Living Adjustment (COLA)** – A periodic adjustment in wages or salaries authorized by the City Manager and Council in the budget to help offset the impact of inflation.
- I. **Internal Equity** – The pay relationships among jobs internal to the organization that: 1) may not be able to be benchmarked to the external labor market and/or that, 2) may have a higher internal value based on the position's skills, effort responsibility and working conditions compared to the value in the external labor market.
- J. **(External) Labor Market** – the market in which workers compete for jobs and employers compete for workers.
- K. **Market Adjustment** – An adjustment to bring the salary range for a job classification to approximate market midpoint values, or to bring City benefits to approximate midpoint market values.
- L. **Affiliated or Represented** – Employees in a recognized (under the LRA rules) City collective bargaining unit and whose position classification is represented by a union.
- M. **Salary Schedule** – The levels or hierarchy of job classifications and pay ranges.
- N. **Salary Compression** – A condition in which jobs requiring significantly different levels of responsibility or professional expertise have a pay differential that is too small to be considered equitable.
- O. **Unaffiliated** – Regular City positions (benefitted part and full-time employee classifications) that are not in a collective bargaining unit (non-union).