

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: May 19, 2009

Action Agenda
Item No. 7-a

SUBJECT: County Wide Archer Pay and Benefits Study Report

DEPARTMENT:
Human Resources

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):
(Under Separate Cover)
Archer Company Report

INFORMATION CONTACT:
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PURPOSE: To provide the Board with a report on the Archer Company Pay and Benefits Study. To consider the recommendations as outlined below.

BACKGROUND: Orange County periodically contracts with consulting firms to perform a study of the County's Pay and Classification Plan to ensure a fair and equitable pay system. This enables the organization to achieve its goals and objectives through a compensation system designed to attract and retain employees with the highest level of competency. As part of a comprehensive process, internal equity (relative worth) and external equity (competitive worth) must be incorporated into the pay structure for it to be a valid and reliable tool in developing our work force.

Additionally, a pay classification system must meet all the criteria associated with equal pay for equal work, equal pay for similar work and equal pay for comparable worth.

Condrey & Associates, Inc completed a previous pay and classification study in 2002. This analysis did not include the County's benefit programs. The study determined some classifications needed to be adjusted and the entire classification system needed to be revised. Financial pressures prevented full implementation of the Condrey recommendations in FY 2002-03. Instead a phased in approach over three fiscal years was utilized. While this did not provide the best results it did improve the overall structure of the pay plan. The final phase of the Condrey study was implemented in April 2004.

In the FY07-08 Budget the BOCC approved funds for another study. This time an analysis of our benefits package was included to determine the value of our health, dental, life insurance and other employee benefit plans in compensating our employees. In October 2007 the Archer Company was selected to analyze and provide new/updated class specifications, a salary schedule with new/updated classes assigned, recommendations for competitive pay strategies, an analysis of the County's benefits package, and an analysis of the County work force by salary, race, and gender.

Archer Process

The Archer Group was tasked with establishing internal equity within the County's pay structure. The job evaluation system that was used analyzed a set of universal compensable factors such as work requirements, aptitude/skill requirements, and responsibility factors. Using these factors to evaluate a job yielded a quantitative score for that job. The score represents the degree of difficulty/complexity associated with the job. The score is then used to establish the relative ranking of that job as compared to the evaluation scores of all the other jobs within the County.

The Archer Group was also tasked with establishing external equity within the pay system by conducting wage and salary surveys to determine the competitive work of jobs. The Archer Group looked at 12 neighboring county governments and 5 municipalities. Some consideration was given to regional survey data for higher-level positions. Positions in the private sector, which are similar to positions in the organization, were also considered in the survey.

Archer Results

During the course of their analysis, The Archer Group identified two factors that had an impact on the county's existing pay and classification plan: changes in the content of the County's jobs and the influence and the pressures of a highly competitive labor market environment.

Summary of Findings from the Archer Group include:

1. The County is approximately 6 to 8 percent below the rates being paid by competitors in the labor market in which the County draws its labor supply. The adoption of the findings of this study will put the County in a very competitive position in the labor market in which it currently competes. See Report, Section 1.
2. Under the current pay plan the County's internal equity is based on a percentage difference between grades. This pay system allows for the gap between the highest paid employee and the lowest pay employee to continuously increase over the years. The adoption of the Archer pay scale will separate the pay grades by a flat dollar amount, thereby minimizing this disparity. See Report, Section 1.
3. The results of the social justice study indicate the County has been administering its pay plan equitably in regards to race and gender. The study compares race and gender percentages at different salary rates to race and gender percentages of the Orange County population. See Report, Section 2.
4. The County's current comprehensive benefits package is very competitive compared to the competitors in the labor market in which the County draws its labor supply. The plans are either comparable to or funded at a higher level than the other organizations surveyed. The health care plan design is structured with high levels of coverage with relatively low copay, deductibles, and coinsurance. The County also pays the entire health care premium for employee coverage and additional 52% of dependant coverage premiums. The County also pays the total cost of the employee dental care premium and term life insurance up to \$50,000. See Report, Section 3.

FINANCIAL IMPACT: Financial impacts of the Archer Study implementation are provided in the Attachment, Section 4. The original funding of the Archer Pay and Classification Study of \$84,000 was approved in FY 2007-08. There was no additional funding approved for implementation in FY 2008-09. There funds budgeted in the Manager's Recommended FY 2009-2010. See Report, Section 4.

RECOMMENDATION: The County Manager recommends the Board-

Accept the Archer Company Pay and Benefits Report

Accept the Archer recommendations as outlined in the FY 2009-10 Manager's Recommended Budget

Approve the review of one third of the County's classifications each year, and to be presented annually in the Manager's Recommended Budget