

March 21, 2023 Ad Hoc Meeting - Employee Benefits and Wage Review Ad Hoc Committee

Ad Hoc Meeting – Employee Benefits and Wage Review – March 21, 2023 AT 4:30 P.M.

Members Present:

Mark Jantzer, Scott Burlingame, Stephan Podrygula, Lisa Jundt, Derek Hackett, Travis Seifert, Harold Stewart, Kevin Ternes, Margie Zietz

Members Absent:

Laurie Davis, Terri Phillion, Dallas Varty

Also Present:

Mikayla McWilliams (City Clerk)

The meeting was called to order by Chairman Mark Jantzer at 4:32 pm. Mike Verdoorn, with Gallagher, presented to the committee the process and methodology of the City of Minot's Compensation Study. The objectives of the study were to conduct a customer survey to collect market salary information and develop recommendations for salary adjustments to ensure alignment with the market. He suggested a study like this should be done every 3-5 years.

Gallagher collected data on 95 benchmark jobs. The city was able to identify 64 jobs for inclusion in the custom survey and Gallagher leveraged salary data from a recent survey for the other 31 jobs. For the customer survey, data was collected by phone or e-mail. There were 16 entities that participated in the survey.

Pay base data was collected and analyzed at the 25th, 50th, and 75th percentile of actual pay and pay ranges. There had to be 5 job matches per job in order to conduct statistical analyses and 79 of the 95 benchmark jobs met these criteria. Gallagher also used the Economic Research Institute to identify the appropriate geographic differences and for Minot's labor market there was a 2% increase. All the salary data was aged to an effective date of July 1, 2022 and used the WorldatWork prevailing market trend of 3% per year for actual salaries and 2% for salary structure.

The City of Minot used the 50th percentile for comparison, which is the middle of the market and the target pay level for a majority of the organizations. Gallagher presented the city with 3 options for adjusting salaries to ensure market competitiveness:

1. Bring salaries up to the market 50th percentile data point for the position.
2. Bring salaries to within 15% of market 50th percentile data point for the position.
3. Bring salaries to a target position in the current ranges based on time in position.

Mike discussed the benefits and drawbacks of each option. He also outlined the implementation costs of each option. The City of Minot went with option 1. He then allowed the committee to ask any questions.

Is this a common practice for public sector to survey? Yes, it is very common practice and can be time consuming if done in house.

Why were the organization selected in the comparison study? They were similar in size, had similar roles and the proximity was considered. They are organizations the city would possibly compete with for hiring and retention.

Is it important to maintain consistency with the organizations selected for the study? Yes, because it can cause a change in data but you should compare with organizations close in size with similar roles so organizations surveyed might change due to changes in your organization.

What 7 areas were the city low in? Lisa would need to gather that information but some positions were recommended higher adjustments but the city did not give the full raise.

How do you compare jobs that the city has in the public sector to the same job in the private sector such as a mechanic? The City of Minot chose to focus on comparable public sector entities and private sector was not

included. In prior experience, private sector employment has very little participation in the surveys because it then becomes a public record and they have a concern about privacy.

Do any clients ask to be more competitive and move it to a study focusing on for example the 60th percentile? Over the last few years, more organizations are trying to be competitive. There is a methodology called calculated percentile methodology that shows a percentage that is more comprehensive.

Would this be a good recruiting tool? He couldn't answer the question because money compensation isn't the only tool for this. There is the option to do increases at a more rapid pace in the first few years.

What are the economic indicators being looked at also? The Economic Resource Institute figures in the cost of labor with and without a geographic adjustment. The entity has the decision to use or not use the adjustment amount.

Thoughts on the overall benefit package beyond the salaries? The best thing you can do for current employees and recruitment is to explain and educate on the values of the benefits offered.

When discussing accelerating the move to the 50th percentile have you had employers use the merit system not just time served? It is difficult to have a matrix for the merit system, it would have to be more personalized for the job and department. There has been a lot of movement away from this process of merit-based raises because of the difficulty of being consistent.

How old were the surveys used to study some of the jobs? All surveys utilized had been completed within 6-9 months.

Are there alternate methodologies or comparisons? A factor to consider would be to use a process of internal job evaluations of roles/duties along with the market data. This would help because not all jobs are comparable in the market. It would also add consistency and internal job equity.

Could some jobs be surveyed at the 50th percentile and some at a higher percentile? It is recommended to keep consistent but you could option to have a market premium range.

When was the City of Minot study completed? It was done in 2022 for the 2023 budget cycle and the city chose option 1 which was the more aggressive option.

How is there a difference of pay when some job descriptions are similar? The survey responders not only look at the job title but they are given job descriptions to match duties with salaries.

The next meeting will be Tuesday, March 28, 2023 at 12:00 pm. There being no further business, the meeting adjourned at 5:36 pm.