COMPENSATION PROGRAM REVIEW

Collin County Human Resources

Review TOPICS

Compensation Philosophy

Program Pillars

Program Administration

Compensation Philosophy

Adopted July 10, 2017 CO # 2017-494-07-10

1. Collin County utilizes a data-based, market driven compensation philosophy.

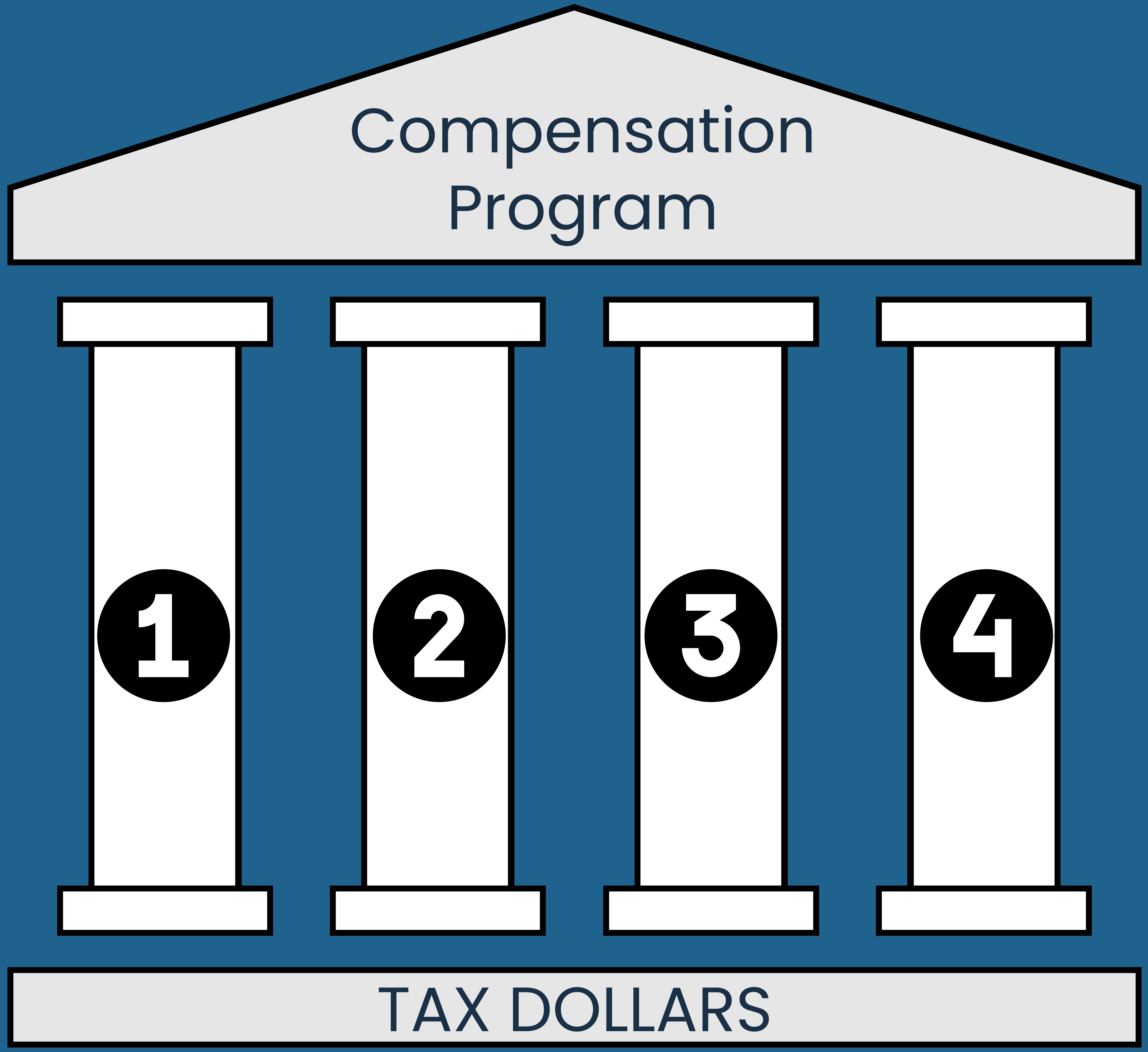
2. We will strive to meet the needs of our County's residents by attracting, retaining and motivating talented employees who can provide the best services possible.

3. Compensation policies, pay structure and total rewards decisions will reflect the need to balance our goal of retaining top talent with responsible use of taxpayer funds.

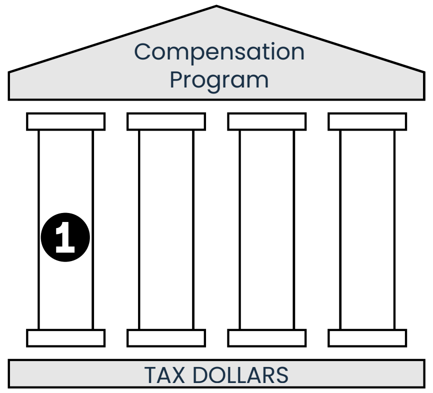
4. It is our objective to establish a strong tie between performance and rewards, and ensure top performers are rewarded for their efforts.

Program PILLARS

1. Market Analysis
2. Performance-based
3. Sustainability
4. Standardized Policies



MARKET ANALYSIS



WHAT IS IT?

- Market analysis is the process of comparing our jobs to similar jobs at other organizations.
- It helps us understand what the external job market pays for similar work so we can build and maintain an informed, competitive, and equitable compensation program.
- The recommendations made for compensation decisions are tied heavily to market analysis.

Market Analysis

- Identify job market
- Pull market data
- Compare to our pay

Action Items

- Market Movement
- Wage Movement
- PFP Increase Amounts
- Individual position changes as needed

Results

- Remain competitive for hire-in rates
- Retain talent
- Fewer large-scale pay adjustments needed

MARKET ANALYSIS

Compensation Program

1

TAX DOLLARS

COLLIN COUNTY'S JOB MARKET

9 COUNTIES

Similar employers

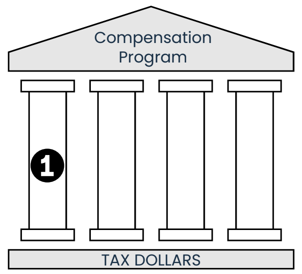
11 CITIES

Geographically relevant competitors in the same market

3 PRIVATE SECTOR SURVEYS

Private sector comparisons where appropriate

MARKET ANALYSIS



DETERMINING COMPARABLE JOBS

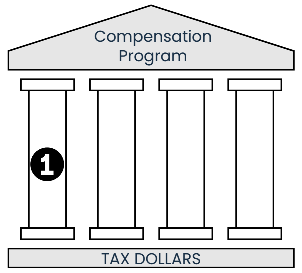
Jobs are compared to other entities to determine what is a job match.

Duties must match by 70% to be considered a job match for further analysis.

Matches are based on objective data points like:

- documented job duties
- essential skills
- scope of responsibility
- education & experience requirements

MARKET ANALYSIS



POSITIONING THE PAY SCALES

Our ability to hire competitively depends on our pay scales and how we position them relative to market data.

Regression analysis is the calculation method we use to see if our current pay scales are still competitive or if they need to be adjusted.

NON-EXEMPT

Wide variety of professional and clerical roles that are subject to overtime laws.

EXEMPT

Professional and computer-related positions that are not subject to overtime laws.

LEGAL

Attorney positions requiring a license from the State Bar of Texas.

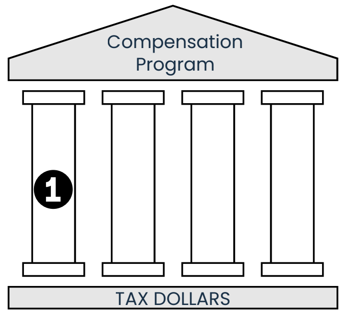
LAW ENFORCEMENT

Positions with the primary function of law enforcement, usually requiring a TCOLE license.

Market Analysis Outcomes

1. MARKET MOVEMENT
2. WAGE MOVEMENT
3. PAY FOR PERFORMANCE BUDGET
4. INDIVIDUAL POSITION CHANGES

MARKET ANALYSIS OUTCOMES



MARKET AND WAGE MOVEMENT

WHAT IS IT?

Market movement is the practice of adjusting our pay scales as needed on an annual basis.
Wage movement is the practice of adjusting employee pay along with market movement.

WHY DO WE DO IT?

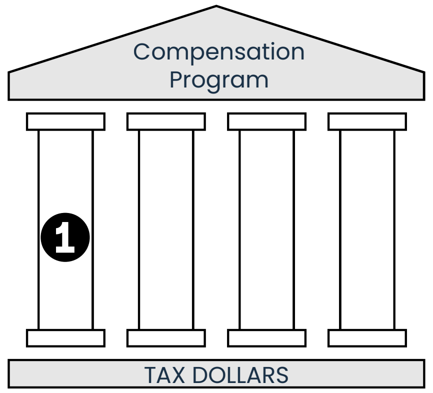
Pay scales need to move in order to hire competitively throughout the year. When this happens, employee pay also needs to move to prevent compression.

WHEN DOES IT HAPPEN?

- August - Market movement recommendations are presented to Court during budget workshop.
- January - Changes are applied to the pay scales.
- January - Corresponding wage movement adjustments are applied to employees.
  - This salary adjustment avoids pay compression issues that previously required a separate strategy and significant additional funds to fix.
  - Increases are distributed according to the most recent performance score*.

*Employees who did not have a performance score for the prior year receive a flat percent according to their pay scale adjustment.

MARKET ANALYSIS OUTCOMES



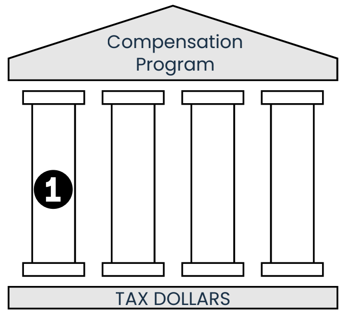
MARKET AND WAGE MOVEMENT – THE PROCESS

Get market data → Match to County jobs → Compare current County pay scales to market data

→ **August** – Court approves or denies recommendations → **January** – Apply market movement to pay scales

Apply wage movement to individual pay

MARKET ANALYSIS OUTCOMES

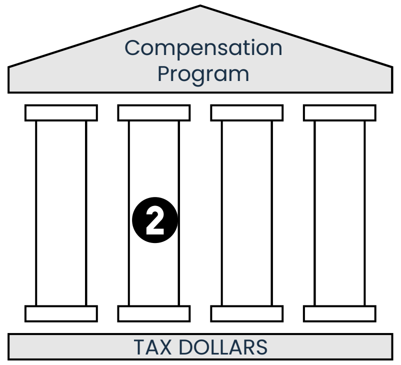


PAY FOR PERFORMANCE BUDGET

- One of the market surveys we conduct includes how the market is planning to pay for performance-based increases each year.
- Recommendations based on our findings are made during Budget Workshop.
- Performance increases are a key component in retaining and motivating our current employees.
- Performance increases go into effect the first pay period of the new fiscal year (October).

INDIVIDUAL POSITION CHANGES

- Market analysis sometimes helps show the need to make changes to a job's pay grade or classification.
- These are evaluated in more detail and recommendations made as needed.



PERFORMANCE BASED

It has long been the position of Commissioners Court that pay should be differentiated based on performance; this allows the County to reward strong performers.

Ratings provided in the annual appraisal document become part of a larger calculation, ranking the employees and distributing available funds according to score.

The Annual Performance Process

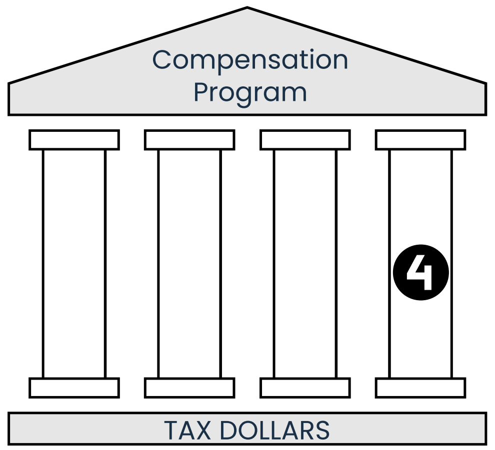
Annual Appraisal is rated by Supervisor → Department scores calculated → Scores are compared against the whole county → Premium increases are caclulated for employees who are above the average → October - Pay for Performance increases are applied → January - Wage Movement changes are applied using most recent PFP scores

SUSTAINABILITY

- Taxpayer-funded programs require enhanced accountability
  - Market competitiveness must be balanced with affordability and community expectations
- Sustainability of programs beyond “right now”
  - Evaluating strategies for immediate impact and long-term sustainabiltiy
- Consider both hard and soft costs
  - Budget impact, morale, engagement, retention, and recruitment competitiveness must all be considered to achieve effective use of fiscal resources

STANDARDIZED POLICIES

WHY THEY MATTER



Fair and Equitable

- Consistent decisions across departments and leadership teams
- Pay decisions based on objective criteria rather than personal feelings, favoritism or short-term issues
- Supports pay equity and transparency in pay decisions

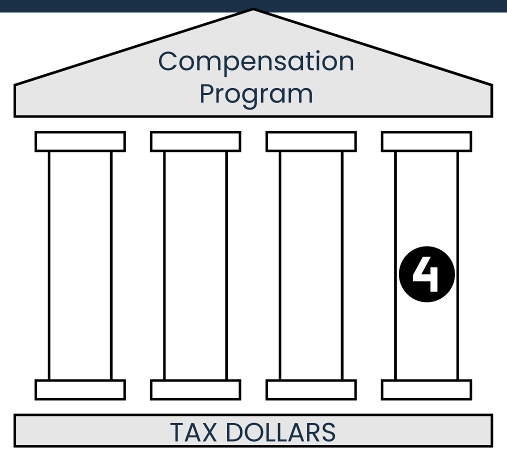
Legal and Compliant

- Reduction in legal risk exposure by applying policies consistently
- Ensure alignment with labor laws and public accountability standards
- Protects the organization and the employees

Control Costs

- Standardized policies help prevent unsustainable salary growth and unintended budget impacts
- Supports better forecasting and long-term budget planning
- Helps minimize downstream corrections

STANDARDIZED POLICIES



KEY POLICIES

STANDARDIZED POLICIES

NEW HIRE OFFERS

- Most new hires start at the beginning of the pay range.
  - Applicants must meet the minimum requirements for the job to qualify for the designed role and pay grade.
  - A new hire will not be paid more than a current employee with comparable experience.

Hires may qualify to start at higher than minimum in the following circumstances:

Hires with experience in a **directly equivalent job** may receive up to 5% over the minimum through a standard HR pre-approval process.

Case-by-base reviews for higher starting rates are conducted for
- High level management jobs
- Hard-to-fill jobs*

The Sheriff's Office Lateral Hire Program provides the opportunity for hire-in rates up to midpoint for experienced peace officers filling Deputy Sheriff positions.**

*Not to exceed midpoint
**Subject to Civil Service and Lateral Hire Program rules

STANDARDIZED POLICIES

UNDERFILLS

- Underfilling is a very specific strategy applied only to select positions.
- These positions are filled at a lower level until training is completed.
- Truck Driver and Deputy Sheriff are the positions currently eligible for underfill status.

To qualify for an underfill, the position must have:

A lack of qualified applicants over an extended period even with extensive recruiting efforts AND generally be considered entry-level or close to entry-level role.

AND ONE OF THE FOLLOWING:

Requires a specialty certification/license that includes on-the-job practical training before the license can be earned.

Requires a license that must be earned through an extensive formal training program.

Requires specialized experience that is extremely job-specific and difficult or impossible to acquire except through direct employment.

STANDARDIZED POLICIES

JOB RECLASSIFICATIONS

A job reclassification is the movement of a position from one pay grade to another to account for market changes.

In general, there must be at least a 10% differential on the minimum and maximum of the range to qualify for a reclassification.

A position may also be reclassified if there is a change to a job's overtime exempt/non-exempt status.

Requires approval by Court, with changes effective in January, in conjunction with compensation plan updates.

ADD/DELETES

An add/delete is the process of removing the current budgeted position and replacing it with a different position based on a change to job duties.

Requires approval by Court, usually during the annual Budget process.

Note: job reclassifications are not based on

STANDARDIZED POLICIES

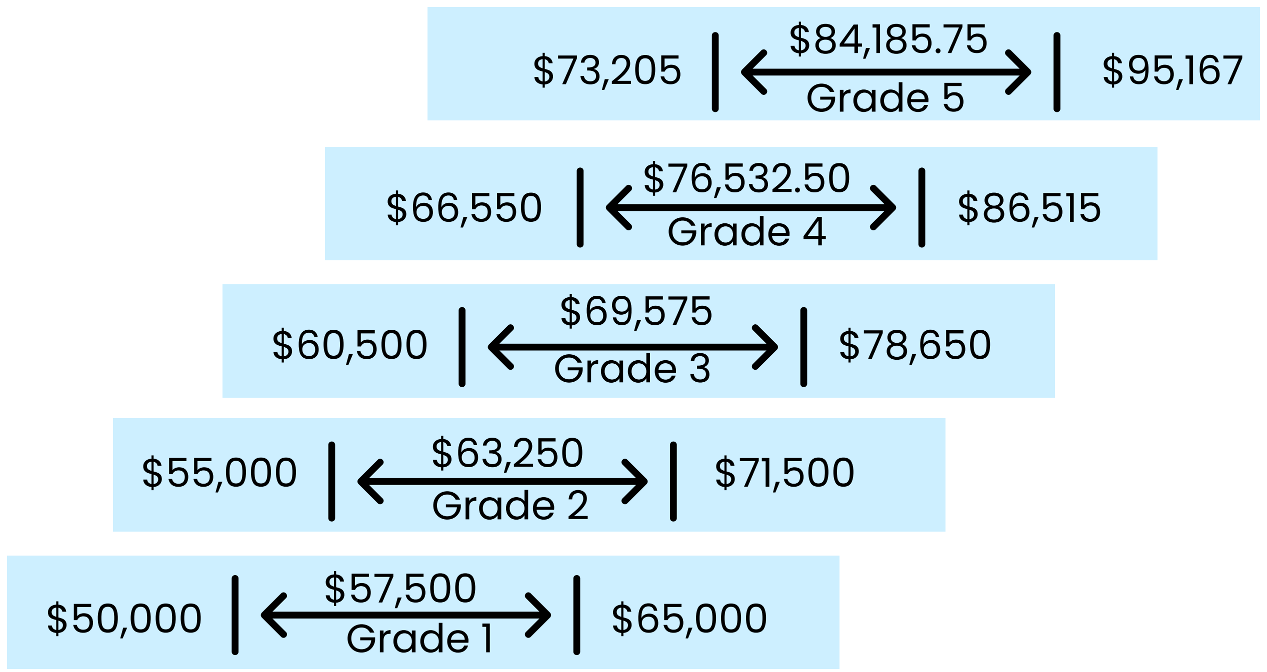
PAY RANGES

Jobs are assigned a pay range with a minimum, midpoint and maximum.

Each pay plan has a set midpoint-to-midpoint distribution, creating a steady progression of pay grades.

The assignment takes into consideration legal requirements*, market pay matches and existing internal position placements in the pay ranges.

Paying in a range allows organizations to differentiate between a new, inexperienced employee vs. a highly skilled and experience employee in the same role.



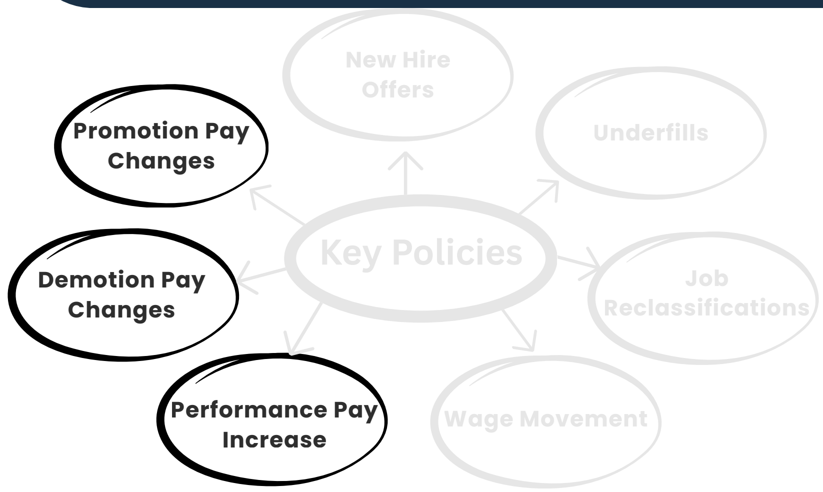
WAGE MOVEMENT

Wage movement is the adjustment of pay ranges to reflect changing market conditions.

Calculations are performed to project what next year's market movement will be based on last year's market data.

*Including FLSA overtime exempt/non-exempt status

STANDARDIZED POLICIES



PERFORMANCE PAY INCREASES

The amount of increase money available in total is determined by the budget set by Commissioners Court.

Department score distribution determines what is an “average” performer for the department.

Individual ratings are then normalized by department average, and ranked across all departments combined.

High performers are eligible for additional increase funds based on their normalized score.

OTHER PAY CHANGES

PROMOTION
Movement from a lower pay grade to a higher pay grade; results in a 5% per pay grade promotion increase up to a 15% maximum increase, or the amount to bring them into range whichever is the greater increase amount.

DEMOTION
Movement from a higher pay grade to a lower pay grade; results in a 5% per pay grade demotion decrease or the amount to bring them into the range, whichever is the greater reduction amount.*

Employees may also move laterally from one pay grade to an equivalent pay grade; these do not result in a change to their pay.

*Subject to 2-year rule; if moving back to prior grade within two years, return to prior rate plus performance and wage movement adjustments.

PROGRAM ADMINISTRATION

- Administering the compensation program takes year-round work.
- Below are just a few of the primary processes necessary in the day-to-day administration of our compensation programs.

MAINTAIN PAY PLAN

SPECIAL PROGRAMS

MARKET SURVEYS

PERSONNEL CHANGES

RECLASSIFICATIONS AND UNDERFILLS

NEW HIRE OFFERS

ADD AND DELETE POSITIONS

JOB OBSERVATIONS

JOB DESCRIPTIONS