

LARIMER COUNTY: HUMAN RESOURCES



2022 COMPENSATION DISCUSSION

June 28, 2021



HUMAN RESOURCES DEPARTMENT

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AGENDA

PHILOSOPHY and PLAN DESIGN



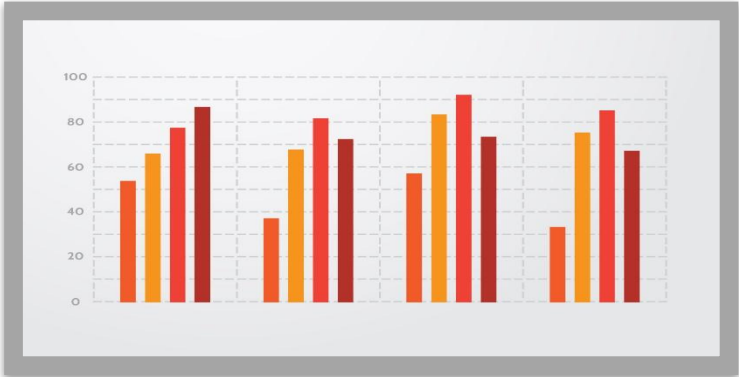
MARKET and ECONOMY

STRATEGIES and OPTIONS

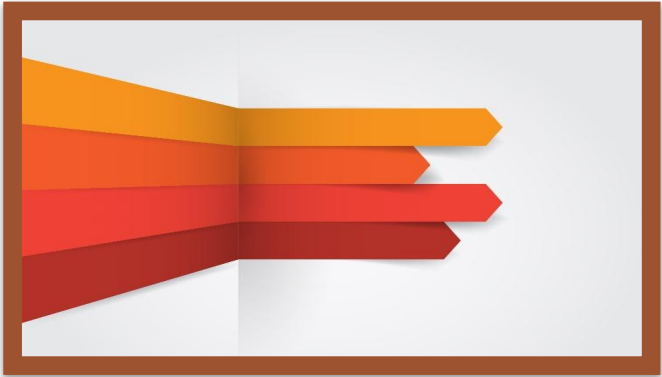


PHILOSOPHY

Compensate employees based on the nature and level of work performed and how well the employee accomplishes the work.



MARKET BASED



COMPETITIVE

HOW IT'S DONE

Survey Participation

February/March

- Review survey jobs with a similar match to Larimer County job.
- Report in Larimer County employee data, actual pay, title and range.
- 1244 Individual records, Larimer County Jobs

Proposal to the Commissioners

Late June –Early July

- Considerations:
 - Individual job market data
 - Competitive entities projection
 - CPI
 - Unemployment
 - Population change
 - Workforce metrics
 - Budget impacts
 - Compa ratio
 - Recruitment/retention

Throughout the Year

All year

- Complete compensation and description reviews
- Review actual compensation to midpoint
- Evaluate equity considerations
- Review classifications

HOW IT'S DONE

Pay Plan

- Complete Individual analysis for 223 matched jobs.
- Compare and evaluate each job from year to year- average actual pay, range spread, range penetration, sample size, and standard deviation.
- Calculate changes in average actual pay in occupational groups.

Range Adjustments

Assures market to midpoint relationship.

Business Operations, Community Protection, Executive, Professional, Resource Management, Health & Human Services, Information Technology.

Employees

- Competitive market.
- Economic impacts – unemployment, wage/salary changes, CPI, employment growth
- Workforce analysis, retirement, hires, turnover, recruitment
- Compa ratio in current plan
- Experienced employee value

Merit Increase

Given to all eligible employees on the anniversary date throughout the year, used to progress through the range

COMPENSATION STRATEGIES

Pass/Fail Merit –
Flat Amount



Meets Expectation performance rating, equal merit is given to all employees.

Variable merit based on
approved department
plan.

**Same percentage of budget provided,
just allocated differently.



Meets Expectations performance rating – employee receives a variable amount determined by an approved department plan. Range penetration, tenure, performance are some considerations for creating the variable amount.

**Helps departments address equity issues within their department.

Lump Sum



Amount given that does not compound to base.

WHAT'S HAPPENING

Overall 2020 Employee Satisfaction = 84%

CO Unemployment Rate 2020= 7.3%; 2019=2.7% Ft. Collins/Loveland= 6.2%; 2019=2.3%

National Employment Growth 2020= -5.7%; 2019=1.3%

CO Employment Growth 2020= -5.2%; 2019= 2.3% Ft. Collins/Loveland; 2020=-4.4% 2019= 2.5%

CO Public organizations report a projected 0 - 1.5% PAY STRUCTURE increase for 2022

CO Public organizations report a projected 2% BASE PAY(merit) increase for 2022

CPI Increase (Denver, Aurora, Lakewood) 2020 = 2.0%; 2019= 1.9%

BUILDING ESTIMATES



- 1% pay increase = \$1.38 million
- Approximate **45% is General Fund**

CONSIDERATIONS

Timing

Market
(External)

Merit
(Internal)

Budget

Allocation
Methods

Sworn Step
Plan

Sheriff: Still to be determined

AVERAGE SALARY CHANGE IN SURVEYED JOBS

| External (Market) | |
|-------------------------------|----------|
| Occupational Group | % Change |
| Executive (200) | 1.79% |
| Business Operations (400) | 0.73% |
| Community Protection (500) | 1.86% |
| Health & Human Services (600) | 1.28% |
| Information Technology (700) | 0.55% |
| Professional (800) | 1.88% |
| Resource Management (900) | 0.53% |
| All Jobs Together | 1.21% |



EIGHT YEAR OVERVIEW

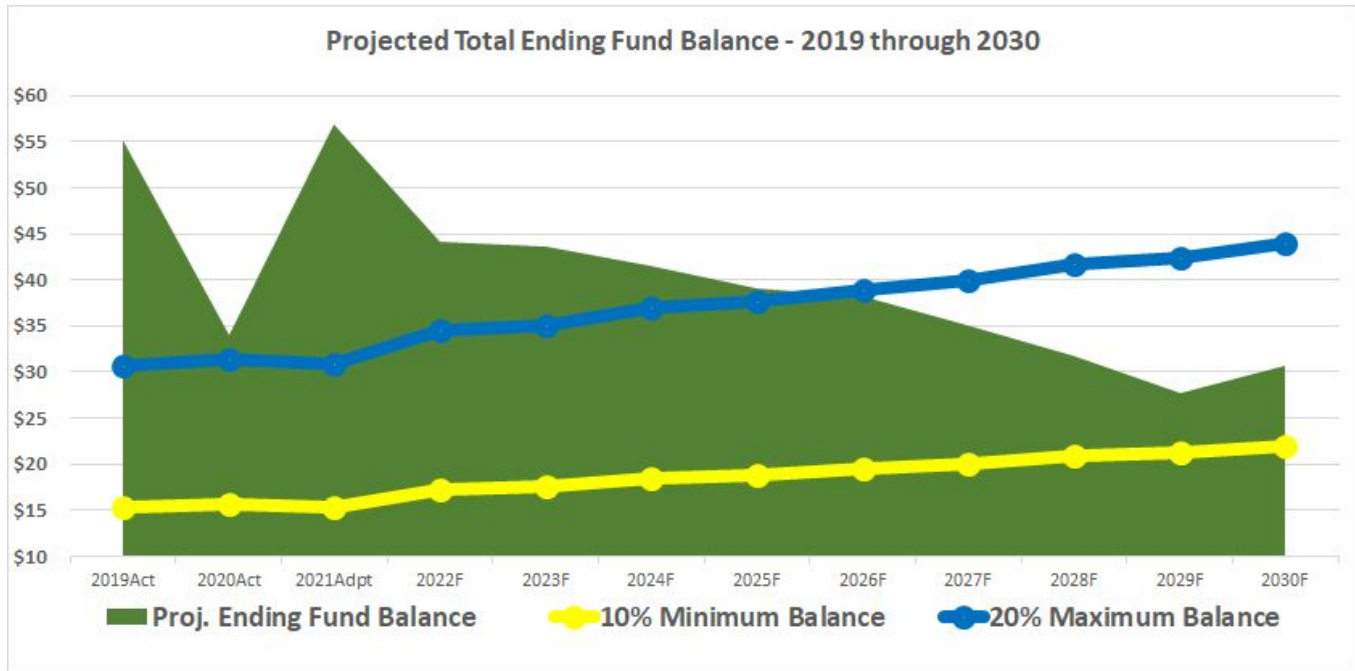
| Variable | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------------------|---------------------------------|---------------------------------|
| Pay Structure Adjustment | 1.5% | 2.0% | 2.0% | 2.0% | 2.0% | 1.5% | 2% (Recommended) | Data Not Available |
| Merit Increases | 4.0% | 3.0% | 3.0% | 3.0% | 3.0% | 2.5% | 2% (Recommended) | Data Not Available |
| Total Salary Increase | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 2.75% | 3.0% | Data Not Available |
| Total Estimated Cost to General Fund (assuming flat FTE changes & regular turnover) | \$1.8M | \$1.8M | \$1.8M | \$1.8M | \$1.8M | \$1.6M | \$1.8M | Data Not Available |
| Average Market Change in Surveyed Jobs | 2.34% | 2.34% | 1.71% | 1.44% | 2.05% | 2.77% | 1.21% | Data Not Available |
| Compa Ratio | 0.992 | 1.018 | 1.017 | 1.016 | 1.022 | Projected 1.02 | Projected 1.02 | Projected 1.02 |
| Colorado Pay Increases | 2.9% (inc 0's) | 2.9% (inc 0's) | 3.0% (inc 0's) | 3.1% (inc 0's) | 2.5% (inc 0's) | 2.4% (inc 0's) | 2.9% (inc 0's) | Not yet Forecasted |
| Northern Colorado Pay Increases | 3.0% | 3.1% | 2.9% | 3.2% | 2.6% | 2.3% | 3.0% | Not yet Forecasted |
| Colorado Unemployment Rate | 3.1% | 2.6% | 3.0% | 2.7% | 7.3% | Forecasted 5.3% | Forecasted 4.2% | Forecasted 3.8% |
| Ft. Collins/Loveland Unemployment Rate | 2.8% | 2.4% | 2.7% | 2.3% | 6.2% | FC/Loveland isn't forecasted | FC/Loveland isn't forecasted | FC/Loveland isn't forecasted |
| Inflation Rate (Denver-Aurora-Lakewood) | 2.8% | 3.4% | 2.7% | 1.9% | 2.0% | Forecasted 2.7% | Forecasted 2.5% | Forecasted 2.2% |

BUDGET DIRECTION

1. External (Market) – Range Adjustment amount – this amount will also be provided to employees.
2. Internal (Merit) - Increase to employees for progression through the ranges.
3. Step Plan (Work Session on Wednesday 6/30/2021)



Green Mountain



2% Market, 2% Merit Budget Direction

COMMISSIONER DIRECTION

Additional Work session to Discuss Updating Compensation Philosophy

CURRENT



DISCUSSION



- Shift to a **Market+** Model, meaning our midpoint is actually Market Value +5%, so a Compa Ratio of 1.0 would mean on Average Larimer County pays 5% above Average market.