



CITY OF
CHATTANOOGA



PAY PLAN BRIEFING FOR
EMPLOYEES

INTRODUCTION

- Mayor and Council recognized the importance of attracting and maintaining professional workforce
- Existing plan is inflexible and failed to keep pace with market pay
- City Council approved hiring of Segal Consultants to recommend alternate pay plan based on market study

Segal

- Council authorized contract with Segal in May 2006
- Target completion/implementation date of October 2007
- Segal's report determined to be incomplete and unsatisfactory
- Mayor requested MTAS assistance January 2008
- City Personnel Dept worked intensely with MTAS consultant to develop an acceptable plan utilizing initial report from Segal and updating to incorporate additional market information and input from city management
- Phase I of study completed April 2008 with the development of framework for a comprehensive employee compensation program

Highlights of New Pay Plan

- Eliminates steps
- The functions of each job have been reviewed by Segal and/or MTAS and Personnel Department to determine market pay
- Jobs are placed in pay ranges based on market analysis
- Range divided into minimum, midpoint and maximum pay

Pay Plan Highlights (cont'd.)

- Any pay increases resulting from new pay plan is **in addition** to the 3 percent raise already received by all city employees effective July 1, 2007
- No employee will receive a reduction in current pay as result of plan implementation
- All employees have been placed within assigned pay range and receive at least minimum pay for range.
- Employees will not receive any pay increase beyond the maximum pay in range
- Employees whose current pay exceeds maximum pay in assigned pay range will be frozen at current level but not reduced

Pay Plan Highlights (cont'd.)

- Employee pay will be divided into two components
 - Base Pay/Salary
 - Longevity Pay
 - Lump sum payment (*essentially a bonus*)
 - Not included in base pay
- Annual adjustments/increases in base pay or lump sum payments are not guaranteed
- All provisions under the new pay plan are subject to availability of funds or City's ability to pay

Pay Plan Exceptions

- Employees not currently on city's pay plan are not included in this phase of the process
- Employees occupying a pay plan position but not in the pay plan are not included
- Employees with special pay circumstances who are on a pay plan will be identified and handled manually
 - May potentially exceed maximum rate for their position and still receive raise. Ex. Employee assigned to a position who is receiving additional pay on a temporary basis to do additional assignments

Plan Implementation

- For the purpose of initial implementation only, each pay range is divided into quartiles or 4 equal parts
- Employee current pay may be below the minimum, above the maximum or within their respective range
- Employees will receive raises in declining percentage rates based on where their current pay falls within or outside the range

Quartile Demonstration

Ex: PG 10							
Minimum	Step 1	Step 2	Step 3	Step 4	Step 5	Steps 6 - 11	Maximum
23,000	23,920	24,877	25,872	26,907	27,983	29,102	30,266
NEW PLAN - PAY RANGE							
Minimum	Midpoint = \$30,767					Maximum	
1st Quartile		2nd Quartile		3rd Quartile		4th Quartile	
24,306 - 27,536		27,537 - \$30,767		\$30,768 - \$34,228		\$34,229 - \$37,690	
2.50%		2.00%		1.50%		1%	

Six Categories of Base Pay Adjustments

- Given job classification assigned, employees will receive raises in declining percentage rates based on where their current pay falls within or outside the range
 - **Below minimum** receives the **greater of** the amount required to bring them to minimum or **2.5%** raise
 - Within the bottom quartile receives **2.5%** raise
 - **2nd quartile** receives **2%** raise
 - **3rd quartile** receives **1.5%** raise
 - **4th or top quartile** receives the **lesser of** the amount required to bring to maximum or **1%** raise
 - Employees whose current pay is **at or above the maximum** will **NOT** receive a raise.
- Yes, this does favor lower paid employees during this initial implementation

Quartile Demonstration

		Minimum		Midpoint = \$30,767		Maximum	
		1st Quartile	2nd Quartile	3rd Quartile	4th Quartile		
		24,306 - 27,536	27,537 - \$30,767	\$30,768 - \$34,228	\$34,229 - \$37,690		
		2.50%	2.00%	1.50%	1%		
Scenarios							
Current	21,673	24,280	26,952	28,220	31,322	35,253	38,500
To Min	24,306	24,306					
% Inc.	12.15%	0.11%					
New Pay	24,306	24,887	27,626	28,784	31,792	35,606	38,500
% Inc.	12.15%	2.50%	2.50%	2.00%	1.50%	1.00%	0.00%

Longevity Pay

- Not included in Base Pay
- Based on years of service
- Not impacted by placement in pay range (employees at or above the maximum pay in range also eligible)
- Annual lump sum payment in early December
- Criteria
 - Minimum 5 consecutive (continuous) years of service based on anniversary date
 - Cut off date is November 30
 - \$50 for each year of continuous years of employment
 - Maximum 30 years or \$1,500
 - Anniversary date defined
 - Original hire date if no break in service
 - Rehires start over at new (rehire) date
 - Adjusted hire date for reinstated employees
 - Employee must be actively employed with the City as of the November 30 each year in order to receive the lump sum payment

Longevity Pay (cont'd.)

- Initial implementation in two phases
 - In June 2008 all pay plan employees who reached their 5 year anniversary by November 30, 2007 receive $\frac{1}{2}$ the annual longevity pay or \$25/year for each year of continuous service
 - Minimum pay of \$125 for 5 years of service
 - Employee must be actively employed with the City in June 2008 to receive this payment
 - In early December (preferably December 4, 2008) all pay plan employees with 5 or more years of service by November 30 receive the full longevity pay or \$50/year for each year of continuous service – minimum of \$250
 - During this initial implementation period ONLY, employees will receive 18 months of longevity pay. Future longevity payments will cover a 12 month period.

Longevity Pay (cont'd.)

- While not included as part of employee base pay, longevity pay is included for purposes of pension calculation as follows:
 - Included as General pension wages for calculation of pension benefits. Included in base for employee (2%) and employer (6.36%) contributions
 - Not included in Fire & Police pension wage for calculation of pension benefit. Not included in calculation for employee contributions but is included for City contribution of 23.56%

Retroactive Pay

- Mayor has authorized an effective date of January 4, 2008 for pay plan implementation
- Employees will receive a separate retro pay check prior to June 30.

Implementation Dates (payclerks only)

- Biweekly raises applied in the payroll system and visible to payroll clerks on April 22
- Access to database locked from April 21 until clerks are notified on April 23
- Weekly raises applied in the payroll system and visible to pay clerks on April 29
- Access to database locked from April 28 until notified on April 30
- HR10's which have not been entered into the payroll system by April 21 will be held until May 1 for entry

Implementation Dates

- Payroll Clerks deliver letters and appeal forms to employees on May 1
- Raises will be paid on the May 8 checks
- Appeals will be handled as a separate process beginning May 6

Employee Notification

- May 1st – employees receive notification letter of their new class/job title and pay range.
- May 8th – pay checks have new rates applied.

Employee Appeal

- Employees may appeal their assigned classification/position.
- Classification appeals may **Not** be filed electronically.

Employee Appeal

- Appeal Time Line
 - Employee gives appeal to Supervisor
 - By 4:00 pm on Tuesday, May 6, 2008
 - Supervisor gives employee appeal to Department Head
 - By 4:00 pm on Wednesday, May 7, 2008
 - Department Head delivers appeals to the Personnel Department
 - By 4:00 pm on Friday, May 9, 2008

Employee Appeal

- Appeal Time Line continued
 - Appeals are scheduled for
 - May 13, 2008
 - May 14, 2008
 - May 15, 2008

Appeal Forms

- Classification Appeal Form available
 - On City website
 - http://www.chattanooga.gov/Personnel/35_ClassificationandCompensationStudy.htm

Phase II

- This is a continuing process
- Labor trades program still evolving
- Performance evaluation program to be finalized
- Ongoing review of market pay for city jobs
- Employee appeal process

Phase II

- Ongoing review of other components of employee total compensation
 - Medical benefits
 - Employee leave program
 - Retirement benefits
 - Overtime provisions



QUESTIONS



