From: Hardy, William P (Pat)
Sent: Wednesday, February 17, 2016 7:20 PM
To: 'Angie Lyons'
Cc: Allen, Stephanie Kirsten
Subject: RE: Question

Angie,
I have checked with MTAS Attorney Stephanie Allen and she could not find a legal definition of "Comprehensive Pay Plan." However, from my own experience I can tell you what it normally includes:

1. A "Job Analysis" of each position. This details the "scope and size" of each job. Many times the practical output of this analysis will be a job description for each position, although you don't have to have a job description to measure the scope and size of a position (which is the object of a job analysis) it's a normal output of this step. That's because most organizations want job descriptions for their positions, and once a job analysis has been completed it's a relatively easy step to produce a job description, so most organizations go ahead and do so even though it's not entirely necessary. I have attached a typical "Job Analysis Questionnaire I've used in the past.

2. Based on the job analysis (or the job description if it has been written) the "scope and size" of each position is measured. There a number of methods for doing so, but the classic method is to use something called the "Hay System." As I recall it was developed by the federal government and first used in the Department of Defense. It utilizes something like 10 or 11 measures to determine the "scope and size" of a position. These measures are dimensions such as "supervision received" or "accountability" or "problem solving." Points are awarded to each position based on a scale for each of these dimensions. This is the place in the process where job requirements appear (for example, a particular certification, number of years of experience, or level of education).

3. Based on these points positions with a common score are "classified" together, and this becomes the "classification" part of the pay plan. In this way positions which are dissimilar can be compared and classified with each other (as I recall this was first used by state and local governments in Minnesota to compare library workers, which were traditionally women-dominated positions, with heavy equipment operators, which were traditionally male-dominated positions). This was called "comparable worth." Thus by using this method different positions can later be paid equitably based on "scope and size", even though the positions may be very different.

4. A market analysis is done for each position to compare current wages with market wages. Normally, a significant number of positions may not have adequate market comparisons. This being the case a regression analysis is usually used to determine potential wages for each position, even if a market comparison did not exist. Needless to say a variety of methodologies exist for conducting the "market analysis."

5. A wage range is applied to each classification. A number of options are normally presented in this step. For example, where in each "range" should the "market"

wage be? Most of the time it appears as the midpoint in each, but this may differ based on each organization's competitive position in the market. Or, how wide should a range be (it has traditionally been around 10%-15% from the top wage in the range to the bottom wage in the range, but this difference has grown in recent years in order to give organizations more flexibility – in fact it's not unusual to now see a difference of 30% - 40% or more)? These are the types of options usually presented to a decision-making body when classification/compensation plans are developed. Most of the time options will include a no-cost option and various options to move the organization either quickly or more slowly to the market point in the plan. This is because most of the time cities have a number of positions which are below each range, or far from the market. Based on affordability the organization can accelerate or retard movement toward the market point in each range. Many organizations will also apply a number of "steps" to each positon. These are usually based on longevity, but can also be based on performance evaluations or other criteria such as an employee development process.

In summary then the steps in a classification/compensation plan are position analysis, position measurement, classification, market analysis, and development of the compensation program.

I hope this discussion helps. If you need anything else please let me know.