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## Compensation Strategies in the Public Sector: Benchmarking the City of San José's Compensation Methodologies Against Bay Area Cities and Counties

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**Compensation Strategies in the Public Sector:  
Benchmarking the City of San José's Compensation Methodologies Against Bay  
Area Cities and Counties**

by  
Ashley Lancaster

A Thesis Quality Research Project  
Submitted in Partial Fulfillment of the  
Requirements for the  
Masters Degree in

PUBLIC ADMINISTRATION

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## **I. Introduction**

### **Declaration of Intent**

Compensation strategies are important for municipalities to develop in order to fairly compensate their employees, as well as to retain them and remain competitive in the job market. The City of San José employs approximately 5,500 employees and is the third largest employer in the City (City of San José Fact Sheet, 2014). Due to the City of San José's budget constraints, it is hypothesized that pay ranges for non-exempt jobs do not allow for competitive pay in comparison to the local job market, as defined by the Municipal Employee Federation (MEF) bargaining unit.

The impact that San José's compensation development methods have on the pay system is important to understand, so that departments can analyze how they compare to competitor entities. Understanding the methods that the City of San José uses for setting base salaries in comparison to other cities is essential to further evaluate the system to find alternative strategies the City can implement in order to improve its current competitive position.

*The intention of this research is to benchmark the City of San José against other Bay Area cities and counties in their methods for determining base salaries (which excludes fringe benefits) for selected comparative non-exempt classifications. Areas of focus within this research include compensation models for the public sector, an analysis of current compensation policies, as well as the examination of methods the City of San José uses when developing compensation for classifications in comparison to local Bay Area cities and counties that are defined as its market. The result of this research will lead to recommendations to help improve the current compensation development process for the City of San José, which may include incorporating best practices used by other*

market cities and counties as revealed through this research.

### **Federal and State Regulations**

The Federal government and the State of California have regulations and policies in place to guide employers in a process for setting wages, attempting to create a fair compensation system. The regulations set forth are crucial for local municipalities to follow in order to ensure that they are competitive in their hiring and compensation practices. There are additional guiding principles for compensation set forth in the City Charter, Municipal Code, and internal departmental procedures that help to guide the City of San José's compensation system. It is important to understand how these policies guide and potentially affect the methods that cities may use to determine employee base salaries.

The Fair Labor Standards Act (FLSA) outlines the precedent for determining wages and overtime pay for employees. "The FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments. Covered nonexempt workers are entitled to a minimum wage of not less than \$7.25 per hour effective July 24, 2009" (U.S. Department of Labor, 2014). In addition to FLSA, Congress had addressed the issues of equal pay with the Equal Pay Act of 1963, which called for 'equal pay for equal work' (Pay Equity Overview, 2014).

California State Law states that "[e]very employer shall pay to each employee wages not less than eight dollars (\$8.00) per hour for all hours worked, effective January 1, 2008, not less than nine dollars (\$9.00) per hour for all hours worked, effective July 1, 2014, and not less than ten dollars (\$10.00) per hour for all hours worked, effective January 1, 2016" (Division of Labor Standards, 2014).

In addition to Federal and State regulations, the Equal Employment Opportunity Commission (EEOC) is responsible for supporting various pay policies including the Equal Employment Opportunity Act of 1972, which states that personnel actions should be free from discrimination, and the Lilly Ledbetter Fair Pay Act of 2009, which restricts the time to file compensation complaints (EEOC, 2015). All of these policies set boundaries to outline agencies' internal methodologies for determining employee compensation.

### **City of San José Policies**

The City of San José follows several internal policy layers to help guide their compensation system practices. Section 902 of the City Charter states. “compensation of all City appointive officers and employees, except as otherwise provided in this Charter, shall be fixed by the Council” (City of San José, 1965, 31). The City Charter also defines compensation as all costs to the City, including new and ongoing costs incurred by an employee, including salary, premium pay, and medical coverage (City of San José, 1965). The City Policy Manual outlines various compensation practices that may occur as an employee goes through his or her tenure with the City. The general compensation policy explains:

“The City’s compensation plan is based largely on salary actions that occur automatically. When an employee accumulates enough time in a step, he/she automatically moves to the next step.... opportunities for discretionary actions that result in pay changes, including: merit increases, management and ABMEI performance-based step increases, premium pay for bilingual and other skills, and promotions to the higher level of flexibly staffed classes” (City of San José, 1999, 1).

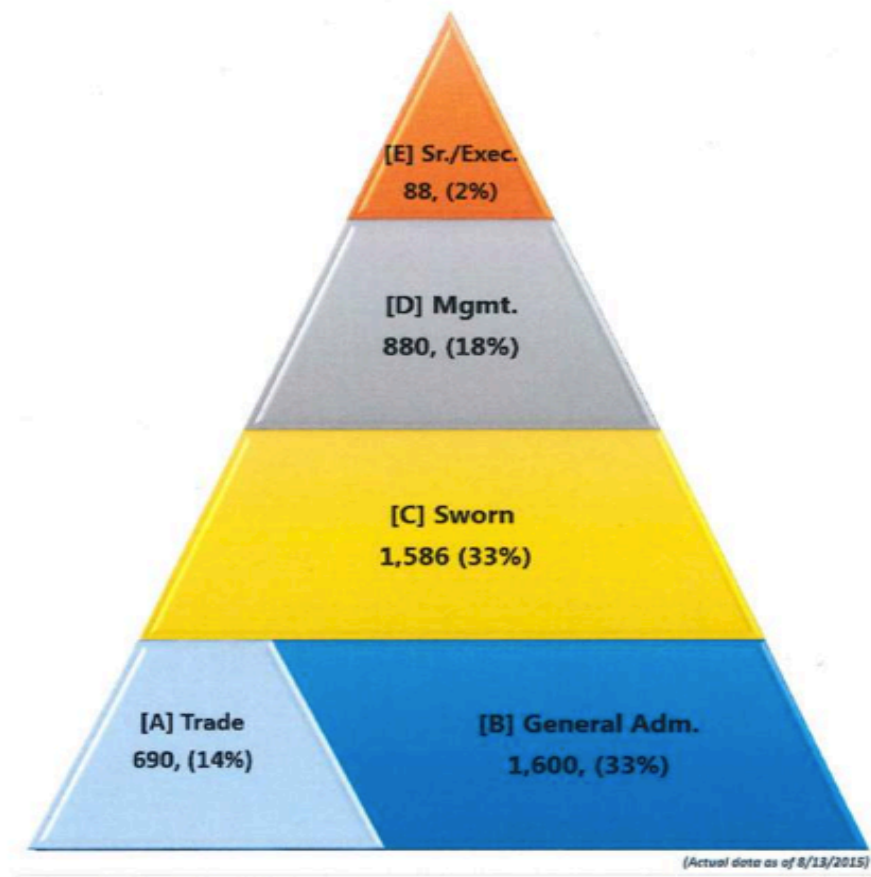
Each of the above pay increases is deemed as discretionary. “From an operational standpoint, retroactive pay changes also present problems. They require additional labor to correct, and the amount of labor increases with the complexity of the

requested correction. For these reasons, it is the City's policy to limit retroactive actions in the above areas" (City of San José, 1999, 2). The City of San José Municipal Code section 3.12.010 states "[t]he council may, by resolution, adopt such regulations to afford compensation to officers and employees of the city, by way of salary and other benefits, as the council may deem reasonably necessary."

The Memoranda of Agreement (MOA) between the City and the employee bargaining units play a significant role in setting standards and policies for determining compensation. The Office of Employee Relations (OER) works with the eleven bargaining units that represent the City of San José's employees to negotiate "general increases, special adjustments, and compensation studies requested through the meet and confer process." The central Human Resources Department "assists in these efforts by gathering data, performing data analysis and studies, and recommending compensation changes" (City of San José, 2015, 2). "Eighty percent of City employees are in classifications that are represented by bargaining units with memoranda of agreement and have pay ranges with salary steps" (Angelo, 2015, 1). Figure 1 shows the distribution of employees within the City who are represented by the bargaining units as of August 2015.



Figure 1: Salary Distribution Pyramid for the City of San José



E	Senior Executives are Deputy Directors and higher.
D	Management consists of bargaining units AEA, AMSP, CAMP, ALP, and the remainder of Unit 99 not in Senior Executive Category.
C	Sworn consists of sworn Police and Fire.
B	General Administration consist of bargaining units MEF, CEO, and unrepresented non-management job classifications including clerical, analysts, dispatchers, librarians, accountants, planners, operations specialists, and others.
A	Trade consists of bargaining units ABMEI, OE3, and IBEW.

Source: City of San José Memo, 2015, 4

Compensation for all classifications is structured by pay ranges set forth in the pay plan. The City of San José’s pay plan explicitly defines the job classification, bargaining unit, number of steps, and salary range for each class. The San José City Council and the Civil Service Commission must approve updates to the City’s pay plan,

including recommendations to classification salary changes. The City's Salary Resolution 51870 (1979), allows for Council to adopt pay practices for management and non-management classes. Compensation practices adopted for non-management employees were employee transfer, promotion, reallocation, and merit increases. Compensation for an employee who transfers from one position to another within the same class or salary range does not trigger an increase or decrease in the incumbent's salary. A promotion moves an employee from a lower class to a higher class with a higher salary range, which entails in a 5% or more salary increase. If an employee is reallocated to a lower pay range, he or she is designated to the closest step in the new salary range. If an employee is reallocated to a higher pay range, it is deemed as a promotion, or a transfer if it is within the same range. Merit increases or higher class pay are "entitled to and shall receive a rate of pay within the salary range for such class higher than that to which such person would be entitled under other provision of this Resolution" (City of San José, 1979, 9).

A significant turning point for the City in determining compensation occurred in the 1980s, when the City of San José faced comparable worth strikes. These strikes led to a compensation evaluation that affected over 800 City employees (Kahn, 1992). Factors that led to the success of the implementation of a comparable worth policy were attributed to the City's economic health, adequate resources in the Human Resources Department, and leadership (Flammang, 1986). The City of San José's Classification and Compensation Reference Guide states that "determining the appropriate classification and compensation is based on the principal that you classify and compensate the position, not the individual employee" (City of San José, 2015, 12).

**City of San José Compensation Practices**

Initial salary ranges and updated ranges for non-exempt employees are determined through salary surveys, examining the market value of the job, and reviewing the impact of internal equity. Without appropriate funds, it is unlikely that salary increases will be recommended or approved by the City Manager's Budget Office. The City of San José benchmarks against the market as defined in the MEF MOA, which will be discussed in the Methodology section of this analysis. The City attempts to maintain a competitive position in the local job market so that they can recruit and retain qualified employees (City of San José, 2015). The City may contract with a consulting firm to benchmark salaries for classifications that are the most similar to the City's employee classifications. The final method that the City uses is an evaluation of internal equity. This method determines how the classification pay range will fit in with the current pay structure, and compares the proposed salary range to current classes that may be in the same job family (City of San José, 2015).

The Human Resources Department works with the appropriate Department to determine the appropriate salary for an employee. "At time of hire/promotion, Human Resources assists department hiring managers in developing starting salary recommendations within the defined salary range that are based on the review of job related experience, education, tenure, certifications or licenses in comparison to current incumbents of the same classification" (Angelo, 2015, 1). Human Resources reviews the salary to determine if it is appropriate and recommends a starting pay step. The pay step system is based on nine incremental salary step levels, in which the majority of incumbents typically start at pay step 1. "The City's compensation plan is based largely on salary actions that occur automatically. When an employee accumulates enough time

in a step, he/she automatically moves to the next step” (Taber, 2015, 1). Qualifying experiences or advanced job related expertise may allow for incumbents to qualify in a higher pay step as determined by the Department Director, if the proposed pay step is between levels 2-6. Pay step levels 7-9 must be reviewed and approved by the Director of Human Resources. The City of San José implemented a 9-step salary plan, which increases the base salary 2.5% at each pay step (usually occurring each year on the employee’s anniversary date), with a spread of about 22% between the minimum and maximum salary (City of San José, 2015). Classifications not on the 9-step pay plan are generally management positions or reside in unrepresented bargaining units, and in a few rare instances classes are exempt from the 9-steps based on decisions made between the bargaining unit and OER.

### **The Budget and Excluded Factors**

The City of San José has a job-housing imbalance which negatively affects its per capita revenue stream. With a population of over 1 million and a budget that is close to \$1 billion, the revenue to support the community is disproportionately reliant on sales tax. “San José received less tax revenue per capita than most of its neighboring cities: its tax revenues were only about \$760 per capita in 2014. Of that, sales tax was only \$170.

Furthermore, San José has less than one job per employed resident; that is, more workers live in San José than are employed in San José. In contrast, Palo Alto received \$1,480 in taxes per capita (\$440 in sales taxes) and has a jobs-to-employed residents ratio of about 3 to 1” (City of San Jos Office of Economic Development, 2015, 33). The City of San José is projecting an estimated revenue of \$194,695,553 in sales tax alone for the 2016-2017 fiscal year, which is approximately 23% of the total generated revenue (City of San

José 2016-2017..., 2016, III-1). During the 2008-2011 economic downturn when sales tax revenues dropped and the value of houses fell, in turn reducing property tax revenues, the City saw a reduction in community services. The reductions in assessed property values, which reduced property tax, was a result of Proposition 13 passed in 1978 (Santa Clara County, 2010, 15). The reduction in community services engendered action by the residents. Since public pensions were viewed as an unreasonable drain on the City's reduced revenues, Measure B was placed on the ballot due to "voter anger over a decade of cutbacks in city services -- from police and fire protection to libraries -- to cover rising costs for benefits more generous than those offered by private employers" (Woolfolk, 2012a).

Measure B allowed voters to reduce the pensions and benefits of existing and future City employees. Measure B had several implementation impacts which would ultimately lead to a 'less costly retirement plan' and 'have higher retirement ages and lower cost-of-living increases' (Woolfolk, 2012b). "The City also would increase current workers' contributions toward their pensions unless they switch to a cheaper plan for their remaining years on the job. It also would make changes to disability retirement and allow the City to suspend cost-of-living raises for current retirees if the City declares a fiscal emergency" (Woolfolk, 2012b). In June 2012, Measure B was approved by nearly 70% of the voters (Woolfolk, 2013). As a result of this restructuring of benefits, employees received reduced benefits packages and had to pay larger portions of their remaining benefits, leaving departments in staffing crisis as many employees left the City of San José for other cities with better pay and benefits packages (Giwargis, 2015a). The reduction in employees was especially severe in the Police and Fire departments.

“Despite efforts to hire and retain officers, officials say that if current trends continue, over the next two years the San José Police Department will shrink to two-thirds its size in 2008, when budget reduction measures sparked a running exodus of officers” (Salonga, 2014).

Further discussion of the employee benefits challenges for the City of San José is outside the scope of this research. However, it is important to understand that when base salary setting is discussed, the primary impediment to enhancement in San José is revenue limitation, leading to budgetary insufficiency. There is value in understanding how market cities are setting their salaries, so that San José’s leadership can understand their position in the competitive Bay Area hiring market and recognize the value of developing alternative strategies for attracting desirable employees other than base salary, since this research suggests that San José cannot be a competitive employer in the current market based on base salary alone.

## II. Methodology

The Bay Area cities and counties selected for this benchmark study are referred to as the ‘market.’ “The ‘market’ is defined as those agencies (City or County government entities) that are considered comparable to San José for purposes of classification and pay studies. For a majority of non-exempt classifications in San José, the market used is based on the Municipal Employee Federation (MEF) Memorandum of Agreement (MOA) definition” (City of San José, 2015, 14). The MEF MOA states that “comparable classifications in cities and counties in Santa Clara, San Mateo, Contra Costa, San Francisco and Alameda Counties serving populations of 100,000 or more will be used to compare classifications.... Compensation information from the private sector will be gathered from existing published sources, and used to supplement public sector data as deemed appropriate” (2014, 56). Each of these cities and counties is competing in the same labor market and for the same type of employees as the City of San José. The cities and counties surveyed for this analysis are:

Alameda County	City of Santa Clara
City of Berkeley	City of Sunnyvale
City of Concord	Contra Costa County
City of Fremont	County of San Mateo
City of Hayward	Daly City
City of Oakland	Santa Clara County
City and County of San Francisco	

The survey was comprised of sixteen multiple choice and short answer questions, which acquired information pertaining to the methods market cities and counties use to determine employee compensation for non-exempt classifications. Survey questions are listed in Appendix A. Surveys were sent by e-mail to Human Resources Departments, and were completed by a representative from the department ranging from Analysts to

Division Managers, through an online survey platform called Qualtrics. On average, the survey took a participant anywhere from five to ten minutes to complete. The only question which required the respondent to enter a response was the agency the respondent was associated with, in order to properly track the data. The remaining questions in the survey were optional for an agency to answer. Fourteen agencies were surveyed and a total of ten agencies completed the survey. The agencies that did not respond to the survey were Alameda County, City of Berkeley, City of Fremont, and City of Santa Clara. Although these agencies did not complete the survey, their salary information is included in the salary data comparison found in Appendix C. The salary data was collected from each agency's website. The data collected is public information, and the source of the data collected is disclosed in the Findings section of this study.

Table 1 indicates the classification name for the City of San José classifications which were analyzed in this study. The maximum hourly rate of the salaries for the classifications in Table 1 are used to benchmark against market agency practices to determine effective compensation methods.

**Table 1: City of San José MEF Classifications Analyzed**

<b>Highly Specialized</b>	<b>Moderately Specialized</b>	<b>Semi-Specialized</b>
Accountant II*	Buyer III*	Account Clerk II*
Hazardous Materials Inspector II*	Code Enforcement Inspector II*	Office Specialist II*
Systems Applications Programmer II*	Library Assistant	Police Data Specialist II*

\*Indicates a classification which is part of a flexibly staffed series.

Effective compensation strategies in this study are measured by determining the market average for each classification. The market average is calculated by averaging the



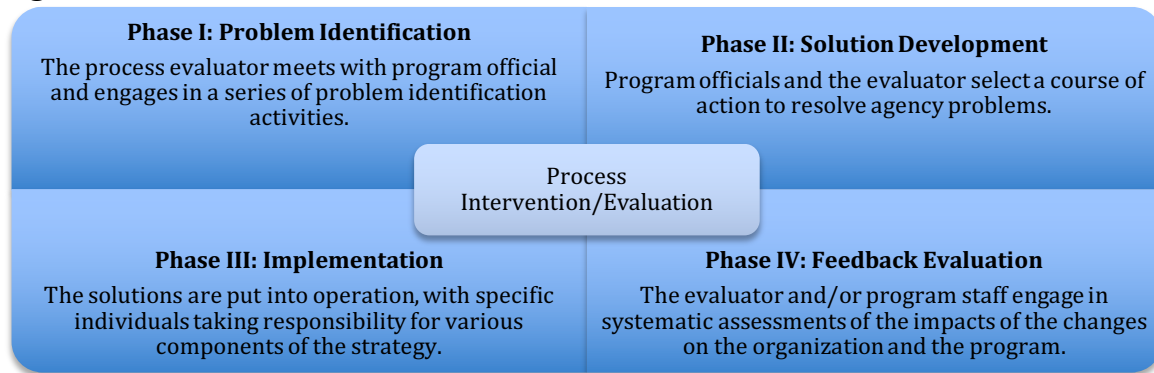
maximum base hourly rate of the job. The classifications selected for this analysis represent a sample of the MEF classifications. Nine of the ten classifications selected are flexibly staffed. A flexibly staffed class is defined as “the alternate use of either of two classes in a designated series for filling a vacant position” (City of San José, 2013, 1). The purpose of using flexibly staffed classes is to maintain and retain well qualified employees by providing the [agency or] City with a more competitive position, provide additional promotional opportunities within a classification, reduce employee training and movement to other departments, and to minimize the turnover rate (City of San José, 2013). The first level in a flexibly staffed classification generally performs the job duties in an entry level capacity within the classification; whereas, the higher levels in a flexibly staffed classification perform the job duties in a journey level or advanced level capacity. To maintain consistency with salary data findings, flexibly staffed classifications from the City of San José will be selected to benchmark against if they perform the full scope of duties within a job in a journey level capacity. Classifications from outside agencies will be used if they are comparable to the City of San José classifications, in that the duties performed are in a journey level capacity. The class specifications selected have been compared to match the level and duties of work to the City of San José’s classifications.

Salary ranges were selected from highly specialized, moderately specialized, and semi-specialized classifications. Highly specialized classes are those that require a four-year degree from an accredited college or university and advanced technical experience or coursework in a specialized area. Moderately specialized classes require some or full completion of college with less technical experience in a specific subject area. The semi-

specialized classes selected require completion of high school or equivalent and none or some years of experience.

The first limitation to this study is that it does not analyze fringe benefits. Second, it uses a defined market that was established by the City of San José MEF MOA as part of their bargaining process. This selection of cities and counties does not include appropriate cities of comparable size or budget to the City of San José. Due to varying agency structures, not all of the compared agencies share the same classifications. The classifications selected for this analysis are the most common classification between all of the market agencies. Appendix B lists the classification names for each agency and notes which classifications may not exist within a particular agency.

A process evaluation guided by Sylvia and Sylvia (2012) was conducted. As cited in Sylvia and Sylvia “[p]rocess intervention [evaluation] fills a gap left by goal-oriented outcome evaluations... What we really want to know is, if *Y* is not happening, what is wrong with *X*?” (2012, 93). With this methodology in mind, a further examination of the City of San José’s compensation methodologies (*Y*) was examined to determine alternative solutions to lead San José to the most effective compensation strategies (*X*). The strategy outlined in the Process Intervention/Evaluation model is outlined in Figure 2.

**Figure 2: The Four Phases of Process Intervention/Evaluation**

Source: Sylvia and Sylvia, 2012, 94

### III. Literature Review

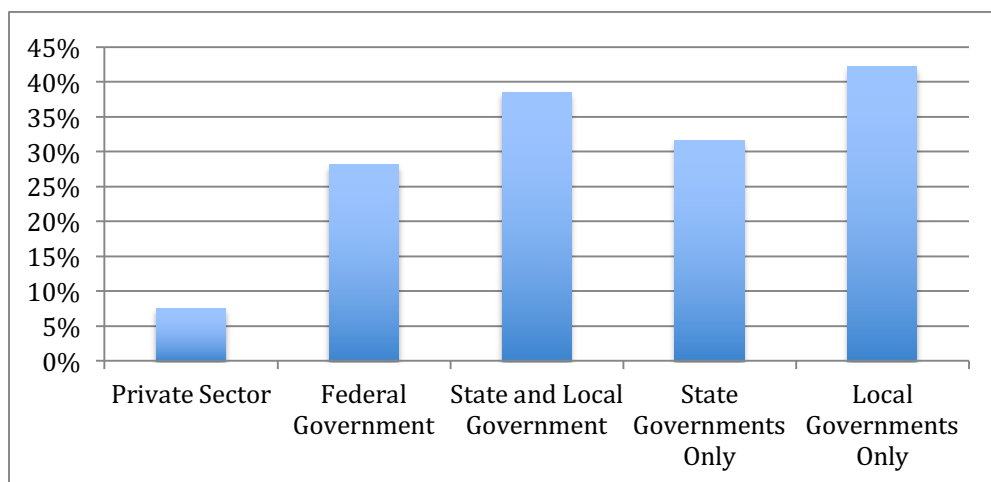
#### **City of San José Compensation Studies**

In the 1990s Hay Associates conducted a classification study of jobs requested by the City personnel team, including ranking of non-management classes by the City and the non-management evaluation team, grouping of non-management classes into job grades, and an analysis of job and salary relationships (Hay Associates, n.d.). Hay and Associates concluded “[t]he City of San José pays slightly above average for non-management classes compared to similar jurisdictions. There was a significant dispersion around the general pay trend– 1/3 of all classes are paid more than 15% above or below the overall pay trend” (Hay Associates, n.d., 16). They determined there was a strong correlation between pay and type of work, working conditions, and predominant gender performing the work. They also found that within the City the highest paid occupational group were skilled trade groups who were paid 38% above average. The lowest paid groups were the recreational occupations that were paid 46% below the overall trend. Compared to agencies outside the City, skilled trades were the highest paid occupational group by above 50%, and the library group was the lowest paid group by 31% below the market trend. Classes within the City that had heavy working conditions were paid about 20% above the trend line, and clerical jobs were paid about the same on the designated trend line. Their final conclusion was that female dominated classes were paid 2%-10% below the overall trend, and men were paid 8%-15% above the trend. In comparison to outside jurisdictions, female dominated classes were paid 5%-15% below the overall trend line and men were paid 5%-21% above the overall trend line (Hay Associates, n.d., 16).

In 1998, Fox Lawson & Associates LLC conducted a review of the City's classifications, job evaluations, and compensation system. Fox Lawson & Associates recommended that the City implement desirable qualities on class specifications, which are defensible and strive to increase the number of qualified applicants (Fox Lawson & Associates, 2000). Other recommendations included implementing a market premium for salaries, conducting a market salary study every two years, and better defining the scope of responsibilities for positions such as supervisor, manager, and director. Their study concluded that management was underpaid and non-management City employees were overpaid (Fox Lawson & Associates, 2000). The City Council did not accept the recommendation package by Fox Lawson & Associates LLC.

#### **Compensation Studies in the Public Sector**

Chris Edwards (2010) examined the rising costs of employee compensation in the public sector at all levels versus the private sector, in relationship to the impact unions have on public sector entities. He found that public sector agencies typically pay more than private sector agencies when they are incorporating the benefit packages that city retirees receive. His data stems from the U.S. Bureau of Labor Statistics. His analysis examined whether significant pay differences were due to union influence in the public sector. As of 2008, he found that federal workers and other public sector employees made up half of all union members, totalling around 7.8 million (Edwards, 2010). Figure 3 provides a breakdown of union memberships by employment type.

**Figure 3: Union Member Shares of Employment**

Source: Edwards, 2010, 97

Edwards found that there are a few downsides to unions, as they lobby for higher pay and benefits. An increase in city employee wages may lead to higher government costs and pass on the financial burden to the taxpayers. Private sector unions are more cost conscious of rising business costs as a result of higher pay, and are concerned over job security. He concludes that public entities with union influence are more likely to have higher compensation compared to private sector agencies (Edwards, 2010).

Thom and Reilly benchmarked compensation in the public sector, and found that of 141 large cities and counties in the U.S., about half of them conduct formal pay studies comparing against their competitors. “Despite volumes of research on public–private pay disparities, the practice of compensation benchmarking in the public sector has been mostly ignored” (Thom and Reilly, 2015, 351). Benchmark studies conducted focus on salary information, excluding benefits, and primarily used for informational purposes for the departments. In relation to the union impact, this study found that “just 9% of human resources directors cited labor union or bargaining concerns as the primary justification

for studying pay and benefit policies in competing jurisdictions” (Thom and Reilly, 2015, 349). Another pertinent factor is that less than half of agencies in the survey reported benchmarking against the private sector to determine their salaries. “While this approach offers low information costs, it may contribute to compensation drift, leaving local governments in a position where they under or overpay certain individual employees or broader classifications relative to their competitive peer set. If the failure to benchmark leads to uncompetitive pay, the jurisdiction could experience higher turnover and a loss of institutional knowledge” (Thom and Reilly, 2015, 349).

### **Compensation Strategies for the Public Sector**

Determining effective strategies for public sector compensation is essential to meet the needs of the organization. Cox and Waters (2011) analyze compensation in the public sector by exploring tools for employee compensation. Cox and Waters focus on the importance of internal, external, and individual equity with corresponding techniques and objectives in the pay system, as cited in Table 2.

Table 2: Concept, Techniques, and Objectives of Pay Equity Issues

CONCEPT	TECHNIQUES	OBJECTIVES
Internal Equity: Relationships between and among jobs in the organization	Job analysis, job description, job evaluation	Maintain cost control
External Equity: Relationships between and among jobs in the labor market	Salary surveys	Attract and retain
Individual Equity: Relationships between and among individuals in the organization	Performance appraisal	Motivate competent staff

Source: Cox and Waters, 2011, 13

Cox and Waters determined that “[i]nternal equity should be addressed first as it drives pay level placement according to position and market comparisons” (2011, 13). Minimum qualifications, essential job functions, skills, knowledge, abilities, education, experience, and working conditions are all factors considered in the job evaluation process, and are defined as compensable factors (Cox and Waters, 2011).

Public sector agencies may also use alternative strategies to determine compensation for classes. Federal agencies, such as the Department of Veteran Affairs, use pay grades. This method is most common in the Federal government as it sets a framework for salaries based on the job duties (GoGovernment.org, 2015). Alternative pay methods agencies may also use are based on pay-banded systems or point systems such as the Hay System. Pay for performance models may also be implemented. A pay for performance model “rewards employees for positive behavior or outcomes” (Magid and Susseles, 2005, 32). This is a more complex system to implement and may only be found effective if the program implementation uses best practices, such as gaining



employee buy-in to the program, ensuring adequate funding for the program, and making sure that reasonable rewards are set (Magid and Susseles, 2015).

### **Best Practices**

The International City and County Management Association (ICMA) established a list of best practices for determining compensation. They suggest that municipalities should follow these guidelines to ensure that compensation methods are “fair, reasonable, transparent, and based on comparable public salaries nationally and regionally” (ICMA, 2010, 1). “Compensation should be based on the position requirements, the complexity of the job reflected in the composition of the organization and community, the leadership needed, labor market conditions, cost of living in the community, and the organization’s ability to pay” (ICMA, 2010, 1). ICMA recommends benchmarking to comparable local governments or public sector agencies in order to provide fair and reasonable compensation levels. Benchmarking guidelines include agencies with similar services, employee size, socio-economic makeup, similar employers in the area, and are within close proximity. Governments should also develop markets in line with their labor market and consider long-term financial resources that the organization has “to establish and maintain a reputation as a competitive, fair, and equitable employer as well as a good steward of public funds” (ICMA, 2010, 4). The International Public Management Association for Human Resources (IPMA-HR) published a summary of a study conducted by Fox Lawson & Associates LLC for North Carolina, which determined that pay for employees in a broader career banded system is managed according to financial resources, market rate of the job, internal pay alignment, and required competencies (Fox Lawson & Associates LLC, 2009).

Thom and Reilly (2015) suggest following the best practices set forth by Howard Risher. These best practices include gathering salary information from valuable markets and to “mandate benchmarking by including relevant provisions in city or county charters” (Thom and Reilly, 2015, 350). Risher also suggests that salary studies do not need to be conducted annually, but should be conducted every two to five years, or at a rate comparable to collective bargaining contract negotiation cycles (2012). If agencies decide to outsource their compensation study to a third party in order to maintain objectivity, they should remain cautious over the “security and use of the benchmarking information;” (Thom and Reilly, 2015, 350-351) however, public disclosure of benchmarking results is encouraged for transparency and accountability (Thom and Reilly, 2015). Finally, they suggest that “[h]uman resource professionals and/or governing bodies must also establish how benchmarking will be integrated into collective bargaining processes and governments’ overall compensation plans. This should include developing policies and procedures that explain whether and how benchmarking study results will affect existing and future compensation structures” (Thom and Reilly, 2015, 350).

## **IV. Findings**

The survey was divided into key areas that focused on staffing and department involvement, compensation strategies, compensable factors and pay practices, budget and union influence, agency best practices, and agency satisfaction with the current system, which includes areas in which agencies would like to improve their processes. The following agencies from the designated San José market did not complete a survey: Alameda County, City of Berkeley, City of Fremont, and City of Santa Clara. If an agency left a response to a question blank, it is denoted with a \*NR. The intent of these findings is to benchmark and analyze the City of San José's current compensation practices against comparable agencies to determine effective compensation strategies and suggest improvements that the City can incorporate into their compensation structure.

### **Staffing and Department Involvement**

Questions 1-2 of the survey asked which agency a respondent worked for and the title of their current position. This information was used to track agencies' responses and to follow-up with an agency, if needed.

Questions 3-4 focused on staffing and which departments within an agency assist in determining base salaries. In order to understand how compensation ranges for non-exempt employees are set, it is important to know who the key partners or groups are that assist in determining base salary ranges. To ensure that base salary ranges are properly set and approved, Civil Service Rules or other salary setting commission policies may provide specific guidelines on how salaries are determined for an agency. Since tax payers fund municipal services, public agencies must appropriately compensate their employees based on available funds. Appropriately setting salaries may solicit varying perspectives, as agencies attempt to compensate their employees competitively in order to

attract and retain qualified employees who can provide quality services to tax payers. Each agency is unique in their process for determining salaries, but they all share a common set of foundational rules and processes which must be followed based on their agency's Charter.

The first focus area in the survey asked if the agency has staff or a department dedicated to compensation analysis, or if they use a contracting agency to assist in determine salaries. Seven of the ten agencies who responded said they have staff or a department dedicated to compensation analysis. The City of Oakland and Contra Costa County marked that they do not have staff or departments dedicated to compensation analysis. The City of Concord noted that they use a contracting agency to assist in determining base salaries. The agencies that do not have staff or a department dedicated to compensation analysis may use staff as needed to conduct compensation analysis for classifications.

In addition to Human Resources departments researching, developing, and proposing base salary ranges agencies may have other departments or groups within their organization who assist in the approval of the base salary range. The next question focused on which departments or groups from their agency assist in determining base salary ranges. Table 3 indicates which departments or groups within an agency have a role in determining or approving base salary ranges. The Notes/Agency Comments category provides additional information about departments within an agency that may provide input during the salary setting process.

**Table 3: Agency Departments or Groups Involved in Determining Base Salary Ranges**

Agency	Bargaining Units	Budget Office	Contracting Agency	City Manager's Office	City Council/Board of Supervisors or Commission	Departments	Office of Employee Relations (OER)	Human Resources (HR)	Other	Notes/Agency Comments
City of San José	X	X			X	X	X	X		
Alameda County						*NR				
City of Berkeley						*NR				
City of Concord			X	X				X		
City of Fremont						*NR				
City of Hayward					X			X		
City of Oakland		X		X	X	X	X	X		
City of Santa Clara						*NR				
City of Sunnyvale				X	X			X		
City/County of San Francisco		X			X	X		X	X	Controllers Office
Contra Costa County								X		
Daly City				X				X		
San Mateo County							X	X		OER is within HR
Santa Clara County								X		
<b>TOTAL</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>10</b>	<b>1</b>	

\*NR indicates no response from agency.

As shown in Table 3 and as anticipated, the Human Resources Department for each agency has a role in determining base salary ranges. Several agencies noted that they have input from the Budget Office, City Manager's Office, and OER. All responding agencies included the Human Resources Department in determining base salary ranges, with final approval going through the City Council, Board of Supervisors, or another specified commission. Salary setting processes are laid out in each agency's Charter and Municipal Code. Generally, agencies that indicated the Budget Office assists in the salary setting process also responded in question 11 of the survey that their agency's budget has a large impact on determining base salary ranges. The City of Concord is unique in using a contracting agency to assist with their compensation process.

The data in Table 3 indicates the City of San José's salary range determination process involves the same departments as the market agencies. In fact, the City of San

José and the City of Oakland include the most departments within their agency to assist in the salary setting process. Due to a heavy union presence in the City of San José, they include the bargaining units when they send new classification and salary information over for unit designation. For updating existing classification base salaries, the City of San José may meet and confer with bargaining units to determine the appropriate salary range for classifications. This may include general increases which are negotiated and laid out in the MOA.

#### **Common Pay Strategy Evaluations**

There are various strategies that an agency may use to determine the base salary range for non-exempt employees. Question 5 asked agencies to mark which strategies their agency uses to determine base salary ranges. For agencies to properly determine salaries, research is essential to determine the appropriate and competitive range for each classification. Several ways that an agency may consider examining the most appropriate range for a classification is through examining market equity, internal equity, using job evaluations or analyses, negotiations with the respective bargaining units, private sector comparisons, and salary surveys. Table 4 summarizes the strategies used to determine salary ranges by each agency.

**Table 4: Pay Strategies Used to Determine Base Salary Ranges**

Agency	External Market	Internal Equity	Job Evaluations or Analyses	Labor Market Studies	Negotiations with Bargaining Units	Private Sector Comparisons	Salary Surveys	Other
City of San José	X	X			X		X	
Alameda County	*NR							
City of Berkeley	*NR							
City of Concord		X	X	X			X	
City of Fremont	*NR							
City of Hayward	X	X	X		X		X	
City of Oakland	X	X					X	
City of Santa Clara	*NR							
City of Sunnyvale	X	X					X	
City/County of San Francisco	X	X	X		X	X	X	
Contra Costa County	X	X	X	X	X		X	
Daly City			X		X		X	
San Mateo County	X	X	X		X		X	
Santa Clara County	X	X	X				X	
<b>TOTAL</b>	<b>8</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>10</b>	<b>0</b>

\*NR indicates no response from agency.

As discussed in the Literature Review, Cox and Waters focused on the importance of using external and internal equity as a strategy to determine salary. The Findings show that nine of the agencies in this study incorporate external market rates and/or internal equity to determine salaries. Job evaluations, labor market studies, bargaining unit negotiations, and salary surveys are strategies broadly used by each agency. Generally, agencies use negotiations with bargaining units for adjustments to existing classification salary ranges. The City and County of San Francisco indicated they also use private sector comparisons, as needed, to determine salary ranges. Using private sector comparisons may be valuable in instances that involve recruiting for positions that are highly technical or specialized, such as positions in IT or engineering. The San José MEF MOA (2014) states that “compensation information from the private sector will be gathered from existing published sources, and used to supplement public sector data as deemed appropriate” (56); however, as the analysis will discuss, this is not a regular

practice or may not be a feasible solution for the City of San José due to their budget constraints.

In addition to agencies marking which approaches they use, the survey asked respondents to list the top three agencies that their agency benchmarks against. Five of the agencies answered this question. The City of San José benchmarks their salaries to Bay Area agencies with populations of 100,000 or more, which are the agencies listed in the MEF MOA. In select instances, they may compare salaries to other agencies that provide a specific service or program that not all local agencies provide, such as positions located at the San José Mineta Airport or Regional Wastewater Facility. Contra Costa County stated that their top three comparison agencies are Alameda County, Santa Clara County, and Solano County. The top three comparison agencies for the City of Hayward are the City of Fremont, City of Richmond, and City of San Leandro. The City of Oakland's top three comparison agencies are the City of Berkeley, City of San José, and City and County of San Francisco. Santa Clara County compares their salaries to Alameda County, City and County of San Francisco, Contra Costa County, San Mateo County, and Santa Cruz County. The City of Sunnyvale compares their salaries to the cities listed in their Memorandum of Understanding (MOU): City of Alameda, City of Fremont, City of Hayward, City of Milpitas, City of Mountain View, City of Palo Alto, and City of Richmond. San Mateo County compares salaries to Alameda County, City and County of San Francisco, and Santa Clara County. The findings provide insight into which agencies the market benchmarks against. Each of the agencies that responded to this question compare their base salaries against local Bay Area agencies.



### **Compensable Factors and Additional Pay Practices**

As agencies create new classifications or update existing classifications, there are several factors that may be considered when analyzing the appropriate salary range. Question 6 focused on these factors, which are referred to as compensable factors, which Cox and Waters (2011) note are needed in order to complete the functions of the job. A compensable factor is “any particular skill, responsibility, effort or physical demand for which an employer is willing to pay an employee” (West Virginia University, 2010). This set of skills is essential to perform the duties of the job as listed in the classification specification. Table 5 addresses the factors that the agencies surveyed consider compensable for the purposes of determining base salaries.

**Table 5: Compensable Factors**

Agency	Competencies	Certifications/ Licenses	Desired Qualities	Education Level	Experience	Knowledge, Skills, and Abilities	Minimum Job Qualifications	Physical Demands	Responsibility/ Supervision	Essential Duties	Working Conditions	Other
City of San José	X	X		X	X		X		X	X		
Alameda County	*NR											
City of Berkeley	*NR											
City of Concord	X	X	X	X	X	X	X	X	X	X		
City of Fremont	*NR											
City of Hayward	X	X				X	X		X	X		
City of Oakland		X	X	X	X	X	X	X	X	X	X	
City of Santa Clara	*NR											
City of Sunnyvale		X		X	X	X	X		X	X	X	
City/County of San Francisco	X	X	X	X	X	X	X	X	X	X	X	
Contra Costa County		X		X	X	X	X		X	X		
Daly City			X	X		X	X			X		
San Mateo County		X			X		X		X			
Santa Clara County	X	X		X	X	X	X		X	X	X	
TOTAL	5	9	4	8	8	8	10	3	9	9	4	0

\*NR indicates no response from agency.

Compensable factors used by five or more of the agencies surveyed to determine base salary ranges are competencies; certifications and licenses; education level; experience; knowledge, skills, and abilities; minimum job qualifications; responsibility

and supervision level; and essential job duties performed. The compensable factors listed in Table 5 are described in the class specification or position description used in the recruitment process.

The purpose of Question 7 is to identify alternative compensation practices that agencies incorporate into their pay structure. Although these additional pay methods are not indicated in the base salary, this question helps to understand the agencies' compensation system on a broader scope. Table 6 includes compensation practices that agencies use for non-exempt employees.

**Table 6: Pay Practices Used by Agencies**

Agency	Recognition Pay	Higher Class Pay	Overtime	Pay for Performance	Skill Based Pay	Step or Grade Systems	Reallocations	Special Allowances	Other
City of San José		X	X			X	X		
Alameda County	*NR								
City of Berkeley	*NR								
City of Concord		X	X		X	X			
City of Fremont	*NR								
City of Hayward		X	X	X		X			
City of Oakland		X	X			X			
City of Santa Clara	*NR								
City of Sunnyvale		X	X	X	X	X	X		
City/County of San Francisco	X	X	X	X	X	X	X		
Contra Costa County		X	X	X		X	X		
Daly City		X	X	X		X			
San Mateo County			X			X	X		
Santa Clara County		X	X			X	X		
<b>TOTAL</b>	<b>1</b>	<b>9</b>	<b>10</b>	<b>5</b>	<b>3</b>	<b>10</b>	<b>6</b>	<b>0</b>	<b>0</b>

\*NR indicates no response from agency.

Higher class pay and overtime pay are among the most common additional forms of compensation an employee may receive in addition to their base salary. Reallocations enable employees performing duties outside the scope of work as defined in the class specification an opportunity for reallocation and receive an appropriate base salary for the

duties they are performing. Incorporating a step or grade system provides agencies with a clear progression for an employee to be compensated as they continue their tenure with an agency. A step or grade system provides a clear pathway for employees to progress through the compensation system, with increments that are pre-determined by the agency and are universal for all incumbents in the classification. Each of the agencies that responded to this question reported that they use a step system. On average each of the agencies reported using a five level step system; however, in select classifications the levels may range up to ten levels. The City of San José is unique in that they have an average of 9 steps for their step system.

Although Alameda County, City of Berkeley, City of Fremont, and City of Santa Clara did not participate in the survey, further follow-up on additional pay practices was conducted by researching their website. Per Article 6 of Alameda County's Salary Resolution, they offer pay for overtime, higher class pay, and bilingual pay (Alameda County, 2015). The City of Berkeley offers overtime, higher class pay, bilingual pay, uniform allowances for select classifications, and pays for maintenance of professional fees and licenses (Public Employees Union- Local One, 2012). In regards to determining base salary ranges, the City of Berkeley *Personnel Rules and Regulations* states that "in arriving at such salary rates, considerations shall be given to the City's financial condition and policies, to internal alignment, to current costs of living, to prevailing rates of pay for comparable work in other public and in private employment, and to other relevant factors such as recruitment and retention difficulties" (2014, 7). The City of Fremont's website states that for non-exempt employees they offer overtime, special pay (which includes educational incentive pay, sick leave incentive pay, and premium pay in categories such

as bilingual pay and working out of class pay), and there may be special allowances for the use of cell phones, tools, or uniforms (City of Fremont, 2014). The City of Santa Clara offers out of class pay, overtime pay, uniform allowance, and bilingual pay (City of Santa Clara, 2013).

### **Pay Schedules**

Question 8 asked agencies how often their base salary ranges for non-exempt positions are evaluated. Contra Costa County, Daly City, and San Mateo County all noted that their base salary ranges are evaluated regularly (0-3 years). The remaining agencies who participated in the survey marked that their base salaries are evaluated on an as needed basis. Question 9 asked agencies if they use a rotating schedule to evaluate base salary ranges. Daly City was the only agency that marked that they have a rotating schedule to update compensation ranges for their classifications; they did not elaborate on how their rotating schedule works in the survey response.

As agencies update or create new base salary ranges, agencies conduct research amongst their benchmark agencies' salaries and ensure that they are comparing comparable classifications. Beginning the salary research, obtaining department feedback, and getting the salary approved may take a specified amount of time based on an agency's policy. Question 10 asked agencies to indicate, on average, how long it takes for base salaries to be determined. This time includes the research to having the salary approved in the agency's pay plan. San Mateo County indicated that it takes an average of 0-2 months. The City of Hayward, City of San José, and City and County of San Francisco stated that it takes an average of 2-4 months. The City of Concord, City of Oakland, City of Sunnyvale, Daly City, and Santa Clara County marked that it takes approximately 4-6 months. Contra Costa County indicated it takes an average of 6

months or longer to determine and approve the base salary. They were the only agency that used an outside vendor.

### **Budget and Union Influence**

Question 11 focused on the overall impact that the agency's budget has on determining base salary ranges. Agencies were asked the level of influence that the budget has on their base salary ranges. Table 7 shows how much influence the agencies budget has on determining non-exempt employees base salaries. Agencies that are greatly impacted by the budget are the City of Oakland, City of San José, and Santa Clara County. A majority of the agencies indicated that the budget has a little to moderate impact on determining base salaries.

**Table 7: Budget Influence**

Agency	Large	Moderate	Little
City of San José	X		
Alameda County		*NR	
City of Berkeley		*NR	
City of Concord			X
City of Fremont		*NR	
City of Hayward		X	
City of Oakland	X		
City of Santa Clara		*NR	
City of Sunnyvale			X
City/County of San Francisco		X	
Contra Costa County			X
Daly City		*NR	
San Mateo County			X
Santa Clara County	X		
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>4</b>

\*NR indicates no response from agency.

Question 12 asked agencies about the impact that unions have on determining base salary ranges. Table 8 indicates the level of union influence on the agencies surveyed. The City and County of San Francisco, City of San José, and San Mateo County have heavy union influence.

**Table 8: Union Influence**

Agency	Large	Moderate	Little
City of San José	X		
Alameda County		*NR	
City of Berkeley		*NR	
City of Concord			X
City of Fremont		*NR	
City of Hayward			X
City of Oakland		X	
City of Santa Clara		*NR	
City of Sunnyvale		*NR	
City/County of San Francisco	X		
Contra Costa County			X
Daly City			X
San Mateo County	X		
Santa Clara County		X	
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>4</b>

\*NR indicates no response from agency.

The City of San José is the only city which has a large budget and union influence. Budget and union influence may be critical factors for the public sector as they determine base salary ranges. The impact of having both a large budget and heavy union influence will be further analyzed in the Analysis section.

### **Agency Best Practices**

The focus of Question 13 was agencies best practices. ICMA and IPMA-HR in conjunction with Fox Lawson & Associates, released lists of recommended best practices for agencies to use when examining compensation for public sector employees. The agencies surveyed were asked to document which best practices their agency uses to determine employee base salary ranges, based on the recommendations set forth by ICMA, IMPA-HR, and other best practices discussed in the Literature Review. Table 9 explores which best practices agencies use to determine base salary ranges.

**Table 9: Agency Best Practices for Determining Compensation**

Agency	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
City of San José	X	X			X	X	X	X						
Alameda County	*NR													
City of Berkeley	*NR													
City of Concord	X	X				X	X	X	X	X	X			
City of Fremont	*NR													
City of Hayward	X	X				X	X	X			X			
City of Oakland	X	X	X		X	X	X	X	X	X				
City of Santa Clara	*NR													
City of Sunnyvale	X	X				X	X	X						
City/County of San Francisco	X	X	X	X	X	X	X	X	X	X		X	X	
Contra Costa County	X	X	X			X	X	X			X			
Daly City	X						X				X			
San Mateo County	X	X	X			X	X							
Santa Clara County	X	X	X		X	X								
<b>TOTAL</b>	<b>10</b>	<b>9</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>9</b>	<b>7</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>0</b>

\*NR indicates no response from agency.

***Key for Best Practices Descriptions***

1.	Compensation is based on the position requirements, not the person(s) in the job
2.	Compensation is based on the complexity of the job as it aligns in the composition of the organization
3.	Compensation is based on the labor market conditions
4.	Compensation is based on the cost of living in the community
5.	Compensation is based on the the organization's budget
6.	Compensation is based on benchmarking to comparable agencies in close geographic proximity
7.	Compensation is based on benchmarking to comparable agencies with similar services
8.	Compensation is based on benchmarking to comparable agencies similar in employer size/population
9.	Compensation is based on benchmarking to comparable agencies similar in socio-economic make-up of the population
10.	Compensation is based on benchmarking to comparable agencies other similar employers in the immediate area
11.	Agency policies, procedures, or guidelines
12.	Broad-banding (incorporating broad salary grades)
13.	Career-banding system (use of a broad definition of job responsibilities for several job series)
14.	Other

As shown in the Findings, each of the agencies that responded to the survey checked that their agency determines compensation based on the position requirements

and the complexity of the job and how it aligns within the organization. Best practices may provide a useful tool to measure the effectiveness of an agency's practices in relation to the actual base salary. Question 14 asked agencies to identify additional best practices their agency uses, which were not previously listed. No agency responded to this question.

**Agency Satisfaction and Areas for Improvement**

Questions 15-16 focused on the agencies' satisfaction with their compensation system and inquired about areas where they could improve their compensation system. Each of the agencies that responded indicated they were satisfied with their current system, with the exception of the City of San José that noted it was dissatisfied with the current compensation system. The following agencies did not respond to this question: Alameda County, City of Berkeley, City of Fremont, City of Santa Clara, City of Sunnyvale, and Contra Costa County. To provide further follow-up regarding an agency's compensation satisfaction, agencies were asked what, if any, improvements they felt their agency could make in the salary setting process. Table 10 denotes areas chosen by an agency for improvement.



**Table 10: Areas for Compensation Process Improvements**

Agency	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
City of San José			X				X		X		X	
Alameda County	*NR											
City of Berkeley	*NR											
City of Concord			X	X		X	X	X		X	X	
City of Fremont	*NR											
City of Hayward							X	X		X	X	
City of Oakland	X					X			X	X	X	
City of Santa Clara	*NR											
City of Sunnyvale	*NR											
City/County of San Francisco								X				X**
Contra Costa County	*NR											
Daly City				X			X					
San Mateo County				X					X	X		
Santa Clara County								X		X		
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>1</b>

\*NR indicates no response from agency.

X\*\* The City and County of San Francisco would like to move away from using wage tables for calculating wage changes.

***Key for Agency Improvements***

1.	Better use of data collected from salary surveys
2.	Communication with departments or other key agencies on determining salary ranges
3.	Focusing on external equity
4.	Focusing on internal equity
5.	Impact of union influence
6.	Incorporating or improving current best practices
7.	Larger budget
8.	Length of process
9.	Rotating schedule or frequency to re-evaluate salary ranges
10.	Selecting more appropriate agencies to benchmark against
11.	Staffing resources
12.	Other

The most common areas selected for improvement were having a larger budget, improving the length of the process, selecting more appropriate agencies to benchmark against, and increasing staffing resources.

**Agency Salary Comparisons**

The final component of the Findings will focus on comparing the benchmark agencies' maximum hourly base salary for the selected classifications in Table 1. To better understand the differences between the salary ranges for each classification, the salary differential was determined. To determine the salary differential, the focus was on the maximum hourly base rate in comparison to the market average. Tables 11, 12, and 13 provide the salary differentials for the classifications selected for this analysis. Appendix B provides the actual salary comparison among the three levels of jobs which are categorized as highly specialized, moderately specialized, and semi-specialized. This measurement tool will be used to find correlations, if any, between an agency's practices and their actual salaries for non-exempt classifications.

Table 11 indicates which of the base hourly salary maximums for the selected highly specialized classes are either under or above the market average. Salaries 5% below the average are considered to be in the market range. For example, the City of San José Accountant classification is within the market range for the purpose of this analysis since it is 5% below the market average. On average, five to six of the fourteen agencies are generally under the market average by 6% or more. Some of the highest salary range disparities are found in Alameda County and Contra Costa County. Agencies consistently within the market average or above for highly specialized classifications are the City of Berkeley, City of Fremont, City of Hayward, City of Santa Clara, and City of Sunnyvale. The remaining agency differentials suggest that they are not either consistently at or above the market range, or are not significantly below or above the market range in the highly specialized category.

**Table 11: Highly Specialized Class Salary Differentials**

Agency	Accountant	Hazardous Materials Inspector	Systems Programmer Analyst
City of San José	-5%	-2%	-16%
Alameda County	-18%	-11%	-15%
City of Berkeley	3%	2%	5%
City of Concord	3%	NMC	-32%
City of Fremont	22%	0%	28%
City of Hayward	7%	3%	3%
City of Oakland	-3%	-9%	3%
City of Santa Clara	20%	20%	NMC
City of Sunnyvale	5%	22%	22%
City and County of San Francisco	-4%	30%	-12%
Contra Costa County	-22%	-20%	-19%
Daly City	11%	NMC	-13%
San Mateo County	-8%	NMC	13%
Santa Clara County	-15%	14%	32%
Average Maximum Hourly Rate	\$41.83	\$47.75	\$46.86

NMC indicates no matching classification.

Table 12 provides data on moderately specialized salary differentials. For this sample of classifications selected, the City of San José has all three of their moderately specialized classifications within the market range. Agencies that are consistently below the market average are the City of Concord, City of Hayward, Contra Costa County, and Santa Clara County. Agencies that are consistently within the market for the moderately specialized category are Alameda County, City of Berkeley, City of Oakland, City of Santa Clara, City of Sunnyvale, City and County of San Francisco, and San Mateo County.

**Table 12: Moderately Specialized Class Salary Differentials**

Agency	Buyer	Code Enforcement Inspector	Library Assistant
City of San José	6%	-3%	7%
Alameda County	20%	1%	0%
City of Berkeley	1%	6%	-13%
City of Concord	-25%	-14%	NMC
City of Fremont	-6%	3%	NMC
City of Hayward	-9%	4%	-15%
City of Oakland	9%	NMC	5%
City of Santa Clara	4%	3%	26%
City of Sunnyvale	11%	-5%	3%
City and County of San Francisco	9%	NMC	0%
Contra Costa County	-10%	NMC	-9%
Daly City	NMC	5%	-1%
San Mateo County	-1%	5%	-2%
Santa Clara County	-10%	-6%	-1%
Average Maximum Hourly Rate	\$39.05	\$40.03	\$30.47

NMC indicates no matching classification.

Table 13 displays semi-specialized class salary differentials. Agencies with salaries consistently in the market range or higher are the City of Fremont, City of Hayward, City of Santa Clara, City of Sunnyvale, City and County of San Francisco, and Daly City. Based on the salary findings for semi-specialized classes, the following agencies are consistently below the market: City of Concord, City of Oakland, City of San José, Contra Costa County, San Mateo County, and Santa Clara County.

**Table 13: Semi-Specialized Class Salary Differentials**

Agency	Account Clerk	Office Specialist	Police Data Specialist
City of San José	-17%	-14%	-6%
Alameda County	-11%	-5%	NMC
City of Berkeley	1%	-10%	NMC
City of Concord	-11%	5%	NMC
City of Fremont	10%	7%	-2%
City of Hayward	3%	31%	-4%
City of Oakland	-10%	-15%	-12%
City of Santa Clara	44%	30%	27%
City of Sunnyvale	18%	5%	1%
City and County of San Francisco	0%	-5%	NMC
Contra Costa County	-23%	-19%	NMC
Daly City	16%	12%	0%
San Mateo County	-11%	-2%	-11%
Santa Clara County	-12%	-20%	-4%
Average Maximum Hourly Rate	\$28.54	\$28.09	\$31.73

NMC indicates no matching classification.

The Findings in Tables 11, 12, and 13 suggest that the City of Santa Clara and City of Sunnyvale have salaries at or above the market average in all three classification categories. Agencies which are also in the market average range for six or more of the sampled classifications are: City of Berkeley, City of Fremont, City of Hayward, City and County of San Francisco, and Daly City. These agencies are competitive in the market for the sample of selected classifications analyzed. Based on the sample of classifications selected, the Findings show that Contra Costa County has a significant number of their classifications under market average. The remaining agencies, including the City of San José, have base salaries that may be in the market range for some of the selected classifications, but as the Findings show, a majority of the classifications selected fall 6% or more below the market average. This data will be further analyzed in the Analysis section to determine effective compensation strategies.

## **V. Analysis**

The analysis benchmarks the competitive agency findings against the City of San José, including a discussion of the agencies deemed as competitive, common compensation strategies and processes for competitive agencies, an evaluation of the budget and union influence, best practices, and an evaluation of process improvements across the agencies. The intent of this analysis is to determine if the competitive market agencies use practices different from the City of San José for determining base salaries for non-exempt employees that may contribute to competitive salaries, and to provide recommendations for the City to implement in their current system.

This section will interpret the data as discussed in the Findings section. The Findings section examines the results of the survey and provides details on comparable classifications maximum hourly base salaries. The process evaluation will analyze how the City of San José's processes or strategies can be improved, since their base salaries are not considered competitive within the market.

### **Competitive Agencies**

The Findings suggest that there are agencies within the market that have competitive salaries for non-exempt classifications. For the purpose of this analysis, classifications with base salaries at the market average, higher than the market average, or no more than 5% below the market average were deemed as having competitive salaries within the market. Those agencies are predicted to have successful or effective processes for determining base salaries for their non-exempt jobs. Base salary ranges that are 6% below the market average, falling outside of the competitive salary range, should consider improving their base salary setting compensation strategies. The following agencies lead the market in terms of salaries for the sample of classifications selected: City of Berkeley,

City of Fremont, City of Hayward, City of Santa Clara, City of Sunnyvale, City and County of San Francisco, and Daly City. What are these agencies doing in their salary setting process that set them apart from the rest of the market agencies, in particular from the City of San José? Since the following agencies did not respond to the survey - City of Berkeley, City of Fremont, and City of Santa Clara - their processes will not be benchmarked to the City of San José. The remaining agencies are deemed as competitive within the market - City of Hayward, City of Sunnyvale, City and County of San Francisco, and Daly City- and will be used as the competitive comparison agencies for this analysis.

#### **Compensation Strategies and Processes**

Through a comparison of the market strategies and processes used to determine base salary ranges, the Findings indicate that the City of San José uses similar processes in comparison to the market as a whole. When examining the Findings from the competitive agencies, each agency including the City of San José have staff or a department dedicated to compensation analysis. Having the appropriate staffing resources to conduct compensation analysis for an agency is essential to ensure compensation analysis is conducted thoroughly and appropriately. Each of the competitive agencies, except Daly City, noted that they conduct compensation analysis as needed and do not have a rotating schedule for evaluating base salary ranges. Daly City noted that they conduct compensation analysis regularly, on a rotating schedule, which was not elaborated on in the survey. It takes an average of 2-6 months for competitive agencies to determine salary ranges for non-exempt employees. The City of San José also falls within this timeline to determine base salary ranges. Neither staffing or time to determine a base salary range appear to affect the competitiveness of an agencies'

salaries. Daly City does evaluate base salary ranges on a rotating schedule. This would be considered significant if other agencies, which are competitive, also use this method. As discussed in the Literature Review, Howard Risher recommends evaluating compensation ranges on a cycle every 2-5 years or on a cycle which aligns with bargaining unit negotiations. Due to the City of San José's budget, there may be constraints with using this method, although this method may allow the City to focus on areas within the organization which may consistently have salaries under market average.

A strategy which each of the competitive agencies indicated they use are salary surveys. Salary surveys assist agencies with collecting salary information to analyze and determine the market average for a given position. Additional strategies that competitive agencies use are analyzing the external market and internal equity of the job within the organization. As noted by Cox and Waters in Table 2, external market comparisons and internal equity are valuable techniques to determine appropriate and competitive compensation. The City of San José does consider both of these strategies when determining base salary, but the City's budget does not always allow for the market average salary to be met. The City of San José does attempt to maintain internal equity throughout the organization, and they recognize the need for an improvement in their focus on maintaining external equity.

Three of the four competitive agencies use job evaluations or analyses to assist in determining salaries. A job evaluation is "the analysis and evaluation of work for the purpose of determining the relative value of each job in an organization. Job evaluation is the basis for fair compensation" (Northwest Territories, 2016). Although the City of San José does not use job evaluations or analyses in their current system, this may be an area



for the City to explore using. Job evaluations are designed to provide an equitable compensation structure. “Job evaluation provides a rational and consistent approach for determining the pay of employees within an organization... Job evaluation can be used independently, although it is usually part of a compensation system designed to provide appropriate salary ranges for all positions” (HR Council, n.d.). Job analyses are also used in compensation to determine compensable factors.

Similar to the City of San José, Daly City may use negotiations with bargaining units as needed for existing classification salary adjustments. The City and County of San Francisco noted that they use private sector comparisons as needed. Based on the City of San José’s MOA with MEF, the City may use private sector salaries in place of public data as deemed appropriate. If deemed appropriate for positions facing recruitment and retention challenges, comparing to private sector salaries is a strategy the City of San José may consider using more frequently. However, according to best practices described by ICMA and Risher, compensation should be benchmarked against public sector agencies. Using private sector salary information may lead to a salary imbalance, as discussed in the Literature Review, if appropriate salary setting guidelines are not determined. Further research would need to be conducted using competitive agencies to determine if using private sector data is a significantly effective strategy to use.

As discussed in this Analysis, staffing and the amount of time to determine salary ranges has a weak correlation to determining a competitive base salary. The City of San José is also using tools such as salary surveys, external market comparisons, and internal equity to review their base salaries. Recommended areas for the City of San José to

consider researching to determine the effectiveness of the strategies, in comparison to other competitive agencies, would be the use of a rotating schedule to conduct compensation analysis and considering using private sector comparisons for positions which are essential to the organization, but may be difficult to recruit and retain due to non-competitive salaries. The City of San José Human Resources Department attempts to be consistent in their efforts to control internal equity within their organization; however, emphasizing more focus on external equity will help improve their current competitive position within their market.

### **Evaluation of Budget and Union Influence**

An agency's budget determines the foundational framework for setting base salaries. If the budget is not sufficient to allow for base salary increases, it is unlikely that an agency will have the ability to offer competitive salaries. The market agencies with the above average salaries reported that their agency's budget had little or moderate impact on determining base salary ranges. The City of San José's budget has a large impact on determining base salary ranges. The largest driver for this situation is the current battle over benefit programs, which is outside the scope of this report (Giwargis, 2015b). The City has struggled to sustain their workforce due to employees leaving the City for more competitive paying jobs, an increase in promotions resulting in an increase in vacancies, and the inability to recruit and maintain qualified and competitive employees due to uncompetitive pay. Due to the City's severe budgetary limitations and recollections of the layoffs during the recession, the City of San José has been cautious in raising salaries.

The City of San José has experienced a shortfall in revenue over many budget cycles, which was worsened by the 2008-2011 recession. When the Dot.com boom occurred in the 1990s and sales tax revenues rose many agencies, including the City of

San José, raised employee salaries and increased employee benefits in order to compete with the private sector (Silicon Valley Community Foundation, 2012). The amount of money the City was paying out versus their incoming revenue was unsustainable. In an attempt to remedy the budget crisis, City of San José employees took a 10% pay cut, City services were significantly cut, and employees were laid off (Silicon Valley Community Foundation, 2012). In a memo to the San José City Council, City Manager Debra Figone reflected on the budget crisis and its impact on being a competitive employer. She wrote, “It has been said that the City of San José will no longer be a competitive employer when we make changes to the retirement benefits... The City of San José is a very large public agency, and it is difficult to compare us to smaller agencies within the Bay Area...

Attracting employees with a commitment to public service and specifically to San José needs to be reemphasized” (Figone, 2011, 9-10). Perhaps the City Manager was suggesting that attracting employees who are dedicated to public service versus highly competitive candidates seeking higher pay, is more valuable to the City, making it more resilient in times of financial crisis. If this is true, it explains the lack of ability to focus on salary ranges being competitive with the external market.

In addition to a significant budget impact, the City of San José is heavily influenced by unions. The City and County of San Francisco also reported having a heavy union influence. Daly City and the City of Hayward have little union influence for determining salaries, and the City of Sunnyvale did not answer this question.

The City of San José has eleven bargaining unions that OER negotiates with. In particular, MEF represents approximately 1,915 employees. As shown in Table 1, all of the classifications analyzed in this research are part of the MEF bargaining union. OER

negotiates a contract with MEF, which covers wages, retirement, and other conditions of employment. The current MEF contract has negotiated a 3% increase over the next two years in base pay for all classifications represented by MEF. However, even with the 3% increase, many of the classifications base salary ranges will still fall below the market average. As discussed in the Literature Review, union influence appeared to have a significant impact on public sector salaries in comparison to private sector salaries. However, based on the Findings of the survey across agencies within San José's market, union representation appears to have little to no impact on the competitiveness of an agency's salary. Regardless of the agency's union influence, there are classifications that fall above and below the market average. Therefore, San José cannot use this benchmark since unions and organized bargaining units are the reality of the City of San José's personnel system.

The agencies with little to moderate "budget influence" – interpreted to mean a sufficiency of revenue to support increased salaries - have more flexibility with determining whether to offer higher base salaries. Based on the Findings, agencies with a larger budget influence – interpreted to mean an insufficiency of revenue to support increased salaries -have more conservative salaries. Less competitive agencies, such as the City of Oakland and Santa Clara County, also have a heavy budget influence when determining base salaries. Budget influence appears to have a significant impact on base salary determinations.

### **Best Practices**

ICMA and IPMA-HR released recommended guidelines to assist agencies with determining compensation. Table 9 indicates which best practices agencies use in their current compensation system, based on ICMA (2010), IPMA-HR in conjunction with

Fox Lawson & Associates (2009), and Risher (2012). The suggested practices assist agencies with implementing a transparent compensation system, as well as a system that is fair and consistent. The shared best practices between the City of San José and the competitive agencies are:

- Compensation is based on the position requirements, not the person(s) in the job
- Compensation is based on the complexity of the job as it aligns in the composition of the organization
- Compensation is based on the organization's budget
- Compensation is based on benchmarking to comparable agencies in close geographic proximity
- Compensation is based on benchmarking to comparable agencies with similar services, and
- Compensation is based on benchmarking to comparable agencies similar in employer/size population.

The City of San José attempted to use a broad banding system; however, it was not effective and the City no longer uses this type of system.

The City and County of San Francisco incorporates several other best practices to determine base salary. Additional best practices they base compensation on is the labor market conditions, cost of living in the community, benchmarking to comparable agencies in similar socio-economic make-up of the population, benchmarking to comparable agencies with similar employers in the immediate area, broad banding, and using a career-banding system. The City of Hayward and Daly City have specific agency policies or guidelines they follow to determine base salary ranges.

Since the City of San José's budget has a large impact on base salary determinations, incorporating additional best practices used by the City and County of San Francisco may be difficult for the City to incorporate in their current system. If the budget is not flexible, it may be difficult to compensate based on labor market conditions and cost of living.

### **Process Improvements**

Table 10 documents each agencies' level of satisfaction with its current compensation system. The following agencies reported that they are satisfied with their compensation practices: City of Concord, City of Hayward, City of Oakland, City and County of San Francisco, Daly City, San Mateo County, and Santa Clara County. The City of San José is the only agency that reported being dissatisfied with their current compensation practices. In order to further analyze their level of satisfaction with their current practices, agencies were asked what they could improve in their current compensation system.

The City of Sunnyvale did not mark any improvements for its compensation system. Daly City improvements include focusing on internal equity and a larger budget. City of Hayward improvements include a larger budget, improving the process length, selecting more appropriate benchmark agencies, and increasing staffing resources. The City and County of San Francisco process improvements include improving the process length and moving away from using wage tables to calculate wage changes. In comparison to the benchmark cities, the City of San José would like to improve their focus on external equity, having a larger budget, implementing a rotating schedule to evaluate salary ranges, and staffing resources. Commonalities among the competitive agencies and San José include a larger budget and more staffing resources to assist with

compensation analysis.

Areas in which agencies would like to improve their compensation processes are having a larger budget, improving the length of the process, selecting more appropriate agencies to benchmark against, and increasing staffing resources. If agencies had a larger budget, base salaries are likely to be more competitive. Agencies with competitive salaries are agencies with flexible budgets that allow for additional and competitive salary adjustments.

The improvement in the length of the salary setting process may be attributed to agency processes and regulations set by an agency's Charter or Civil Service Rules. It is unlikely that the timeline for salaries to be approved can be adjusted due to an agency's legal constraints, but the timeline to conduct the research and propose a base salary may be improved if more staffing resources were allocated. Appropriate staffing resources would allow for adequate research to be conducted for salary analysis.

Finally, selecting more appropriate agencies to benchmark against may alter the existing market. Several cities and counties have agreed upon benchmark agencies as negotiated with the bargaining units in their MOAs. ICMA best practices recommend using communities which are alike in density, population, and number of employees. If the surveyed agencies changed the basis for selecting their market competitor agencies, they might gain data that would support appropriate salary comparisons for non-exempt classification. When examining the market agencies the City of San José compares to, the agencies selected would have to change to include only those of comparable size, which would include only the City and County of San Francisco and Alameda County. If density were considered that might include the City of Fremont or City of Oakland.

However, trying to find an agency with comparable population and density with only 5,500 employees is not possible in California. None of the existing comparison agencies meets the ICMA recommendations.

### **Conclusion**

The competitive agencies currently defined as within the San José market possess many differences from the benchmark agency, which is the City of San José. The methodology used for this benchmark analysis involved determining alternative salary setting strategies used by competitive market agencies in comparison to the City of San José. As discussed in the evaluation of the budget and union influence, the City of San José's budget and union influence have a large impact on determining base salary ranges. After reviewing San Jose's salary setting methods and processes, the budget appears to be the largest constraint on the City's salary setting process. Budget constraints may make it difficult for the City to implement new strategies. In the event the budget allows for more flexibility, the City should consider implementing some of the competitive agency practices to enhance their salary setting processes for determining base salary ranges.

Based on Risher's (2012) best practices recommendation, the City of San José should consider evaluating base salary ranges on a rotating schedule, either every 2-5 years or in alignment with the bargaining union contract negotiations. The City should also work with the Budget Office to provide a more central focus on external equity. Additional practices for the City to consider would be to conduct job evaluations or analyses, and to examine private sector salaries for highly technical or difficult to recruit positions in order to achieve a competitive edge. If the City of San José opts to analyze private sector salaries, they may need to consider implementing base salary setting guiding principles for examining non-exempt salaries. The recommendations proposed



will ideally lead to a more market conscious base salary setting process for non-exempt employees.

## Appendices

### Appendix A

#### Survey Questions

1. What government agency are you currently working for? \_\_\_\_\_
2. What is your role in your department or title of your position? \_\_\_\_\_
3. Does your agency have a department or employee(s) dedicated to employee compensation analysis?    ☐ Yes                      ☐ No                      ☐ Our agency uses an outside contractor.
4. What departments or corresponding agencies assist in determining base salary ranges for non-exempt classifications? Select all that apply.  

<input type="checkbox"/> Bargaining units	<input type="checkbox"/> Departments
<input type="checkbox"/> Budgeting Office	<input type="checkbox"/> Office of Employee Relations
<input type="checkbox"/> City contracted agency	<input type="checkbox"/> Human Resources
<input type="checkbox"/> City Manager's Office	<input type="checkbox"/> Other (List applicable departments or agencies).
<input type="checkbox"/> City Council or other city commission	

\_\_\_\_\_
5. What strategies does your entity use to determine base salary ranges for non-exempt classifications? Select all that apply.  
☐ External market comparisons (Please list your top three comparator agencies).  
1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_  
☐ Internal equity comparisons  
☐ Job evaluations or analyses  
☐ Labor market studies conducted by outside agencies  
☐ Negotiations with bargaining units  
☐ Private sector comparisons  
☐ Salary surveys  
☐ Other (List other methods your entity uses). \_\_\_\_\_
6. What job specific compensable factors does your agency consider when determining base salary ranges for non-exempt classifications? Select all that apply.  

<input type="checkbox"/> Competencies	<input type="checkbox"/> Minimum qualifications
<input type="checkbox"/> Certifications/licences	<input type="checkbox"/> Physical requirements of the job
<input type="checkbox"/> Desirable qualities	<input type="checkbox"/> Responsibility/supervisory duties
<input type="checkbox"/> Education level	<input type="checkbox"/> Typical essential job duties
<input type="checkbox"/> Experience level	<input type="checkbox"/> Working conditions
<input type="checkbox"/> Knowledge, skills, and abilities	<input type="checkbox"/> Other _____
7. What alternative pay practices does your agency use to compensate non-exempt employees? Select all that apply.

- |                                                              |                                                        |
|--------------------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> Employee recognition pay programs   | <input type="checkbox"/> Skill based pay               |
| <input type="checkbox"/> Higher class pay                    | <input type="checkbox"/> Reallocations                 |
| <input type="checkbox"/> Overtime pay                        | <input type="checkbox"/> Special allowances            |
| <input type="checkbox"/> Pay for performance/merit increases | <input type="checkbox"/> Standard step-system or grade |
| increases                                                    | <input type="checkbox"/> Other _____                   |

- a. If you selected step-system or grade increases: In general, how many steps/grades does your agency use for non-exempt classifications?
- \_\_\_\_\_

8. On average, how often are base salary ranges evaluated in your agency for non-exempt classifications?

- ☐ Regularly (Every 0-3 years)
- ☐ Periodically (Every 4-8 years)
- ☐ As needed (no rotating schedule)

9. Does your agency have a rotating schedule to re-evaluate compensation ranges for non-exempt classifications? ☐ Yes ☐ No

If yes, please describe your rotating schedule. \_\_\_\_\_

10. On average, how long does it take for your agency to determine a base salary range for a non-exempt classification? (Note: Time starts from the time your agency begins the research to determine a salary range, to it being updated in your agency's pay plan or salary schedule).

- ☐ 0 months- 2 months
- ☐ 2 months- 4 months
- ☐ 4 months- 6 months
- ☐ 6 months or longer

11. How much influence does your agency's budget have on determining base salary ranges for non-exempt classifications?

- ☐ Large influence ☐ Moderate influence ☐ Little influence

12. How much influence do unions have on determining base salary ranges for non-exempt classifications?

- ☐ Large influence ☐ Moderate influence ☐ Little influence

13. Which best practices does your agency use to determine base salary ranges for non-exempt classifications? Select all that apply.

- ☐ Compensation is based on the position requirements, not the person(s) in the job.
- ☐ Compensation is based on the complexity of the job as it aligns in the composition of the organization.
- ☐ Compensation is based on the labor market conditions.
- ☐ Compensation is based on the cost of living in the community.
- ☐ Compensation is based on the the organizations budget.

☐ Compensation is based on benchmarking to comparable agencies in close geographic proximity.

☐ Compensation is based on benchmarking to comparable agencies with similar services.

☐ Compensation is based on benchmarking to comparable agencies similar in employer size/population.

☐ Compensation is based on benchmarking to comparable agencies similar in socio-economic make-up of the population.

☐ Compensation is based on benchmarking to comparable agencies other similar employers in the immediate area.

☐ Agency policies, procedures, or guidelines.

☐ Broad-banding (incorporating broad salary grades)

☐ Career-banding system (use of a broad definition of job responsibilities for several job series)

☐ Other (Describe other in question 14).

14. Describe alternative strategies or practices your agency uses to determine base salary ranges for non-exempt classifications, not previously covered in this survey. If none, write none.

---

15. What is your agency's level of satisfaction with your current compensation methods and practices?

☐ Extremely satisfied

☐ Satisfied

☐ Dissatisfied

16. What areas of your agency's compensation process could be improved to determine base salary ranges for non-exempt classifications? Select all that apply.

☐ Better use of data collected from salary surveys

☐ Communication with departments or other key agencies on determining salary ranges

☐ Focusing on external equity

☐ Focusing on internal equity

☐ Impact of union influence

☐ Incorporating or improving current best practices

☐ Larger budget

☐ Length of process

☐ Rotating schedule or frequency to re-evaluate salary ranges

☐ Selecting more appropriate agencies to benchmark against

☐ Staffing resources

☐ Other (List other improvements).

---

**Appendix B****List of Comparable Classifications**

*(Agencies without comparable classifications have been designated with a NMC).*

**Highly Specialized Classes**

<b>Agency</b>	<b>Accountant</b>	<b>Hazardous Materials Inspector</b>	<b>Systems Programmer Analyst</b>
<b>City of San José</b>	Accountant II	Hazardous Materials Inspector II	Systems Applications Programmer II
<b>Alameda County</b>	Accountant	Hazardous Materials Specialist	Programmer II
<b>City of Berkeley</b>	Accountant II	Hazardous Materials Specialist II	Applications Programmer/Analyst II
<b>City of Concord</b>	Accountant II	NMC	Programmer Analyst
<b>City of Fremont</b>	Accountant	Hazardous Materials Technician	Systems Analyst/ Programmer
<b>City of Hayward</b>	Accountant	Hazardous Materials Investigator	Programmer Analyst
<b>City of Oakland</b>	Accountant II	Hazardous Materials Inspector II	Systems Programmer II
<b>City of Santa Clara</b>	Accountant	NMC	NMC
<b>City of Sunnyvale</b>	Accountant	Hazardous Materials Inspector	Programmer Analyst
<b>City/County of San Francisco</b>	Accountant II	NMC	IS- Programmer Analyst
<b>Contra Costa County</b>	Accountant II	Hazardous Materials Specialist I	Information Systems Programmer/Analyst II
<b>County of San Mateo</b>	Accountant II	Hazardous Materials Specialist II	Information Technology Analyst
<b>Daly City</b>	Accountant	NMC	Computer Programmer Analyst
<b>Santa Clara County</b>	Accountant II	Hazardous Materials Specialist II	Programming Analyst

NMC denotes no matching classification.

**Moderately Specialized Classes**

<b>Agency</b>	<b>Buyer</b>	<b>Code Enforcement Inspector</b>	<b>Library Assistant</b>
<b>City of San José</b>	Buyer III	Code Enforcement Inspector II	Library Assistant
<b>Alameda County</b>	Buyer II, Zone 7	Zoning Investigator II	Library Assistant II
<b>City of Berkeley</b>	Senior Buyer	Code Enforcement Officer II	Library Assistant
<b>City of Concord</b>	Buyer	Code Enforcement Officer	NMC
<b>City of Fremont</b>	Buyer	Code Enforcement Officer II	NMC
<b>City of Hayward</b>	Purchasing Technician	Code Enforcement Inspector II	Library Assistant
<b>City of Oakland</b>	Buyer	NMC	Library Assistant
<b>City of Santa Clara</b>	Purchasing Clerk	Code Enforcement Technician	Library Assistant II
<b>City of Sunnyvale</b>	Buyer II	Neighborhood Preservation Specialist	Library Assistant
<b>City/County of San Francisco</b>	Purchaser	NMC	Library Assistant
<b>Contra Costa County</b>	Buyer II	NMC	Library Assistant-Advanced Level
<b>County of San Mateo</b>	Buyer II	Code Compliance Officer III	Library Assistant II
<b>Daly City</b>	NMC	Code Enforcement Inspector	Library Assistant II
<b>Santa Clara County</b>	Buyer II	Zoning Investigator	Library Assistant II

NMC denotes no matching classification.

**Semi-Specialized Classes**

<b>Agency</b>	<b>Account Clerk</b>	<b>Office Specialist</b>	<b>Police Data Specialist</b>
<b>City of San José</b>	Account Clerk II	Office Specialist II	Police Data Specialist II
<b>Alameda County</b>	Account Clerk II	Specialist Clerk II	NMC
<b>City of Berkeley</b>	Accounting Office Specialist II	Office Specialist II	NMC
<b>City of Concord</b>	Account Clerk III	Administrative Secretary	NMC
<b>City of Fremont</b>	Account Specialist II	Office Specialist II	Police Records Specialist
<b>City of Hayward</b>	Account Clerk	Administrative Secretary	Police Records Clerk II
<b>City of Oakland</b>	Account Clerk II	Office Assistant II	Police Records Specialist
<b>City of Santa Clara</b>	Account Clerk II	Office Specialist II	Police Records Specialist II
<b>City of Sunnyvale</b>	Accounting Technician	Staff Office Assistant	Public Safety Records Specialist II
<b>City/County of San Francisco</b>	Account Clerk	Office Assistant II	NMC
<b>Contra Costa County</b>	Account Clerk-Advanced Level	Office Manager/Secretary	NMC
<b>County of San Mateo</b>	Cashier	Office Specialist	Sheriffs Criminal Records Technician II
<b>Daly City</b>	Account Clerk II	Office Assistant II	Police Records Clerk II
<b>Santa Clara County</b>	Account Clerk II	Office Specialist II	Law Enforcement Records Technician

NMC denotes no matching classification.

**Appendix C****Salary Comparison of Classifications***(If necessary, pay ranges have been rounded to the nearest penny).***Highly Specialized Class Salaries (Hourly)**

<b>Agency</b>	<b>Accountant</b>	<b>Hazardous Materials Inspector</b>	<b>Systems Application Programmer</b>
<b>City of San José</b>	\$39.94	\$46.74	\$39.23
<b>Alameda County</b>	\$34.33	\$42.68	\$39.84
<b>City of Berkeley</b>	\$43.29	\$48.89	\$49.28
<b>City of Concord</b>	\$43.15	NMC	\$31.80
<b>City of Fremont</b>	\$50.83	\$47.57	\$60.03
<b>City of Hayward</b>	\$44.93	\$49.37	\$48.28
<b>City of Oakland</b>	\$40.54	\$43.48	\$48.29
<b>City of Santa Clara</b>	\$51.16	NMC	NMC
<b>City of Sunnyvale</b>	\$43.75	\$58.49	\$57.28
<b>City/County of San Francisco</b>	\$39.99	NMC	\$41.29
<b>Contra Costa County</b>	\$32.61	\$38.15	\$37.83
<b>County of San Mateo</b>	\$38.60	\$46.32	\$53.06
<b>Daly City</b>	\$46.58	NMC	\$40.93
<b>Santa Clara County</b>	\$35.52	\$54.36	\$62.06

NMC denotes no matching classification.



**Moderately Specialized Class Salaries (Hourly)**

<b>Agency</b>	<b>Buyer</b>	<b>Code Enforcement Inspector</b>	<b>Library Assistant</b>
<b>City of San José</b>	\$41.25	\$39.01	\$32.68
<b>Alameda County</b>	\$46.92	\$40.56	\$30.47
<b>City of Berkeley</b>	\$39.42	\$42.31	\$26.48
<b>City of Concord</b>	\$29.43	\$34.39	NMC
<b>City of Fremont</b>	\$36.87	\$41.37	NMC
<b>City of Hayward</b>	\$35.52	\$41.78	\$25.98
<b>City of Oakland</b>	\$42.38	NMC	\$31.92
<b>City of Santa Clara</b>	\$40.63	\$41.23	\$38.45
<b>City of Sunnyvale</b>	\$43.42	\$38.07	\$31.33
<b>City/County of San Francisco</b>	\$42.45	NMC	\$30.44
<b>Contra Costa County</b>	\$35.33	NA	\$27.76
<b>County of San Mateo</b>	\$38.81	\$41.86	\$29.89
<b>Daly City</b>	NMC	\$41.92	\$30.10
<b>Santa Clara County</b>	\$35.18	\$37.79	\$30.20

NMC denotes no matching classification.

**Semi Specialized Class Salaries (Hourly)**

<b>Agency</b>	<b>Account Clerk</b>	<b>Office Specialist</b>	<b>Police Data Specialist</b>
<b>City of San José</b>	\$23.81	\$24.08	\$29.72
<b>Alameda County</b>	\$25.52	\$26.60	NMC
<b>City of Berkeley</b>	\$28.75	\$25.41	NMC
<b>City of Concord</b>	\$25.41	\$29.43	NMC
<b>City of Fremont</b>	\$31.44	\$29.94	\$31.07
<b>City of Hayward</b>	\$29.44	\$36.83	\$30.41
<b>City of Oakland</b>	\$25.82	\$24.01	\$27.89
<b>City of Santa Clara</b>	\$41.23	\$36.55	\$43.75
<b>City of Sunnyvale</b>	\$33.59	\$29.36	\$32.06
<b>City/County of San Francisco</b>	\$28.65	\$26.71	NMC
<b>Contra Costa County</b>	\$21.96	\$22.76	NMC
<b>County of San Mateo</b>	\$25.52	\$27.48	\$28.38
<b>Daly City</b>	\$33.24	\$31.53	\$31.68
<b>Santa Clara County</b>	\$25.19	\$22.60	\$30.57

NMC denotes no matching classification.

## Glossary

<b>Term</b>	<b>Definition</b>
Compensable Factor	Any particular skill, responsibility, effort or physical demand for which an employer is willing to pay an employee.
Compensation System	A way of determining what employees are paid based on the classification of the positions.
External Equity	Pay rates that are at least equal to the average rates in the organization's market or sector.
External 'Market'	Agencies that are considered comparable to San José for purposes of classification and pay studies.
Flexibly Staffed Class	The alternate use of either of two classes in a designated series for filling a vacant position.
Internal Equity	The slotting of a classification in comparison to existing classifications.
Job Analysis	A process to identify and determine in detail the particular job duties and requirements and the relative importance of these duties for a given job.
Job Evaluation	The analysis and evaluation of work for the purpose of determining the relative value of each job in an organization. Job evaluation is the basis for fair compensation.
Pay Plan/ Classification Plan	Document maintained by the Director of Human Resources, that lists each classification, grade, step levels, bargaining unit and salary range.
Salary Surveys	Collects data for a sample of classifications that are deemed as 'benchmark' classifications.

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