

## SUMMARY OF INFORMATION IN THE CLASSIFIED EMPLOYEE COMPENSATION SYSTEM PROPOSALS

Summary Proposal Information	Fox Lawson & Associates	Hay Group
Company profile	<p>Fox Lawson &amp; Associates, located in St. Paul, Minnesota, and Phoenix, Arizona, provides compensation and human resource consulting services. The firm has conducted over 500 compensation studies for various universities, colleges, school districts, cities, counties, and states.</p> <p>Fox Lawson &amp; Associates has provided services to North Dakota's Office of Management and Budget regarding appointed officials' compensation plans, as well as to the North Dakota Supreme Court and Cass and Burleigh Counties.</p>	<p>Hay Group, located in Philadelphia, Pennsylvania, is a global management consulting firm that has over 2,600 employees working in 85 offices in 47 countries. The firm's clients are from the private, public, and not-for-profit sectors. The firm provides consultation in the areas of leadership and talent, reward (compensation) services, building effective organizations, and employee and customer surveys.</p> <p>Hay Group has provided services to North Dakota Workforce Safety and Insurance.</p>
Lead contact	James C. Fox, Managing Director	Neville Kenning, Vice President
Team members	<p>Bruce G. Lawson, Managing Director</p> <p>Heidi Nelson, Senior Consultant</p> <p>Beth Ostrem, Senior Consultant</p> <p>Sandy Spellman, Senior Consultant</p> <p>Devin Grdinic, Consultant</p> <p>Chelsea Christie, Consulting Associate</p>	<p>Greg Wolf, Senior Consultant</p> <p>Brenda Danenhauer, Consultant</p> <p>Lisa Bailey, Associate Consultant</p>
Project plan and schedule	The proposal includes a timetable by which the vendor would begin the study within two weeks of receiving the state of North Dakota's authorization to proceed and complete the study within nine months. The submitted proposal shows an estimated commencement in January and end date by the deadline of September 1, 2010.	The proposal includes a timeline to finish proposed work by the deadline of September 1, 2010, if work commences no later than the end of February 2010.
Expertise and experience	The proposal indicates the consulting firm has assisted approximately 27 states in reviewing and modernizing their compensation systems, including recent assignments for the states of Arkansas, Colorado, North Carolina, Washington, and Wyoming. The proposal states the firm has over 25 years' experience in providing services to government entities in the area of classification, compensation, reward, and performance systems. The proposal also includes summaries of nine recent engagements that are relevant to the requirements of this study and those contract costs range from \$40,000 to \$450,000.	The proposal indicates the consulting firm has assisted approximately 24 other states, and the project director individually has experience with 11 of those states in similar assignments. The proposal includes seven brief summaries of recent engagements with other states. An indepth summary of work with the state of Kansas, the University of Illinois - Springfield, and the state of Idaho is included within the proposal.
Recent projects most similar to North Dakota's requested study	<p>The proposal identifies the following recent projects that are most similar to North Dakota's study:</p> <ul style="list-style-type: none"> <li>State of North Carolina (2007-08) - Performance audit of the Office of State Personnel practices and policies in all areas of personnel management (recruitment, training, classification, compensation, discipline) as well as an assessment of the career banding system that the General Assembly authorized to revise its classification and compensation system.</li> <li>State of Wyoming (2007) - Comprehensive audit of the compensation practices and use of market data to establish pay ranges and hiring rates for state employees.</li> <li>State of Arkansas (2006) - Assisted internal study team on best practices in developing a new state classification and compensation system.</li> </ul>	<p>The proposal identifies the following recent projects that are most similar to North Dakota's study:</p> <ul style="list-style-type: none"> <li>State of Wyoming (current) - Comprehensive review and redesign of the classification, job evaluation, and compensation plan for all classified employees.</li> <li>State of South Dakota (2008-09) - Audited numerous components of classified employee pay plans as well as developed job family-based career ladder structures.</li> <li>State of Kansas (2006-07) - Conducted a comprehensive salary survey that led to the state forming a state Employee Pay Plan Oversight Commission. With this commission, Hay Group helped to redesign the compensation plans for all classified employees.</li> </ul>
Methodology	<p>The proposal includes a proposed methodology consisting of the following tasks:</p> <ul style="list-style-type: none"> <li>Study initiation and administration - Onsite meeting with state human resource leaders, administrators, legislative committee, and others as appropriate to develop understanding of compensation history and strategy, of current issues surrounding the compensation program, and of progressive issues of managing compensation systems in states and other public sector employers.</li> </ul>	<p>The proposal includes a detailed workplan with six major work steps relating to the study objectives:</p> <ul style="list-style-type: none"> <li>Project management and communications process - Clarify the scope of the project, develop communication strategies, and agree on the project management process.</li> <li>Gathering data - All existing job and classification documentation, reports from any previous studies, existing benchmark jobs which the state uses for analysis, salary structure, employee salary data, benefits plans summary booklets, human resources policies and procedures, and any other information that will help understand the current plan.</li> </ul>

	<ul style="list-style-type: none"><li>Assessment of current and past practices - Assess classification, compensation, pay practices, and pay management practices; the use of market data, comparison of classification and pay practices versus trends in the market, and the state's needs; the budgeting process; review and assessment of fringe benefit practices and costs; and assessment of recruitment and retention practices and plans.</li><li>Pay strategy discussion - New or revised and clarified pay strategy; recommendation on how to improve the effectiveness of classification and compensation systems; as well as specific recommendations to develop and determine position classifications; set pay grade minimums, maximums, and midpoints; appropriate market comparisons; methods to minimize salary inequities within agencies and state government; a method to develop and sustain long-term salary increase administration policy; a budget and appropriation process for providing funds to agencies to administer the state's salary increase policy; appropriate use of funding available within agency budgets for accumulated savings resulting from vacant positions and employee turnover; fringe benefits; recruitment and retention tools; and a state compensation philosophy statement.</li><li>Ongoing advice and counsel - If so desired by the state of North Dakota.</li></ul>	<ul style="list-style-type: none"><li>Interviews and plan perception questionnaire - Supplementing data gathering with interviews with members of the human resource management system, agency heads and human resources personnel, and key legislative leaders.</li><li>Analysis - Analyze the classified employee classification and compensation system in the 10 areas the request for proposal specified. Provide analysis in terms of system design and effectiveness against stated state objectives, policies, and procedures but also against what Hay Group deems "best practices."</li><li>Recommendations and reporting - At minimum, all 10 areas specified in the request for proposal will be addressed in a report. Analysis and commentary will be grouped into four categories--areas of the current plan and system which are well-designed and administered; areas of the current plan that with some modification can be made effective and continue use; areas of the current plan and system which are deficient and should be eliminated or redesigned; and components of an effective, plan and system which are common, effective, and best practice in the external market but are not currently included in the state's plan and system.</li><li>Transition and implementation planning - The proposal is for an evaluation of the existing compensation program only. The proposal will, however, include an implementation plan and timetable to enable the recommendations to be implemented if approved.</li></ul>																						
Proposal cost (\$100,000 was appropriated)	<p>The vendor's proposed budget for completing the study is \$95,000, including fees and related expenses as follows:</p> <table><tr><td><b>Task</b></td><td><b>Fees and Expenses</b></td></tr><tr><td>I. Study initiation and administration (40 hours)</td><td>\$20,000</td></tr><tr><td>II. Assessment of practices (200 hours)</td><td>50,000</td></tr><tr><td>III. Pay strategy discussion (80 hours)</td><td>25,000</td></tr><tr><td>IV. Ongoing assistance and counsel (if requested)</td><td>Hourly</td></tr><tr><td>Total</td><td>\$95,000</td></tr></table> <table><tr><td><b>Ongoing Assistance Level</b></td><td><b>Hourly Rates</b></td></tr><tr><td>Partner</td><td>\$310</td></tr><tr><td>Senior Consultant</td><td>\$215</td></tr><tr><td>Consultant</td><td>\$150</td></tr><tr><td>Paraprofessional</td><td>\$90</td></tr></table>	<b>Task</b>	<b>Fees and Expenses</b>	I. Study initiation and administration (40 hours)	\$20,000	II. Assessment of practices (200 hours)	50,000	III. Pay strategy discussion (80 hours)	25,000	IV. Ongoing assistance and counsel (if requested)	Hourly	Total	\$95,000	<b>Ongoing Assistance Level</b>	<b>Hourly Rates</b>	Partner	\$310	Senior Consultant	\$215	Consultant	\$150	Paraprofessional	\$90	<p>The vendor's proposed budget for completing the study is \$100,000.</p> <p>This quote is an all-inclusive, not to exceed fee and expense quote. Based on the proposed workplan, the vendor estimates that the professional fees and expenses will not exceed \$100,000.</p>
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