

# State of North Dakota

## Evaluation of Classified Employee Compensation System Project Analysis and Preliminary Findings Supplemental Report

September 30, 2010



# Introduction

- In August, Hay Group (Hay) presented analysis and preliminary findings of the areas requested for study by the Government Services Committee (GSC)
- Based on additional information provided and/or questions Hay received after the August meeting, Hay would like to provide additional clarification in the following areas:
  - Salary Inequities - Ranking of Positions
  - Retention Bonus Trends
  - Fringe Benefits

# Salary Inequities

## Ranking of Positions

- As mentioned in the August report, Hay conducted a sample review/quality check of existing job evaluations. This review consisted of 160 classifications across the majority of grade levels and job families within the State. The following observations were made:
  - Several job evaluation concepts are not well understood by HRMS job evaluators
  - Out of the 160 classifications evaluated, over a third resulted in a significant difference in weighting from the current HRMS evaluations

### **Clarification**

- HRMS job evaluators DO understand the current leveling system in use by the State. As mentioned in the August report, the current system is a modified copy of the Hay Group Profile Method of Job Evaluation. Hay's critique is related more to the current system, as the concepts are ill-defined and therefore the application of such concepts may be inappropriate, rather than the capability of the HRMS job evaluators
- While a third of the jobs reviewed resulted in a different in weighting, it does not necessarily mean they would be assigned to a different grade. The range of jobs that would be assigned to a grade under the current grade structure is too broad. Jobs of a different size and complexity could be assigned to the same grade. This is a primary reason for the inequities that exist in the ranking of positions

# Fringe Benefits

## Market Comparison Summary

Presented below is a revised competitive position summary against the market based on additional clarification and information regarding the State's benefit program

Benefit Area	Market Comparison	Key Findings
Total Benefits	At Market	Market position of health care, retirement and time-off weigh heavily in overall benefit program competitiveness.
Death	Below Market	The State's low flat dollar benefit of \$1,300 is well below both market comparator groups. Employee paid supplemental offering does provide employee with higher coverage, but does not enhance value significantly.
Disability	Below Market	Accrual of 12 days per year with no maximum is consistent with other Central US States; however LTD benefit through defined benefit plan is less competitive and less common than stand alone LTD plan.
Health Care	At Market	No employee contributions and low out of pocket maximums offset other plan design features to put the State's program at market.
Retirement	At Market	High benefit accrual in defined benefit plan offsets lack of employer match in the defined contribution plan.
Time-Off	At Market	The number of paid holidays and vacation schedule is at market for both Central US States and the general market.
Other	Below Market	Limited offering of flexible spending accounts and no employer paid benefits is below both Central US States and general market.

# Recruitment and Retention Tools

## Retention Bonus

- As mentioned in the August report, Hay reviewed the current usage of the retention bonus. The following observations were made:
  - In 2008, 170 employees received a retention bonus that ranged from \$50 to \$22,299
    - The higher amount bonuses tended to be offered to petroleum related positions
  - In 2009, 132 employees received a retention bonus that ranged from \$1,200 to \$19,686
    - Those positions that tended to receive bonuses include: Petroleum related positions, Transportation Technicians, Transportation Services Supervisors, Auditors, and Geologists

### **Clarification**

- The top of the ranges, \$22,299 in 2008 and \$19,686 in 2009, were provided to positions located within the Department of Human Services. Between 2008 and 2009, only 4 retention bonus were provided in the amounts of \$11,000 and above
- However, the statement that “higher” amount bonuses tended to be offered to petroleum related positions is still accurate given that majority of bonuses provided to other positions were \$3,000 and below
- Transportation related positions and Auditors were provided bonuses that were below \$3,000