



Compensation Review and Recommendations

Personnel and Reorganization Committee

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Items for Discussion

- Compensation Philosophy/Benchmark Study Methodology
 - Current
- Background
- Retention Strategies (Existing/Proposed)
- Recruitment Strategies (Existing/Proposed)
- Compensation Philosophy/Benchmark Study Methodology
 - Proposed Changes for Discussion

Compensation Philosophy

Current Compensation Philosophy (Approved 2009) -

The County will maintain a competitive level for compensation administration with at least the external salary range mid-point average of comparator organizations in the local Washington DC area. Market ratio thresholds for all occupational groups will be 95 percent to 105 percent of the external salary range mid-point average of the surveyed class specifications.

Compensation Benchmarking Methodology

- **Comparator Organizations** - Arlington County; City of Alexandria; District of Columbia; Loudoun County; Montgomery County; Prince George's County; and Prince William County. Other employers (authorities, commissions, jurisdictions, local DC area private sector organizations, etc.) may also be considered as comparators, when appropriate, to address recruitment or retention issues.
- **Data Sources:**
 - Public Sector: Comparator Organizations, Local Government Personnel Association (LGPA)
 - Private Sector: DC-SHRM National Capital Area Compensation Survey (formerly HRA-NCA), and HCA Healthcare Survey.

Current Practice

NEW -----	PROFICIENT	----- HIGHLY EXPERIENCED
Inexperienced.	Fully developed; proficiently performs all typical aspects of the job.	Highly experienced, expert.
Developing job competency. Steep learning curve.	Most positions at this level. Most employees at this level most of their career.	Handles the most complex issues. Manages projects. Coaches coworkers.
MINIMUM	MARKET REFERENCE POINT (MIDPOINT)	MAXIMUM

- Jobs are graded so the grade midpoint = market midpoint average for the occupation.
- DHR recommends reviewing starting pay practices for consistency through the county.

Background: Challenges

- Emergence of the “Great Resignation” creates a highly competitive job market
- Driving factors for Fairfax include:
 - Pay has not kept pace with the market for some job classes
 - Recruitment challenges in many areas
 - Internal Equity/Alignment issues
 - Negative impacts on morale/performance

Background: Feedback from Managers

Ranges are not reflective of market due to fiscal constraints

Pay is negatively impacting recruiting.

- Ranges not always competitive – not attractive to best candidates.
- Benchmarking captures public sector/local competitors but for some job classes the competition extends beyond our local jurisdictional peers

Need to relieve internal equity/alignment issues.

- New employees are sometimes hired-in above long-term employees.
- Existing employee morale negatively impacted by equity concerns compared to new hires
- Employee impression is that external experience is valued/compensated at a higher rate than internal experience

Retention challenge for Employees at max

- Salary growth limited to structure movement (MRA) = no performance increases

Retention Strategies

Existing

- Enhanced Leave Programs
 - Paid Family Leave (added 2020)
 - Temporary Pandemic Leave (added 2020)
- Enhanced Training Opportunities
 - Many programs moved virtually
- Enhanced Telework
- Additional flexibility for schedules where available
- Raised cap on compensation time earned from 240 to 480 hours in calendar years 2020 and 2021
- Market rate adjustment of 1% (July 2021)
- Bonuses
 - Hazard Pay (2021)
 - Two flat rate bonuses for all County employees (May and Nov 2021)
- Targeted adjustments based on equity review for classes that are determined to have recruitment challenges (ongoing).

Retention Strategies

Proposed

- Accelerate proposed benchmark study (implement pay period 4 instead of pay period 14).
- Conduct an internal/equity analysis for classes that are determined to have recruitment challenges or other factors that necessitate an adjustment.
- Per Budget Guidance, compensation program will be prioritized as part of the FY2023 budget.
- Raise cap on compensation time earned from 240 to 480 hours in 2022
- Enhanced Training Opportunities
 - Increase tuition assistance program (TAP) reimbursement amount from \$1,600 to \$2,000
 - Provide more job specific training and certifications
 - Fund additional staff to enroll in the NOVA Partners, GMU Fellows, COG/IRE Certificate, Middle Managers Roundtable, and Leadership Fairfax programs

Recruitment Strategies

Existing

- LinkedIn capabilities
 - Outreach to passive and active candidates
 - Marketing County benefits and culture
 - Expanded job campaigns to promote hard to fill positions
- Bonuses
 - Limited expansion of recruitment bonus for select positions
- Participation in job fairs (most virtually)
- Continue demonstrated innovative methods for recruiting and supporting Virginia veterans
- Hiring process improvement
 - Fieldprint fingerprinting for background check
 - Piloted video recruiting (streamlines interview process)
 - Moved onboarding process online

Recruitment Strategies

Proposed

- Additional staff to expand use of technology tools
 - LinkedIn—increase engagement with potential candidates
 - Expand video recruiting county-wide
 - Close monitoring of employment statistics (turnover, time to fill, rejections, successful sourcing)
- Limited expansion of recruitment bonuses
 - Current requests under review by DHR and DMB
- Expansion of non-monetary incentives for referral
- Implementation of proposed retention strategies also aids recruitment

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Summary of Current Compensation Philosophy as Applied

- Currently, our benchmark methodology is as follows:
 - Adjust benchmark classes that:
 - Fall below 90% of market
 - Fall below 95% of market for two consecutive years
 - Fall below 95% of market and are determined to have recruitment challenges or other factors that necessitate an adjustment
 - If an occupation falls below the 95 percent threshold, adjustments will be proposed to get the job class back to at least 95 percent.
 - Pay Increase Adjustments for Impacted Employees of a Regrade - If an employee's pay is below the current salary grade mid-point, the employee receives a pay adjustment of 3 percent of the new salary grade mid-point. If an employee's pay is at or above the current salary grade mid-point, the employee receives a pay adjustment of 1.5 percent of the new salary grade mid-point.

Potential Steps to Update the Compensation Philosophy

DHR recommends reviewing this benchmark methodology to maintain market competitiveness and gradually make changes over the next few fiscal years.

- Change the pay adjustment to 5% increase of base pay for regrades (proposed for this fiscal year)
- Further discussions needed to determine if Fairfax County should lead or match the market average.
 - Should benchmark classes that fall below **100%** of the market be adjusted? Not just 95%.
 - Future discussion at Personnel Committee meeting

Questions?