



Charter Township of Bloomfield, MI

# Compensation and Benefits Study

**Final Presentation to the Board of Trustees**

July 13, 2020 / Elliot Susseles / Cristy Reetz

# | Agenda

**Key Objectives**

**Project Deliverables**

**Market Assessment**

**Classification Analysis**

**Employee Opinion Survey**

**Staffing Analysis Survey**

**Piecing it Together...**

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# Key Objectives

Bloomfield Township engaged Segal to conduct a classification, compensation and staffing study covering about 311 employees, resulting in new programs and policies that will:

- **Attract and retain** qualified employees who will be paid an equitable pay and benefits package
- Enable the Township to maintain its **competitive position** with other comparable government entities and private companies in the same labor market
- Provide a straightforward and streamlined job structure that is easy-to-understand and **easy-to-administer**
- Include updated, accurate, and legally compliant **job descriptions** for each classification
- Understand employee perception of benefits and overall employment
- Determine how staffing levels compare to local public sector employers in terms of services provided

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# Project Deliverables

- Market Assessment – Competitiveness of Pay, Benefits, and Pay Practices with comparable employers (external equity)
- Classification Structure
- Job Evaluation (internal equity)
- Market competitive pay structures
- Grade placement for each title
- Job Descriptions
- Employee Opinion survey
- Staffing Analysis survey

# Market Assessment

## *Peer Employers*

- Criteria for Peer Employer Selection:
  - Commonality of positions
  - Competition for jobs/talent
  - Location/proximity
  - Services provided
  - Taxable Value 2019 (Real and Personal)
  - Median Household Income
  - Median Property Value
  - Area (square miles)
  - Population estimate (2018)
  - FY20 General Fund Budgets (excludes Capital Improvements)
  
- The following peer employers were identified to participate in the survey:

Peer Employers	Responded to Survey
Canton Township	√
City of Auburn Hills	√
City of Birmingham	√
City of Farmington Hills	√
City of Novi	√
City of Rochester Hills	√
City of Royal Oak	√
City of Troy	√
Oakland County	√
Shelby Township	√
Waterford Township	Segal Populated
West Bloomfield Township	√

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# Market Assessment

## *Published Data Sources*

- In addition to the peer employers, Segal utilized published databases to represent the private sector, those sources are listed below:
  - Economic Research Institute (ERI)
  - CompAnalyst
  - PayFactors
- The data from each of the sources was geographically adjusted to Bloomfield based on an effective date of January 1, 2020

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# Market Assessment

## *Benchmark Jobs*

- Criteria for selection of benchmark jobs:
  - Sufficient number of benchmark jobs to statistically represent all jobs
  - Represents all departments
  - Represents all levels of the Township
  - Reflects the workforce composition
  - Represents occupational groups and job series
- Resulted in:
  - 72 benchmark job titles were selected that are representative of the Township's workforce

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# Market Assessment

## *Methodology*

- Collected pay range information, pay practices, paid leave, health benefits, and retirement
  - Peers received a custom survey with job summaries and minimum qualifications describing each benchmark
  - Published data matches were completed by Segal staff
  - All data reviewed by Township project team members
- Data Included in Net Employee Compensation
  - Base Pay Midpoint
  - Weighted Market Average of Employee Contributions Toward Health Benefits
  - Market Average of Employee Contribution Towards Retirement Benefits
    - Defined Benefit (normal cost only)
    - Defined Contribution
    - Deferred Compensation
    - Social Security



# Market Assessment

## *Findings – Base Pay*

- Unlike its peers, the Township does not currently have discrete pay ranges for each job title.
  - As a result, its market position at the pay range minimum and maximum are not really representative of the Township’s market competitiveness at the peers’ entry and maximum pay.
- Overall, across all benchmark jobs, **we found that the Township’s base pay rates are market competitive with the market midpoints.**
  - Base pay rates are at market compared to public sector peers, but below market when compared to published data.

Bloomfield Pay Rates as % of the Overall Market Average			
	Minimum	Midpoint	Maximum
<b>Public Sector Market</b>	112%	103%	97%
<b>Published Data Market</b>	106%	88%	74%
<b>Overall Market</b>	111%	100%	91%

Segal defines market competitiveness as within 95% to 105% of the market average. Jobs that fall within this market competitive corridor are noted in black, jobs below 95% are noted in red, and jobs above 105% are noted in blue.

# Market Assessment

## *Findings – Base Pay*

- The Township’s market position for base pay varies by benchmark job
- Pay range midpoints were used to determine if individual benchmark jobs are at, above, or below market
- Out of 72 benchmark jobs:

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<b>At Pay Range Midpoint</b>	<b>Count of Benchmarks</b>
<b>Below Market</b>	19
<b>Market Competitive</b>	24
<b>Above Market</b>	22
<b>Insufficient Data</b>	7

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# Market Assessment

## *Findings – Net Employee Compensation*

Across all benchmarks overall, the Township’s Net Employee Compensation is above market.

### Overall Net Employee Compensation

	Midpoint (Average)	Employee Contribution - Weighted Health Benefits	Employee Contribution - Retirement Benefits	Net Employee Compensation
<b>Bloomfield</b>	\$73,483	\$182	\$412	\$72,890
<b>Market Average</b>	\$73,666	\$4,395	\$2,622	\$66,649
<b>Bloomfield as a % of Market Average</b>	<b>100%</b>	<b>4%</b>	<b>16%</b>	<b>109%</b>

Starting in 2021, Employee contributions will increase to \$600 annually for Single Coverage and \$1200 annually for Family coverage.

# Market Assessment

## *Findings – Elected Official Pay*

In addition to looking at employee’s base pay, the Township requested that Segal conduct a comparison on Elected Official’s pay. The following tables show those results:

**Elected Officials – Pay and Benefits – Township Supervisor**

	<b>Township Supervisor</b>	<b>Market Average</b>	<b>Max Salary Reported</b>
<b>Annual Pay Rate</b>	\$160,309	\$140,023	\$205,217
<b>Additional Direct Compensation</b>	\$0	\$0	NA
<b>Benefits Eligible?</b>	Yes	11 of 12 stated “Yes”	NA
<b>Additional Benefits</b>	Automobile	7 of 12 stated “No”	NA

**Elected Officials – Pay and Benefits – Township Clerk**

	<b>Township Clerk</b>	<b>Market Average</b>	<b>Max Salary Reported</b>
<b>Annual Pay Rate</b>	\$139,795	\$103,321	\$157,893
<b>Additional Direct Compensation</b>	\$0	\$0	NA
<b>Benefits Eligible?</b>	Yes	10 of 12 stated “Yes”	NA
<b>Additional Benefits</b>	Automobile	11 of 12 stated “No”	NA

# Market Assessment

## *Findings – Elected Official Pay (cont.)*

In addition to looking at employee’s base pay, the Township requested that Segal conduct a comparison on Elected Official’s pay. The following tables show those results:

**Elected Officials – Pay and Benefits – Township Treasurer**

	<b>Township Treasurer</b>	<b>Market Average</b>	<b>Max Salary Reported</b>
<b>Annual Pay Rate</b>	\$139,795	\$105,719	\$157,893
<b>Additional Direct Compensation</b>	\$0	\$0	NA
<b>Benefits Eligible?</b>	Yes	9 of 12 stated “Yes” <sup>5</sup>	NA
<b>Additional Benefits</b>	Automobile	11 of 12 stated “No” <sup>6</sup>	NA

**Elected Officials – Pay and Benefits – Township Trustee**

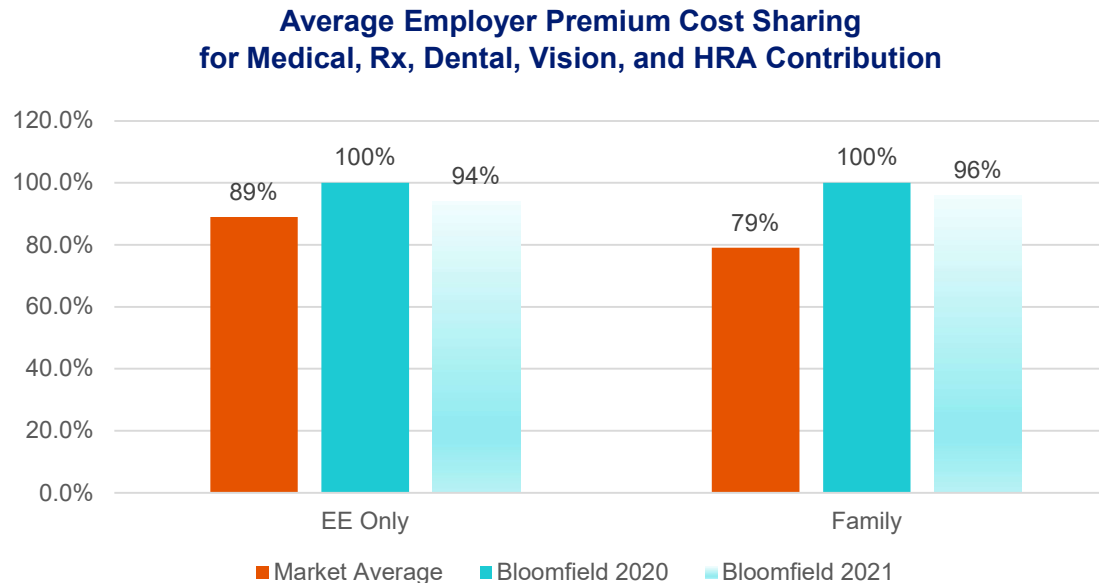
	<b>Township Trustee</b>	<b>Market Average</b>	<b>Max Stipend Reported</b>
<b>Annual Pay Rate (24 meetings)</b>	\$4,800	\$8,271	\$12,000
<b>Additional Direct Compensation</b>	\$0	\$0	NA
<b>Benefits Eligible?</b>	No	No	NA
<b>Additional Benefits</b>	No	No	NA

# Market Assessment

## *Findings – Health Benefits*

Overall, we found that the Township's cost sharing for health benefits is more generous than the market average across both tiers of coverage, as shown below.

In addition to the market findings from the report, we are also showing how the Township's cost share in 2021 would compare to the market.



Starting in 2021, Employee contributions will increase to \$600 annually for Single Coverage and \$1200 annually for Family coverage.

# Market Assessment

## *Findings – Retirement*

Overall, we found that the Township’s total contribution to retirement benefits is competitive with the market average, as shown below.

**Total Employer Retirement Contributions (as a % of pay)**

	Bloomfield	Market Average
Annual Employer Retirement Contributions	10.00%	10.63%
Social Security Contributions	7.65%	7.65%
<b>Total Employer Retirement Contributions</b>	<b>17.65%</b>	<b>18.28%</b>

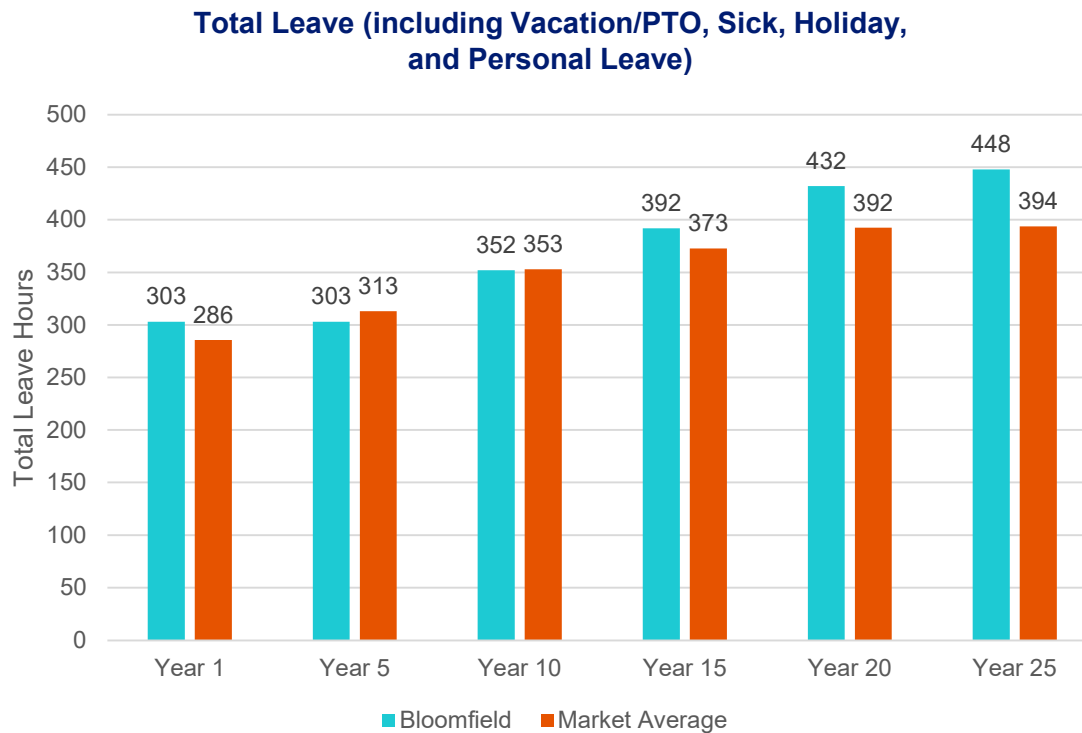
**Note:** All of the peers have a closed defined benefit plan that is not open to new employees. Data above reflects contributions to defined contribution, deferred compensation plans and Social Security contributions.

The information on Retirement is based on General Employee contributions. Bloomfield contributes 10% to the Defined Contribution plan for General Employees and 14% for Public Safety Employees.

# Market Assessment

## *Findings – Paid Leave*

Overall, the Township's Total Paid Leave offerings are generous compared to the market across more senior years of service.



**Note:** Total Leave includes Federal holidays.



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# Classification Analysis

## *Methodology*

- Analyzed 223 Job Description Questionnaires (JDQs) supplemented by targeted follow-up interviews
- The JDQs captured employee job content information
- Identified key characteristics to understand internal relationships of jobs such as supervisory responsibilities, education, experience, technical skills, etc.
- Consolidated/created job titles to reflect work being performed
- Recommended 104 job titles from an original 117
  - 79 titles remained the same
  - 15 titles were updated
  - 10 new titles were created
- Developed job descriptions
  - Standardized job descriptions and minimum qualifications
  - Developed Township-wide consistency

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# Classification Analysis

## *Segal Evaluator – Point Factor System*

- The Segal Evaluator tool aligns internal pay equity based on information collected in the JDQ process
- Segal Evaluator is a tool to determine internal equity, however actual grade placement is informed both by internal relationships and market data
- The tool considers the following job components:
  - Duties and Responsibilities
  - Minimum Qualifications
  - Supervisory Responsibility
  - Working Conditions
- Provides an objective quantitative approach to align jobs
- A system that will complement and co-exist with a market approach to structure development

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# Employee Opinion Survey

## *Methodology*

The Township Project Team requested that Segal conduct a brief employee opinion survey regarding the benefits and employment offerings.

- Segal worked with the project team to develop a questionnaire, that included the following:
  - Demographics
    - Age Range
    - Years of Service
    - Family Status
  - Benefits Opinion
    - Select the four (4) most valued benefit offerings
    - Gather employee perceptions on how the Township’s benefit offerings compare to local employers
    - Identify three (3) reasons employees may:
      - Want to work for the Township
      - Stay working for the Township
      - Leave working for the Township (besides retirement or termination)

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# Employee Opinion Survey

## *Findings*

Employees were given three (3) weeks to complete, all responses were voluntary and anonymous.

The survey was open to benefits eligible employees only, 114 of those employees completed the survey. Out of 229 employees, that is a response rate of 50%.

### Key Themes:

- Employees are satisfied with the following benefits
  - Compressed Workweek
  - Health Benefits
  - Retirement
- Employees are satisfied with these non-tangible items
  - Serving the community
  - Job satisfaction
  - Colleagues
- Employees find these issues difficult
  - Limited promotional opportunities
  - Constituent tensions
  - Potential employment risks

# Staffing Analysis Survey

## *Methodology*

- Segal’s approach was to determine whether the Township staffs similar services the same, more, or less, in comparison to the local peers. This was completed by looking at the amount of Full Time Equivalents (FTEs) in relationship to the level of services provided within the Township.
- Segal first reached out to the Township’s Department Heads to assist in identifying the major services provided by the Township staff. Each of the Department Heads filled out a questionnaire and a survey document was crafted around those responses.
- The peer’s identified were the same as the market assessment comparison group, of those twelve (12) peers, seven (7) provided responses to this survey.

Public Sector Employers	Responded to Staffing Survey
Canton Township	
City of Auburn Hills	√
City of Birmingham	
City of Farmington Hills	√
City of Novi	√
City of Rochester Hills	√
City of Royal Oak	
City of Troy	√
Oakland County	√
Shelby Township	
Waterford Township	
West Bloomfield Township	√

**Note:** A Full Time Equivalent is a common Human Resource statistic that includes full time and part time employees. Full time employees are represented as 1 and part time employees are typically represented in quarters. Example: a part time employee who works 10 hours a week in a 40 hour workweek environment would be represented at 0.25 FTE.

# Staffing Analysis Survey

## *Findings*

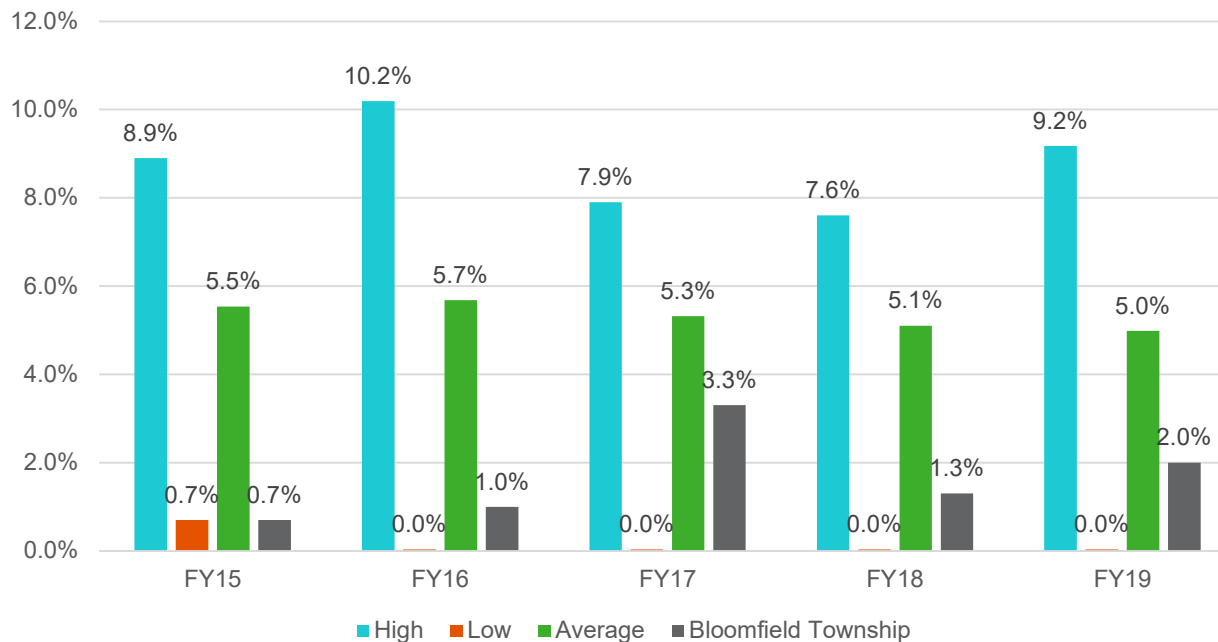
- **Services the Township Staffs at Higher Levels than Average**
  - None
- **Services the Township Staffs at Comparable Levels to the Average**
  - Election Services
  - Sworn Police Services
  - Sworn Fire Services
  - Maintenance Services
  - Water/Sewer Plan Review Services
  - Inspection Services
- **Bloomfield Supervisor's Office**
  - In addition to asking the peers about their staffing levels for different services, Segal also requested information on how the peers' Executive office is staffed (Mayor, City Manager, or Township Supervisor).
  - Specifically, Segal asked the peers whether or not they have a Deputy or Assistant Executive on staff to offset the managerial responsibilities of that elected or appointed official. **All seven (7) peers indicated they have a full time Assistant or Deputy Executive on staff.** In contrast, Bloomfield does not have a similar position in the Township.
- **Services the Township Staffs at Lower Levels than Average**
  - Clerk's Office Services
  - 911 Call Center/Dispatch Services
  - Building Plan Review Services
  - Zoning Appeals Services
  - Ordinance Violations Services
  - Assessor's Office Services
  - Information Technology Request Services
  - Accounting Services
  - Human Resources Services
  - Treasurer's Office Services

# Staffing Analysis Survey

## Findings

- In addition to the staffing analysis, Segal also collected information on the peers' turnover rates for the last five (5) Fiscal Years, FY15-19.
- The chart below shows that Bloomfield has a much lower turnover rate, which is indicative of a high retention rate in comparison to the peers.
- Higher retention is often shown to be a greater resource to an employer. While the salaries increase with longer tenured employees, the amount of efficiency and complexity of knowledge in those employees is valuable.

Turnover Rates for Fiscal Years 2015-2019



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# Piecing It Together...

## *Overall Findings*

- The Township's goal for this study was to ensure desirable candidates in the labor market are attracted to the offerings of compensation, benefits, and workload. And then, to retain those employees.
- Within the market assessment, we found that the Township is right at market with compensation rates, offers more generous health benefit cost sharing, competitive retirement and paid leave.
  - Defined Benefit (pension) plans are often seen as better retention tools than a Defined Contribution plan. As the DB plan employees retire, the Township may need to identify additional retention tools moving forward.
- Employees are satisfied with their pay and benefits. When coupled together with the market assessment findings, leadership should view this as a good balance in their dual roles as stewards of the Township finances and an employer.
- The employee opinion survey provided some of the more poignant findings during this study.
  - Overall, employees chose to work for the Township for the competitiveness of pay and benefits.
  - But they have stayed committed because they enjoy public service, good relationships with their colleagues, and the flexibility of a compressed workweek.
- In most service areas staffing ratios are lower than the peers, this reflects greater productivity and is indicative of more efficient processes. This justifies higher than average net employee compensation.



# Appendix

## *Cross Reference of Deliverables to Scope of Services*

<b>Project Deliverable</b>	<b>Contract Scope of Service</b>
Market Assessment	1, 2, 17, 10, 12
Classification Structure	5, 6, 8, 10, 11, 12, 15
Job Evaluation (internal equity)	3, 4, 9, 11, 12, 15
Market competitive pay structures	7, 9, 11
Grade placements	7, 11, 15
Job Descriptions	13
Employee Opinion survey	10, 11, 12
Staffing Analysis survey	1, 12, 15, 17