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Title: Approve the recommended adjustment to non-union employee pay ranges

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Attachments: 1. Proposed 2022 Pay Ranges

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|------------|------|--------------|----------|--------|
| 10/19/2021 | 1 | City Council | approved | |

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the recommended adjustment to non-union employee pay ranges

DEPARTMENT: Human Resources

SUBMITTED BY: Jim Sheehan, Director

BOARD/COMMISSION REVIEW:

None

BACKGROUND:

The City maintains position classifications and pay ranges for non-union employees. The pay ranges are established based on ranges for other position classes, requisite qualifications and general rates of pay for comparable work in other public and private employment in the area. The City's structure for pay ranges includes a minimum, midpoint and maximum salary. An adjustment to the pay range would move each of those categories by the designated amount of the increase and provide greater flexibility within the pay ranges. Pursuant to Section 1-7-7 of the Naperville Municipal Code, the City Council is authorized to adjust pay ranges.

DISCUSSION:

Actual employee pay is separate from pay range movement. Range movement is a function of market conditions while employee pay is a function of individual performance.

Pay ranges exist to allow differentiation in employee pay based on responsibilities, performance, and experience. For example, a Customer Care Representative would be in a pay range from \$44,007 to \$67,185 and an entry level candidate would be targeted to receive a starting salary of \$44,000 to \$45,000 (close to the minimum of the salary range). As the Customer Care Representative progresses in their career, they would continue to be in the same salary range, but their salary would

be adjusted within that range based on merit. The salary ranges allow supervisors to move employee salaries without seeking reclassification into a new position with a different salary range.

Staff compensation and the salary review process includes participation in annual salary surveys from a number of sources including: local communities, World at Work and Salary.com/CompAnalyst. Surveys are used throughout the year and the City relies on CompAnalyst and market surveys to obtain timely, competitive salary and salary range data to supplement analysis and remain market competitive. Based on a review of the surveys, pay ranges are adjusted annually at a rate equivalent to an organization's annual wage increase or an average of 2-3%. There were no adjustments to the City's pay ranges in 2021 and pay ranges were adjusted by 2% in 2020.

Staff recommends the City Council move pay ranges to match the salary adjustments in 2021 (2%) and proposed for 2022 (3%). This movement will assist the City's recruitment efforts, bring pay ranges closer to the overall market, and track the merit adjustments to properly and consistently compensate employees. The adjustment will also align pay ranges to eliminate the need to make lump sum payments to employees that are currently at the top of their pay range.

FISCAL IMPACT:

Non-union employees will receive merit-based salary adjustments in January 2022. The fiscal impact in 2022 is driven by, 1) employees who are at the bottom of their current range and will receive an increase to bring their salary to the minimum of their range; and 2) employees who are currently at the top of their pay range and receive a lump sum payment in lieu of an increase to their base salary.

Assuming a 3% merit increase for non-union employees (as currently planned in the proposed 2022 budget), the salaries of 41 employees would extend beyond the current pay ranges, requiring a lump sum payment at the beginning of the 2022 calendar year totaling \$94,111. With the increases to the pay range scales, no lump sum payments would be paid, and all employees would have their merit increase distributed throughout the year within their bi-weekly paycheck.