

# 2023 Compensation & Classification Study



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## *Accomplishments to date:*

- 100+ employees participated in focus groups with Evergreen
- Board approved 27 peer organizations for external market survey
- 350+ employees completed job analysis questionnaires, reviewed by supervisors
- Market survey and internal equity analysis complete

## *Coming up:*

- Evergreen reviews study results and proposed solution with Board of Directors and employees (May 24-26)
- Implementation of study findings based on direction from Board (TBD)



# The Woodlands Township, TX Compensation and Classification Study Presentation of Results



**Presented by:  
Mark Holcombe**



**May 24<sup>th</sup>, 2023**

# *Overview*

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- Study Goals
- Project Phases
- Employee Meetings
- Current System Findings
- Market Results
- Recommendations
- Next Steps



# *Study Goals*

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- Review current compensation system to ensure internal equity.
- Survey peer organizations to ensure external equity.
- Confirm The Woodlands Township compensation philosophy.
- Produce recommendations to provide the organization with a compensation system that is equitable, both internally and externally, and is aligned with the compensation philosophy.



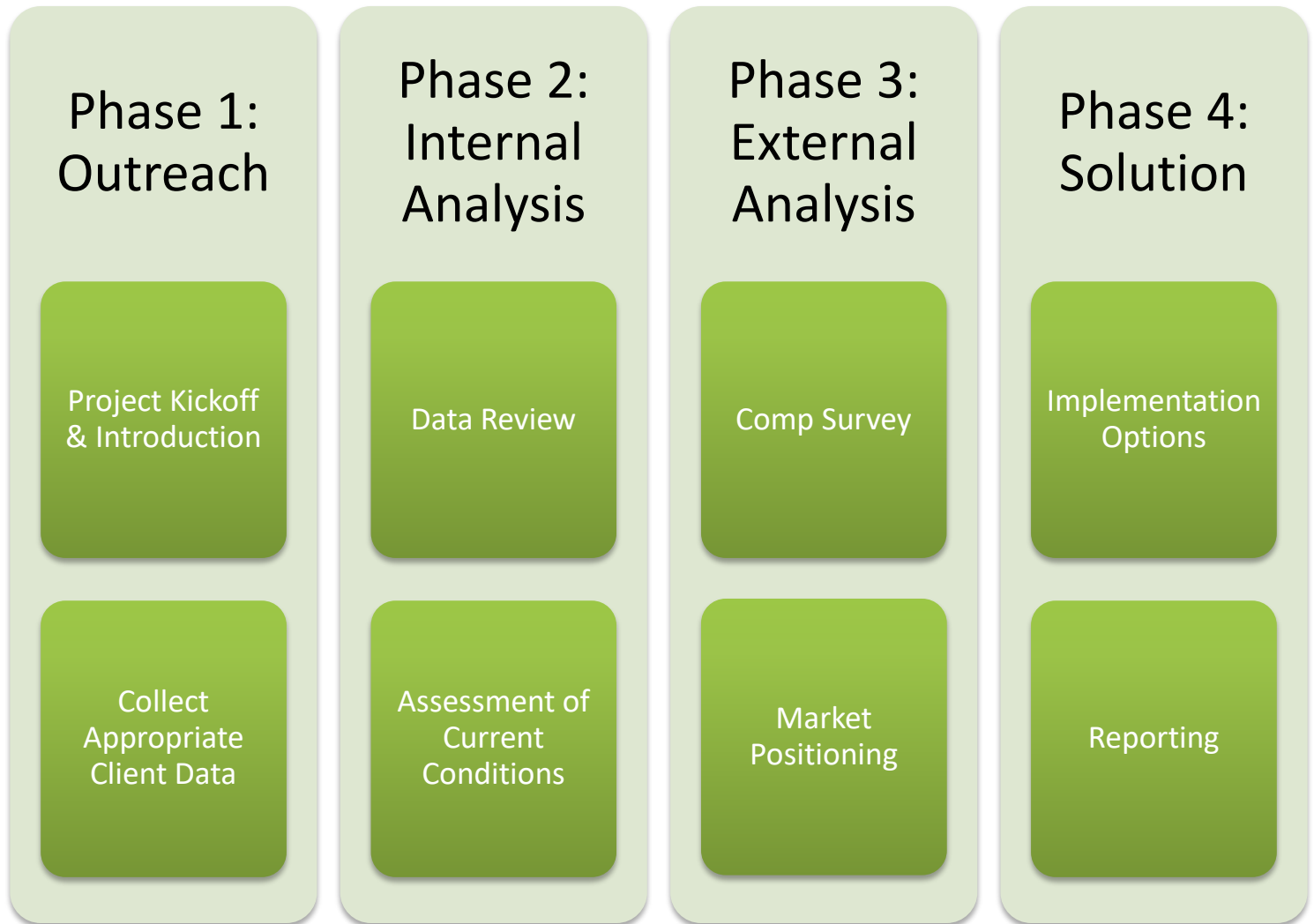
# *Compensation Philosophy*

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- The Woodlands Township strives to align compensation and benefits with market peers who are identified as leaders in providing municipal services of similar scope and standards to The Woodlands Township.
- The Township does not expect to match Township salaries to the private sector but will consider the private sector among public sector comparators when determining compensation for applicable positions.
- The Township considers both time in classification and tenure with the organization as important factors in determining compensation.



# *Project Phases*



# *Employee Meetings Comments - Positive*

- **Benefits** – The Township’s employees noted the benefits package, specifically the health insurance premiums being competitive and the retirement option with a potential for a 2 for 1 match.
- **Raises** – Employees were positive about the fact that they typically received annual raises to their pay. Some expressed the desire to see pay differentiated more by performance, but the overall feeling was positive with regard to the increases.





# *Employee Meetings Comments - Positive*

- **Culture** – Several employees described the quality of people they work with as the number one reason they’ve stayed with the organization. Employees also took pride in the fact that The Woodlands had been awarded the “Best Place to Live in America.”
- **Environment** – Many employees expressed that the Township’s vast and lush green space, scenery, and trails to be a true gem and advantageous to quality of life compared to other organizations in the area.



# *Employee Meetings*

## *Comments - Concerns*

- **Internal Equity** – Employees had concern with the internal equity between positions within the Township. Some examples include:
  - A need for career progression to reflect the differing levels of work being performed.
  - Clear expectations for work being performed, including by updating job descriptions, for current employees.
  - Separation between classifications to reduce compression between jobs performing different levels of work.



# *Employee Meetings*

## *Comments - Concerns*

- **Pay Progression** – Employees also talked a lot about pay progression. Specifically, some employees expressed the desire to move faster through their pay ranges while others shared frustration with being topped out at the maximum of their pay range.
- **Retirement** – Some employees also expressed frustration that they are not eligible to participate in the TMRS system like other local competitors.



# *Current System Findings*

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- **Strength:**
  - The Township possesses a simple and easy to understand pay structure. The consistent progression between grades allows for positions to be slotted equitably vs. the market.
  - The Township has done a good job of spacing employees appropriately in the current ranges and does not have significant employee compression.



# *Current System Findings*

- **Weakness:**
  - There is some compression between ranks at the Township with some employees making almost as much as their supervisors or higher-level positions within the organization.
  - The number of grades vs. the number of classifications is a little bit high. This can be managed, but it is something for the Township's HR and leadership teams to be aware of for the future.



# *Compression Analysis*

- Pay compression can be defined as the lack of variation in salaries between employees with significantly different levels of experience and/or responsibility.
  - *Range Compression* – employees in the same job, but with different levels of experience not possessing sufficient pay variation.
  - *Rank Compression* – employees in a supervisor-supervisee relationship not possessing sufficient pay variation.



# Market Targets

- Salary survey resulted in responses from twenty-seven peers, including both general competitors and Fire specific peers.
- All responses are adjusted for cost-of-living differentials.
- There were sixty-four classifications benchmarked and compared directly to the market. Average response rate was 9.3 matches per position.

Market Peers
<b>Woodlands Township</b>
City of Allen
City of College Station
City of Conroe
City of Denton
Town of Flower Mound
City of Frisco
City of Grapevine
City of Irving
City of League City
City of McKinney
City of Mesquite
City of Missouri City
City of New Braunfels
City of Pearland
City of Plano
City of Richardson
City of Round Rock
City of San Marcos
City of Southlake
City of Sugar Land
City of Tyler
Montgomery County
Conroe ISD
Spring ISD
City of Baytown
City of Cedar Park
North TX Emergency Comm Center



# Market Results

		Unadjusted Results (no cost-of-living adjustment)			Adjusted Results (cost-of-living adjusted)		
		Minimum	Midpoint	Maximum	Minimum	Midpoint	Maximum
General		-10.5%	-5.2%	-3.2%	-6.8%	-1.6%	0.3%
Fire		-0.1%	3.4%	4.8%	3.7%	6.9%	8.2%

- The results show the importance of range spread when comparing to the market. The Township is competitive at the maximum of the range but is below the market by 6-10 percent at the minimum of the range for General employees.
- Fire employees are more competitive than General employees when compared to the peer market.
- Benefits as a whole are competitive with peers





# *Key Recommendations*

1. Adopt an adjusted pay plan with market-responsive grades. The newly recommended pay plan has consistent range spreads and progression between the grades and mirrors the Township's current design.
2. Reassign pay grades to positions based on internal equity and the market results. Some positions will see larger adjustments than others due to the market response.
3. Place employees within their newly recommended pay grades. Select an implementation methodology that aligns with the compensation philosophy and financial means of the Township.



# Implementation Options

Option	Option Pros	Option Cons
Bring to Minimum	<ul style="list-style-type: none"> <li>- Least Expensive Option</li> <li>- Ensures all employees are in new pay grade</li> </ul>	<ul style="list-style-type: none"> <li>- Does not address compression</li> <li>- Can cause additional compression at grade minimum</li> </ul>
Class Parity	<ul style="list-style-type: none"> <li>- Credits employees for time in classification</li> <li>- Addresses compression on the basis of time in classification</li> <li>- Adjusts for market</li> </ul>	<ul style="list-style-type: none"> <li>- Does not account for organizational tenure</li> <li>- Does not account for outside experience</li> </ul>
Hybrid Parity <b>(RECOMMENDED)</b>	<ul style="list-style-type: none"> <li>- Credits employees for time in classification and organizational tenure</li> <li>- Addresses compression on the basis of time in classification and organizational tenure</li> <li>- Adjusts for market</li> </ul>	<ul style="list-style-type: none"> <li>- Does not account for outside experience</li> </ul>
Tenure Parity	<ul style="list-style-type: none"> <li>- Credits employees for organizational tenure</li> <li>- Addresses compression on the basis of organizational tenure</li> <li>- Adjusts for market</li> </ul>	<ul style="list-style-type: none"> <li>- Does not account for time in classification</li> <li>- Does not account for outside experience</li> </ul>
Compa Ratio	<ul style="list-style-type: none"> <li>- Maintains the relationships between employee salaries that currently exist</li> <li>- Can reward previous experience (to the extent that it is rewarded now)</li> </ul>	<ul style="list-style-type: none"> <li>- Does not correct compression</li> <li>- Does not account for experience</li> </ul>



# Implementation Costs

Total Implementation Option	Total Salary-Only Cost	Number of Employees Adjusted	Average Adjustment for Impacted Employees	% of Payroll
Bring to Minimum	\$760,962.03	211	\$3,606.46	2.2%
Class Parity	\$1,289,487.41	315	\$4,093.61	3.8%
Hybrid Parity	\$2,284,790.60	398	\$5,740.68	6.7%
Tenure Parity	\$2,995,391.08	418	\$7,166.01	8.8%
Compa Ratio	\$2,796,317.72	457	\$6,118.86	8.2%



*Thank you*

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