

# Classification & Compensation Study

West Michigan Works!

May 2021

Pontifex Consulting Group LLC



PONTIFEX  
CONSULTING GROUP, LLC

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## Introduction

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### What was the Pontifex Consulting Group (PCG) asked to do?

The objectives of the study were to:

- Validate the compensation philosophy and its alignment to the West Michigan Works!'s (Client) strategy and direction.
- Review job content information for all Client jobs.
- Examine current compensation programs and structures for Client jobs.
- Analyze current competitive labor market compensation practices.
- Provide recommendations for classification structure revisions (internal equity).
- Provide recommendations for compensation structure revisions (labor market equity).
- Provide recommendations for maintenance of classification and compensation systems.
- Prepare a written report of our findings and comparisons.

This report covers all of these objectives.

## II. Human Capital Issues and Compensation Philosophy

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## Human Capital Issues

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For the Client to achieve its mission of providing service to the public requires the attraction and retention of key talent to fill their jobs. These are jobs that have a significant depth in customer service, technical and professional competencies, while at the same time possessing advanced skills in communication and team-building. These unique skills are essential for employees to be successful at carrying-out the Client's mission in an effective and efficient manner.

Specifically, the Client intends to:

- Become the employer of choice for key staff talent necessary to meet its core mission.
- Retain key staff and prevent “poaching” from other employers.
- Maintain a competitive, market driven compensation system.
- Enable succession planning and career progression efforts.

## Compensation Strategy

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The compensation of an organization’s staff normally follows an established compensation philosophy and strategy. Such strategic documents are critical towards alignment of the organization’s largest budgetary expenditure towards organizational needs and fiscal resources.

A survey of 1,702 organizations across the United States shows that a majority of respondents have a stated compensation strategy of paying at or above the labor market rate for their jobs:

<i>Employee Group</i>	<i>Pay Below Market Rate</i>	<i>Pay Equal to Market Rate</i>	<i>Pay Above Market Rate</i>	<i>Other Percentile or No Strategy</i>
<b>Hourly Employees</b>	2.9%	86.7%	2.8%	7.6%
<b>Salaried Employees</b>	1.8%	87.0%	3.1%	8.1%
<b>Management/Executive Employees</b>	1.8%	77.8%	8.3%	12.1%

SOURCE: World-at-Work (American Compensation Association) 2020/2021 Salary Budget Survey.

## Compensation Strategy

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The “Employer Costs for Employee Compensation” survey is produced by the Bureau of Labor Statistics of the U.S. Department of Labor to show what employer’s average hourly costs are for compensation and its components. Listed below are comparative figures for wages (no benefits data included) between 2009 and 2020:

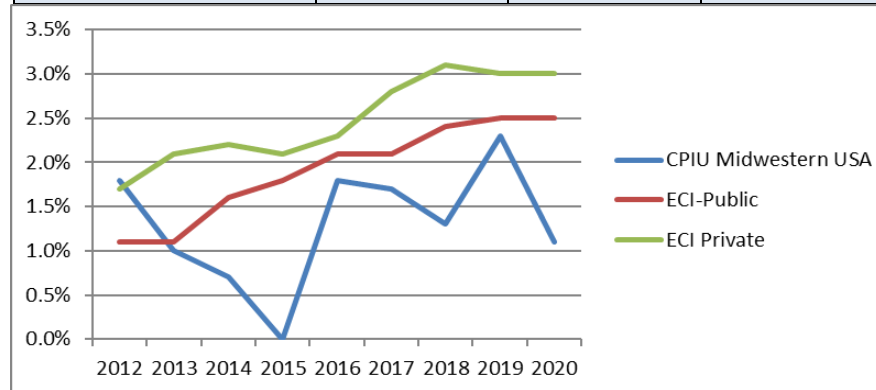
<i>Private Sector Employers</i>	<i>Cost Compensation 2009</i>	<i>Cost Compensation 2020</i>	<i>% Increase</i>
<b>All Private Employers</b>	<b>\$19.41</b>	<b>\$25.48</b>	<b>+31.3%</b>
- Management/Professionals	\$32.16	\$42.95	+33.6%
- Office & Administrative Support	\$15.65	\$19.18	+22.6%
- Service Occupations	\$10.32	\$13.70	+32.8%

<i>State &amp; Government Employers</i>	<i>Cost Compensation 2009</i>	<i>Cost Compensation 2020</i>	<i>% Increase</i>
<b>All State &amp; Local Government Employers</b>	<b>\$26.11</b>	<b>\$33.08</b>	<b>+26.7%</b>
- Management/Professionals	\$32.54	\$41.02	+26.1%
- Office & Administrative Support	\$17.02	\$21.29	+25.1%
- Service Occupations	\$17.72	\$22.47	+26.8%

## Compensation Strategy

The following chart shows the percentage changes in the Consumer Price Index for Urban Consumers (CPI-U) for the Midwestern United States and the Employment Cost Index (ECI) for private and public sector employers wages and salaries between 2012 and 2020 as reported by the Bureau of Labor Statistics of the U.S. Department of Labor:

Year	CPI-U Midwest USA	ECI Public Sector	ECI Private Sector
2012	1.8%	1.1%	1.7%
2013	1.0%	1.1%	2.1%
2014	0.7%	1.6%	2.2%
2015	0.0%	1.8%	2.1%
2016	1.8%	2.1%	2.3%
2017	1.7%	2.1%	2.8%
2018	1.3%	2.4%	3.1%
2019	2.3%	2.5%	3.0%
2020	1.1%	2.5%	3.0%
<b>Total</b>	<b>13.0%</b>	<b>19.1%</b>	<b>24.8%</b>
<b>Average 2012-2020</b>	<b>1.3%</b>	<b>1.9%</b>	<b>2.5%</b>





## III. Classification Study

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## Classification Study

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### Methodology

Pontifex Consulting Group (PCG), met with Client management and Human Resources staff to discuss the project work plan, deliverables, and the Client's issues/concerns with their classification and compensation programs.

The Client supplied PCG with organization charts, job descriptions and compensation program information.

PCG reviewed the job descriptions and performed any necessary follow-up questions or clarifications with Client staff.

## IV. Compensation Analysis

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## Competitive Compensation Analysis

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### Methodology

PCG discussed and received direction to provide a compensation study based upon the Client's labor market competitors. For jobs that are recruited from the general labor market, information was obtained from reliable, professionally compiled published survey sources:

- United States Department of Labor, Bureau of Labor Statistics, Grand Rapids-Wyoming Metropolitan Area
- Compdata Systems Surveys, Non-Profit Sector
- Willis Towers Watson Compensation Survey Report, Michigan surveys

A portion of the Client's jobs only exist in comparable non-profit agencies. Therefore, the non-profit sector is one of the Client's primary competitors for talent. The group of comparable agencies utilized are as follows:

- Detroit Employee Solutions Corps
- Kinexus Group
- Michigan Works! Southeast
- Southeast Michigan Community Alliance

The compensation analysis was conducted in February 2021.

Overall responsibilities, specific duties and education and experience requirements from Client job descriptions were referenced to provide accurate matching. Jobs were matched based on content, responsibilities, level and qualifications and not on title alone. For this reason, the titles in the market do not necessarily align with the titles employed by the Client. This also means that there will be cases where there is not an appropriate match to a Client job in the survey database and therefore comparison data will not be available or reported.

To maintain data integrity, PCG can only utilize data provided to us through our survey process in order to conduct a professional and objective analysis of the information.

## Competitive Compensation Analysis

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### Methodology (continued)

In accordance with industry practice, all data are thoroughly reviewed by compensation professionals using proprietary data diagnostic programs and statistical modeling techniques. Participants are contacted to confirm job matches, resolve omissions, inconsistencies, or other questionable input, and clarify specific policy questions.

To ensure adherence to Sherman Act Anti-Trust Guidelines (26 Stat. 209 15 USC), survey sources maintain the confidentiality of each individual organization's data, and any information published is aggregated so that individual organization data cannot be identified.

Survey data provide critical competitive salary information; however, compensation of individual positions may differ from the target labor market for many reasons, including stage of organizational growth, organizational performance and the qualifications, specific responsibilities and performance of the individual position incumbents.

Market analyses show labor market competitor pay practices at a specific point in time. They do not yield a "single correct rate" of compensation for a specific job. Organizations should not consider survey reports as an answer book. Survey data should be utilized in context with the organization's compensation philosophy, ability to pay, and the larger economic and labor market climate.

## Competitive Compensation Analysis

### Market Average Compensation Rates

The charts below show the comparison of Client midpoint salary range rates compared to labor market average base salary rates.

Client salary range midpoint rates compared to labor market average salary rates

Client Job Title	Client Pay Grade	Client Midpoint Salary Range Rates	Market Average Salary Rate	Percentage Difference Client Compared to Market Average Rate
Accountant	G	\$47,005	\$55,240	-14.9%
Accounting Assistant	D	\$36,252	\$38,566	-6.0%
Accounting Manager	M2	\$60,777	\$92,358	-34.2%
Accounting Supervisor	H	\$50,534	\$79,083	-36.1%
Administrative Receptionist	B	\$28,646	\$31,033	-7.7%
Assessment Specialist	E	\$40,788	\$40,050	+1.8%
Assistant Manager	M1	\$51,026	\$57,079	-10.6%
Business Solutions Director	M3	\$68,465	\$128,320	-46.6%
Business Solutions Coordinator	G	\$47,005	\$36,680	+28.1%
Business Solutions Manager	M2	\$60,777	\$60,507	+0.5%
Business Solutions Representative	G	\$47,005	\$55,940	-16.0%
Career Coach	E	\$40,788	\$42,597	-4.2%
Career Navigator	D	\$36,252	\$42,597	-14.9%
Chief Financial Officer	M4	\$94,873	\$133,887	-29.1%
Chief Operating Officer	M4	\$94,873	\$121,862	-22.1%
Computer Support Specialist	F	\$45,893	\$51,323	-10.6%
Custodian	A	\$25,462	\$27,830	-8.5%
Executive Assistant	M1	\$51,026	\$53,178	-4.0%
Facilities Coordinator	G	\$47,005	\$35,850	+31.1%
Facilities Manager	M2	\$60,777	\$64,537	-5.8%
Human Resources Assistant	M1	\$51,026	\$55,147	-7.5%
Human Resources Director	M3	\$68,465	\$97,757	-30.0%

## Competitive Compensation Analysis

### Market Average Compensation Rates

Client salary range midpoint rates compared to labor market average salary rates

Client Job Title	Client Pay Grade	Client Midpoint Salary Range Rates	Market Average Salary Rate	Percentage Difference Client Compared to Market Average Rate
Information Technology Manager	M2	\$60,777	\$110,425	-45.0%
Industry Council Lead	H	\$50,534	\$67,555	-25.2%
Marketing & Communications Assistant	E	\$40,788	\$46,405	-12.1%
Marketing & Communications Coordinator	G	\$47,005	\$57,591	-18.4%
Marketing & Communications Director	M2	\$60,777	\$104,412	-41.8%
Performance Analyst	G	\$47,005	\$51,913	-9.5%
Policy Coordinator	G	\$47,005	\$54,700	-14.1%
Policy Manager	M2	\$60,777	\$81,812	-25.7%
Procurement Manager	M1	\$51,026	\$70,336	-27.5%
Project Manager	M2	\$60,777	\$64,650	-6.0%
Quality Assurance Specialist	E	\$40,788	\$48,300	-15.6%
Records Services Specialist	D	\$36,252	\$37,255	-2.7%
Resource Specialist	F	\$45,893	\$29,070	+57.9%
Staff Attorney	M3	\$68,465	\$94,809	-27.8%
Talent Development Instructor	F	\$45,893	\$57,680	-20.4%
Talent Development Manager	M2	\$60,777	\$70,380	-13.6%
Talent Development Specialist	E	\$40,788	\$29,070	+40.3%
Talent Solutions Director	M3	\$68,465	\$114,960	-40.4%
Talent Solutions Manager	M2	\$60,777	\$70,380	-13.6%
Training Consultant	G	\$47,005	\$57,599	-18.4%
Youth Solutions Manager	M2	\$60,777	\$71,525	-15.0%

**Average total Client to Market = -12.4%**

## Competitive Benefits Analysis

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### Medical Insurance Benefits

Comparisons of medical contribution rates are appropriate at the local level since healthcare markets vary significantly amongst regional areas due to a variety of supply, regulations and competitive demographics.

### Medical Plan Premiums:

The following data is sourced from the 2019 Kaiser/HRET Survey of Employer-Sponsored Health Benefits:

In the State of Michigan (private and public employers):

- Employees with Employee Only coverage pay an average of 20% of the total premium cost for their medical insurance.
- Employees with Employee+1 coverage pay an average of 20% of the total premium cost for their medical insurance.
- Employees with Family coverage pay an average of 18% of the total premium cost for their medical insurance.

Employees at comparable public agencies pay:

- 19% of the total premium cost for Employee Only coverage.
- 19% of the total premium for Employee+1 coverage.
- 19% of the total premium cost for Family coverage.

Client employees pay:

- 20% of the total premium cost for Employee Only coverage
- 20% of the total premium for EE+1 coverage
- 20% of the total premium cost for Family coverage



## Competitive Benefits Analysis

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### Vacation Leave

Years of Service	Client Paid Days per Year	Labor Market Average Paid Days per Year
0 through 5	10-13	20
6 through 12	14-20	21
13 through 20	20	23
20+	20	28

### Sick Leave

Client Paid Days per Year	Labor Market Average Paid Days per Year
12	12

### Holidays

Client Paid Days per Year	Labor Market Average Paid Days per Year
14	12

### Deferred Compensation

Client	Labor Market Average Paid Days per Year
3% Contribution 3% Match	4% Match

## V. Summary and Recommendations

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## Compensation Structure

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### Salary Ranges

The market analysis shows that Client midpoints are on average 12.4% below the market. The Client currently has salary ranges that are divided into ten (10) steps that are 3.8% apart. PCG would recommend that the Client revise their salary ranges by designating the current step 3 of each range as the new step 1 and constructing the range from that point to ten steps. An illustration of what that recommendation would look like can be found in Appendix A. This would maintain appropriate spacing that is critical to maintain for the purposes of avoiding compression, enabling succession planning efforts and retention of talent.

PCG has benchmarked competitive labor market average salary rates to Client midpoint salary range rates to benchmark the recommended new compensation ranges. This is based upon:

- Pay structure rates reflect what value the organization has determined for a particular skill set (job). This provides an objective and measurable indicator of how other organizations value a job/skill set.
- The midpoint rate reflects pay at the journey-level of a particular job. This is a professionally accepted data point used to construct a pay range that reflects the breadth of skill sets within a particular job and allows for valid pay range construction.

This analysis recommends compensation parameters for **jobs**. In setting the compensation of an **individual employee**, the Client should consider such criteria as experience, value to the organization, scope and complexity of the position in relation to other positions at the same pay grade level. Actual incumbent employee pay level and position within the range is normally determined by years of service, performance and the individual's knowledge, skills and experience.

NOTE: Upon examination of the job classification system there is one position allocation that we would like to recommend. The Marketing and Communications Director job classification that is currently allocated to pay grade M2. We would recommend moving the job to pay grade M3. This would align the job with other direct reports to the CEO and also provide greater internal equity when taking into account scope of duties and responsibilities within the organization.

## Summary and Recommendations

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### **System Maintenance:**

The market positioning of Client's jobs should be reviewed at a minimum every twenty-four (24) months. This will provide needed data necessary for use in calculating adjustments to the wage structure based upon labor market movement.

# Appendix A

## Recommended Compensation Structure

# West MI Works!

## Recommended Salary Ranges

Grade	Job Title	Steps									
		1	2	3	4	5	6	7	8	9	10
A		\$22,859.20	\$23,732.80	\$24,639.68	\$25,584.00	\$26,559.52	\$27,574.56	\$28,629.12	\$29,717.03	\$30,846.28	\$32,018.44
	Custodian	\$10.990	\$11.410	\$11.846	\$12.300	\$12.769	\$13.257	\$13.764	\$14.287	\$14.830	\$15.393
B		\$25,719.20	\$26,698.88	\$27,720.16	\$28,778.88	\$29,877.12	\$31,021.12	\$32,208.80	\$33,432.73	\$34,703.17	\$36,021.89
	Administrative Receptionist	\$12.365	\$12.836	\$13.327	\$13.836	\$14.364	\$14.914	\$15.485	\$16.073	\$16.684	\$17.318
C		\$28,934.88	\$30,037.28	\$31,187.52	\$32,377.28	\$33,614.88	\$34,898.24	\$36,231.52	\$37,608.32	\$39,037.44	\$40,520.86
	Procurement Assistant	\$13.911	\$14.441	\$14.994	\$15.566	\$16.161	\$16.778	\$17.419	\$18.081	\$18.768	\$19.481
D		\$32,552.00	\$33,791.68	\$35,085.44	\$36,422.88	\$37,816.48	\$39,257.92	\$40,753.44	\$42,302.07	\$43,909.55	\$45,578.11
	Accounting Assistant	\$15.650	\$16.246	\$16.868	\$17.511	\$18.181	\$18.874	\$19.593	\$20.338	\$21.110	\$21.913
	Career Navigator										
	Records Services Specialist										
E		\$36,620.48	\$38,018.24	\$39,470.08	\$40,976.00	\$42,540.16	\$44,166.72	\$45,855.68	\$47,598.20	\$49,406.93	\$51,284.40
	Assessment Specialist	\$17.606	\$18.278	\$18.976	\$19.700	\$20.452	\$21.234	\$22.046	\$22.884	\$23.753	\$24.656
	Career Coach										
	Marketing & Communications Assistant										
	Quality Assurance Specialist										
	Talent Development Specialist										
F		\$41,198.56	\$42,771.04	\$44,401.76	\$46,101.12	\$47,854.56	\$49,691.20	\$51,598.56	\$53,559.31	\$55,594.56	\$57,707.16
	Computer Support Specialist	\$19.807	\$20.563	\$21.347	\$22.164	\$23.007	\$23.890	\$24.807	\$25.750	\$26.728	\$27.744
	Resource Specialist										
	Talent Development Instructor										
G		\$42,205.28	\$43,819.36	\$45,489.60	\$47,228.48	\$49,033.92	\$50,903.84	\$52,844.48	\$54,852.57	\$56,936.97	\$59,100.57
	Accountant	\$20.291	\$21.067	\$21.870	\$22.706	\$23.574	\$24.473	\$25.406	\$26.371	\$27.374	\$28.414
	Business Solutions Coordinator										
	Business Solutions Representative										
	Facilities Coordinator										
	Marketing & Communications Coordinator										
	Performance Analyst										
	Policy Coordinator										
Training Consultant											
H		\$45,368.96	\$47,105.76	\$48,902.88	\$50,772.80	\$52,709.28	\$54,722.72	\$56,813.12	\$58,972.02	\$61,212.96	\$63,539.05
	Accounting Supervisor	\$21.812	\$22.647	\$23.511	\$24.410	\$25.341	\$26.309	\$27.314	\$28.352	\$29.429	\$30.548
	Industry Council Lead										

# West MI Works!

## Recommended Salary Ranges

Grade	Job Title	Steps									
		1	2	3	4	5	6	7	8	9	10
M1		\$45,809.92	\$47,561.28	\$49,377.12	\$51,265.76	\$53,220.96	\$55,255.20	\$57,366.40	\$59,548.32	\$61,811.16	\$64,159.98
	Assistant Manager	\$22.024	\$22.866	\$23.739	\$24.647	\$25.587	\$26.565	\$27.580	\$28.629	\$29.717	\$30.846
	Executive Assistant										
	Human Resources Assistant Procurement Manager										
M2		\$54,595.13	\$56,669.75	\$58,823.20	\$61,058.48	\$63,378.70	\$65,787.09	\$68,287.00	\$70,881.91	\$73,575.42	\$76,371.29
	Accounting Manager	\$26.248	\$27.245	\$28.280	\$29.355	\$30.471	\$31.628	\$32.830	\$34.078	\$35.373	\$36.717
	Business Solutions Manager										
	Facilities Manager										
	Information Technology Manager										
	Marketing & Communications Director										
	Policy Manager										
	Project Manager										
	Retention Solutions Manager										
	Talent Development Manager										
	Talent Solutions Manager Youth Solutions Manager										
M3		\$61,412.00	\$63,749.92	\$66,185.60	\$68,712.80	\$71,337.76	\$74,129.12	\$77,030.72	\$79,957.89	\$82,996.29	\$86,150.15
	Business Solutions Director	\$29.525	\$30.649	\$31.820	\$33.035	\$34.297	\$35.639	\$37.034	\$38.441	\$39.902	\$41.418
	Human Resources Director										
	Staff Attorney Talent Solutions Director										
M4		\$85,100.00	\$88,339.71	\$91,714.88	\$95,216.88	\$98,854.35	\$102,722.40	\$106,743.20	\$110,799.44	\$115,009.82	\$119,380.19
	Chief Financial Officer	\$40.913	\$42.471	\$44.094	\$45.777	\$47.526	\$49.386	\$51.319	\$53.269	\$55.293	\$57.394
	Chief Operating Officer										