

## Benefits of Proposed Amendment to Civil Service Rule 4.5.A

May 12, 2022

### FAIRNESS

1. **Matching Policies for New Hires** - The Civil Service Rules outline two different policies on open range compensation for current employees compared to new external hires. In the Civil Service Rules, the salary for new hires is calculated based on Rule 4.2, which states that employees can be compensated "anywhere in the range" commensurate with the candidate's credentials and experience. However, the salaries of promoted employees are instead calculated using Rule 4.5.A., which limits promotional salaries to the minimum salary of their new classification OR a 7.5% increase in pay (whichever is greater).

This proposed amendment for Rule 4.5.A pulls language directly from Rule 4.2, to allow promoted employees the same opportunities as new hires to negotiate for salaries above the normal increase to reflect the credentials and performance of the employee. Addressing the discrepancy in compensation policies could alleviate unfairness in starting and promotional salaries between newly hired and tenured employees of MPHD.

### PROCESS

1. **Verification of Funds** - New language added to CSR 4.5.A requires reviewing authorities to "verify the availability of funds" before approving any salaries above the minimum. Adding this financial protection should ensure that all salaries above the minimum are developed in consultation with Finance and with departmental financial limitations in mind.
2. **Reviewed by MPHD and Metro Experts** - The proposed amendment was already reviewed and edited by Finance, Policy, HR, and Metro Legal to gather insights and concerns from each of their areas of expertise. In the process of this coordinated effort to review CSR 4.5.A, minimal concerns about the financial implications of this amendment were raised and suggestions from Finance have already been incorporated.

### CONTINUITY

1. **Normal Increase** - The current text for CSR 4.5.A. provides a range between 5 to 7.5 percent for the salary increases of promoted employees on the open range. However, this range does not align with Metro Civil Service Policy 5.10--II.C on Promotional Compensation Increases, which states: *"for employees in the open range who are promoted a normal increase is between 5% and 10% and requires no additional explanation. A letter of explanation should accompany increases outside the normal range from the appointing authority."*

Thus, the proposed amendment promotes continuity with Metro by increasing the range for open promotional salary increases to go up to ten percent (10%).

2. **Salaries Above the Minimum** - The Metro Open Range Policy provides promoted employees with the same opportunities to negotiate for salaries above the minimum as newly hired employees. Metro also outlines that employees can receive salaries up to the 50th or 75th

percentile (depending on if the position is a replacement or not) without requiring Civil Service approval. The proposed text for CSR 4.5.A matches Metro by providing all employees the opportunity to negotiate for salaries up to the midpoint (50th percentile) without requiring Board approval.

3. **Criteria for Hiring Above the Minimum** -The proposed language for CSR 4.5.A includes language pulled directly from Metro Civil Service Policy 5.10 - 1, which outlines Metro's criteria for justifying hiring above the base salary.
4. **Opportunities for Technical Support from Metro** - The improved alignment with Metro's Civil Service Rules and Policies should open up opportunities for MPHD's Finance and HR divisions to understand how Metro entities have been implementing similar promotional pay structures with limited financial or HR issues for years.

## **MORALE & RETENTION**

1. **Valuing Employees** - Currently, CSR 4.5.A prevents tenured employees from negotiating their salaries regardless of their credentials and contributions to MPHD. The proposed amendment opens up opportunities for employees to earn higher salaries commensurate with the value of their experience, education, training, and skills. This change to CSR 4.5.A would develop a workplace culture that encourages professional growth for employees and reflects the value employees add to the department.
2. **Turnover** - Altering the language for CSR 4.5.A would shift MPHD out of a culture of undervaluing employees at MPHD, which could be contributing to high rates of employee turnover within MPHD. Providing employees with opportunities to earn higher salaries would also act as a protective measure to retain employees who could earn significantly more if they transitioned to the private section.

## **TRANSPARENCY**

1. **Published Salary Increase Criteria** - As mentioned in the Continuity section, the proposed amendment included added language to outline the criteria for salaries above the minimum. Clearly outlining the criteria for promotional salaries helps employees understand whether or not they could be eligible for a salary above the minimum and provides guidance for the authorities reviewing salary requests.
2. **Requiring Written Justification** - The proposed amendment includes added text that requires written justification for all promotional salaries above the normal increase to ensure that there is adequate documentation of the reasoning for providing higher promotional salary increases for some employees. Documenting justification would support the review of discrepancies and equity concerns regarding promotional salaries. The amendment also requires that written justification for salary approval or denial be given directly to the employee under consideration. This requirement promotes transparency by ensuring employees receive documentation for why they did or did not receive a salary above the normal increase.

## **Cons of Proposed Amendment to Civil Service Rule 4.5.A**

1. One of our most enduring and serious challenges is what we call the “grant squeeze.” Funding for many of our ongoing grants has been static, some for decades. In the intervening years we have provided the same pay increases to grant-funded employees as are received by employees paid with local funds. For the grants this can mean we either have to do less, which threatens our ability to meet the service scope requirements, or do the same work with fewer people.
2. Increased raise percentages create a risk of losing more grant positions than we do now. More than half of our funding comes from grants. We can't funnel local dollars to grant-funded employees to match the raises Metro provides to locally funded employees. This disconnect could lead to lost grant positions, either through layoffs or the elimination of vacant positions.
3. We have eight grants that won't be able to fund the raises proposed in the Mayor in the FY23 budget.
4. Locally funded positions could be similarly affected. We have a finite local budget; outside of funded cost-of-living and open range/step increases, raises for promoted employees do not increase the available funding. (We have included in the CSR proposal that availability of funds is a prerequisite for raises above the standard). We have vacant positions now which save some money, which may not be optimum for service delivery. It also puts jobs at jeopardy when the budget is leaner and the positions are filled.
5. The proposed change creates the possibility for a further divide between our employees in step and open range classifications. Our employees on steps are our lower-paid employees and their raises are tied to the steps within their range. A promotion is usually 6 percent to 7 percent, depending on the range. In this scenario they would not have access to the same provisions as would be available to open range employees.
6. There is the potential for grievances created by this approach. If we give a 20 percent raise to the first employee to whom the revised policy pertains, offers of less (either prospectively or retrospectively) to other employees could be seen as the basis for a grievance. We have always tried to treat our locally and grant-funded employees the same with regard to promotions and raises. It will be increasingly difficult to do this if the process changes substantially.
7. The concept of the promotional compensation above normal increase language has inherent issues. Crucially, it can be an apples-to-oranges situation to compare a government salary, which does not account for our (increasingly rare) defined benefit pension and other benefits, to a salary in the private sector without those perquisites. The government salary will usually be lower, but the entire package may well be more valuable. In addition to monetary benefits, it might for example be valuable to a nurse to work our hours as opposed to long weekend night shifts at a hospital. That is an individual preference unlikely to be reflected in a salary comparison.