



Executive Summary Comparative Analysis of Benefits and Compensation

Metropolitan Government of Nashville and Davidson County

Deloitte Consulting LLP

April 4, 2014



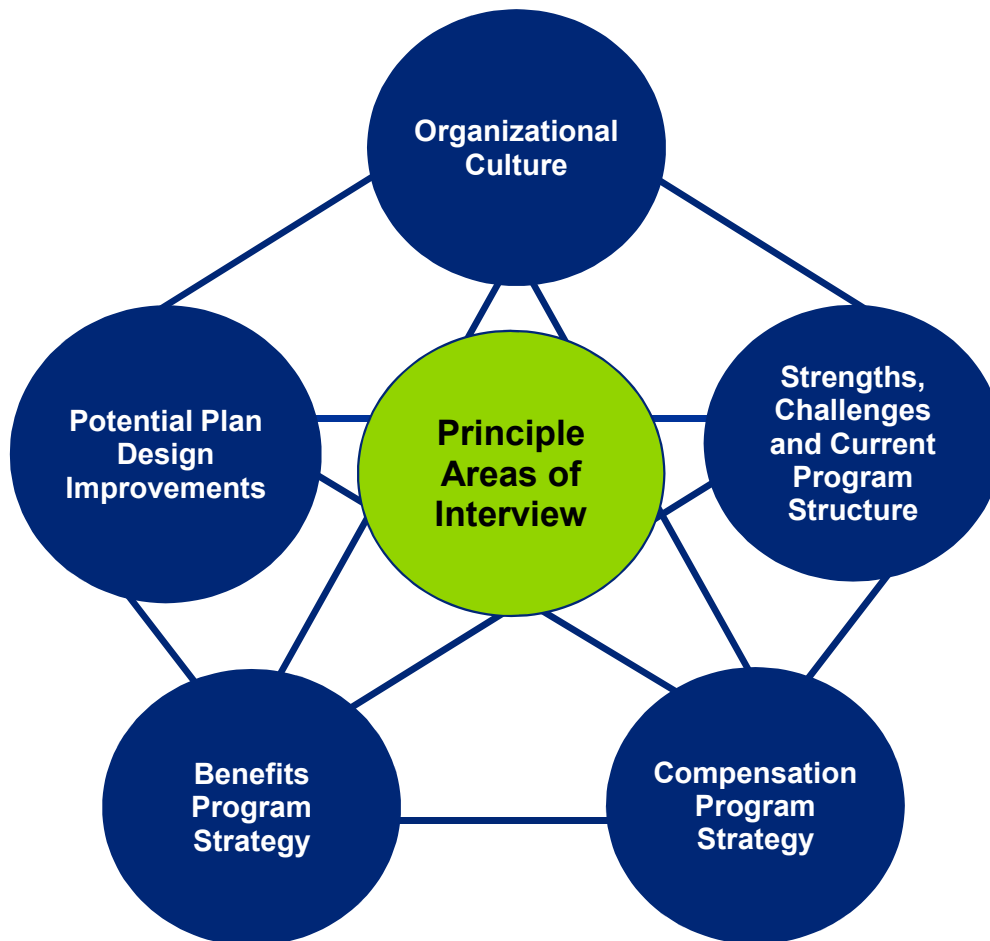
Overview

- Metropolitan Government of Nashville and Davidson County (“Metro”) engaged Deloitte Consulting LLP (“Deloitte”) to provide a comprehensive study of Metro’s current compensation and benefits package
- Metro compensation levels were assessed using **published survey data** based on a sample of 147 jobs covering approximately 4,000 employees and a **custom compensation and benefits survey** where Deloitte Consulting contacted 17 city and county governments including Metro to solicit participation in the custom survey
- Overall, base salaries and total cash compensation are within a competitive range of +/- 10% of the market median based on **published** survey data
- Overall, base salaries are within a competitive range of +/- 10% of the market median based on **custom** survey data
- Metro health and welfare, retirement, and leave benefits are, in total, over 20% more valuable than averages for peers and the broader public sector market for general government employees. Benefits for public safety employees are over 10% more valuable than averages for peers and the broader public safety market.
- Overall, Metro’s compensation and benefits package combined is **somewhat above competitive levels**
- In addition, Deloitte reviewed the pay study conducted by Metro for the Mayor, Vice-Mayor and Council Members and provided a letter indicating the methodology used was appropriate and in line with leading practice



Comparative Analysis Project Summary: Stakeholder Interviews

- Deloitte Consulting LLP (“Deloitte Consulting”) conducted 8 key stakeholder interviews with leaders representing various levels and functional areas within the Metropolitan Government of Nashville and Davidson County (“Metro”). Information was gathered on leaders’ current understanding of various compensation and performance management program elements at Metro and any pain points or opportunities for improvement they were experiencing.
- Our key findings and themes are summarized on the following page. The categories listed below are the areas we focused on during the executive interviews:



List of Departments Represented

1. Codes
2. Finance
3. Fire
4. General Service
5. Historical Commission
6. Health Department
7. Human Resources
8. Information Technology Services
9. Justice Information Systems
10. Law
11. Mayor’s Office
12. Parks and Recreation
13. Planning
14. Police
15. Public Library
16. Public Works
17. Sheriff
18. Social Services
19. Union Leadership
20. Water Services



Comparative Analysis Project Summary: Stakeholder Interviews

- Feedback from the interviews fell into the following four key themes:

Attractive culture

- Metro is consistently described as an organization where people want to work.
- While responsibilities are very high, Metro is able to maintain a family-oriented, collaborative, and dedicated culture.
- However, many employees feel that they are overworked.

Ability to compete with market

- While benefits are rich, employees feel they are paid far below the market median.
- Low pay has the potential to become a retention issue, as Metro's top talent could be recruited elsewhere at higher salaries.
- Metro's top competition for talent is mostly local.

Ability to recruit top talent

- Low compensation and limited training opportunities makes it difficult for Metro to attract new, young talent.
- It is often difficult to find candidates that have an appropriate combination of experience and functional skills.

Consistency

- Since employees are split between open range and step systems, not all employees are given the same opportunities for increases in pay.
- There are pay discrepancies between departments for similar positions.
- Budgetary constraints prevent Metro from implementing the pay system as intended.



Comparative Analysis Project Summary: Compensation

- A sample of 147 highly populated jobs representing around 4,000 Metro employees were benchmarked to Deloitte's extensive salary survey library of published compensation data.
- As an organization, Metro's current base salaries and total cash compensation (TCC = base salary plus annual incentive/bonus) approximate the 50th percentile of *All Organization* and *Government* market data in the published salary survey sources.
 - Compared to *All Organizations* and *Government* salary data, Metro's Market Index is **slightly above market**.
- While the majority of jobs are within a competitive compensation range (+/- 10% of market median) approximately one-third of positions are currently below the market median.
- Note: Each employee is included in this analysis one time.

Metric	All Organizations	Government
Base Market Index	1.05	1.08
Total Cash Compensation Market Index	1.06	1.08
# of Benchmarked Jobs	147	147
% Employees Below 1.00 Base Market Index	38.5%	32.4%
% Employees Below 1.00 TCC Market Index	37.8%	32.2%



Competitive Position by Pay Type

- An analysis by pay type indicates that two groups, Emergency Telecommunications & Public Safety Schedule, contain positions that are paid more than 15% higher than the market.
- An analysis by pay type indicates that one type, Health Department, which contains one job with eight employees, is paid significantly below market (see light highlight below). There are also two pay types; Emergency Telecommunications and Public Safety that are paid significantly above market (see dark highlights below).

Job Type	# EEs	All Organizations		Government	
		Market Index (Base)	Market Index (TCC)	Market Index (Base)	Market Index (TCC)
Correctional Officers (CO)	213	0.98	0.98	0.98	0.98
Emergency Telecommunications (ET)	95	1.19	1.20	1.21	1.22
Health Department (HD)	8	0.76	0.76	0.80	0.80
Public Safety (PS)	1,899	1.17	1.18	1.17	1.18
Standard Schedule (SR)	1,143	0.93	0.93	1.00	0.99
Trades (TG)	441	0.91	0.92	0.93	0.94
Trades (TL)	79	1.01	1.02	1.08	1.08
Trades (TS)	71	0.93	0.93	0.96	0.96



Comparative Analysis Project Summary: Custom Survey

■ Key Findings (Compensation):

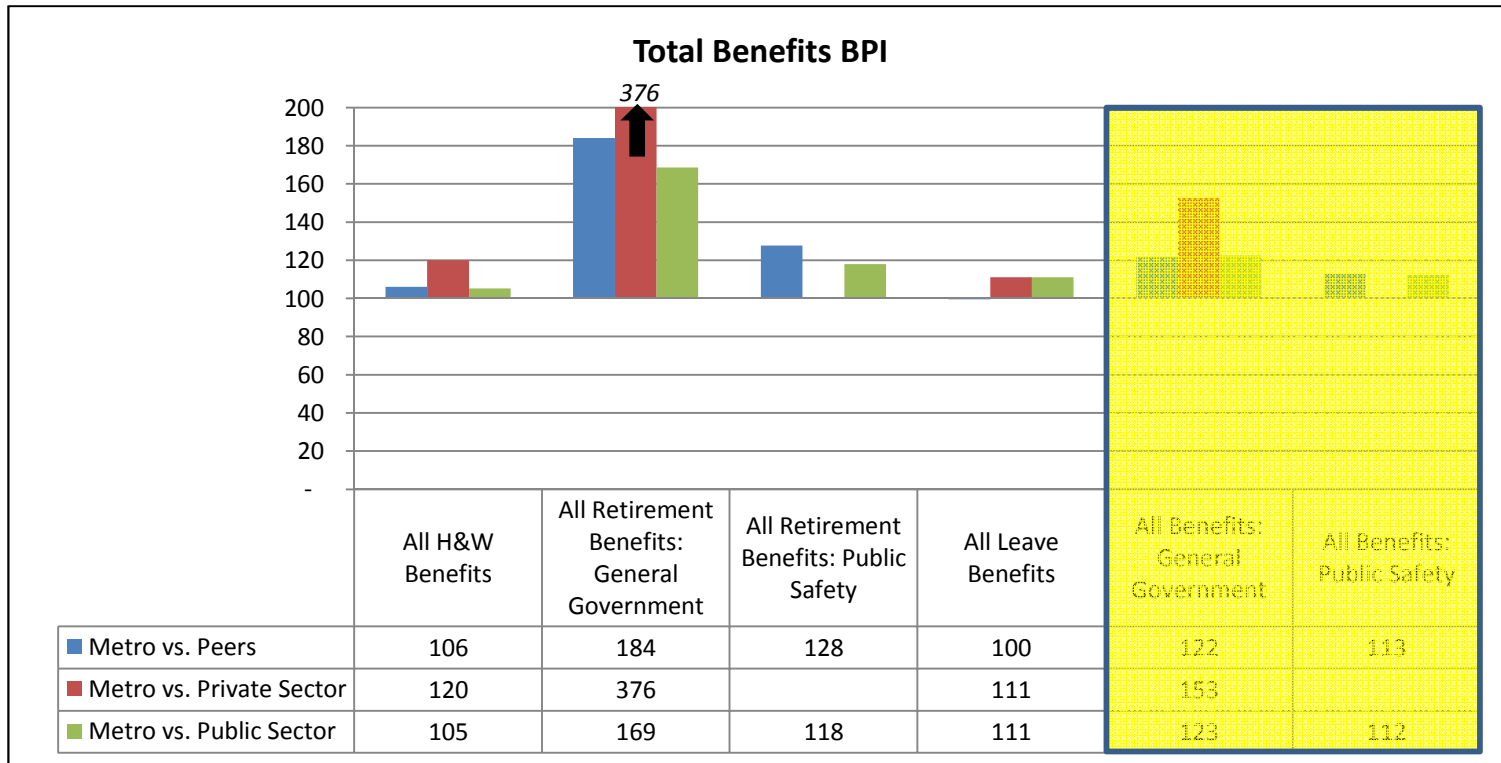
The table below shows Metro pay levels by pay type compared to the custom peer group.

Position	Metro	Peer Group			Variance		
	Base Salary (Average)	25th Percentile	50th Percentile	75th Percentile	25th Percentile	50th Percentile	75th Percentile
Correctional Officers (CO)	\$39,547	\$38,375	\$40,795	\$45,128	3.1%	-3.1%	-12.4%
Public Safety (PS)	\$60,890	\$59,458	\$64,261	\$68,602	2.4%	-5.2%	-11.2%
Standard Range (SR)	\$45,999	\$38,432	\$47,406	\$52,988	19.7%	-3.0%	-13.2%



Comparative Analysis Project Summary: Benefits

- Metro health and welfare, retirement, and leave benefits are in total over 20% more valuable than the averages for peers and the broader public sector market for general employees and over 10% more valuable for public safety employees
- Pension and Retiree medical benefits are the largest driver of the differential
 - Several peers and entities in the public sector market have amended their plans in recent years to reduce or eliminate certain retirement benefits
 - Most peers and the public sector market require employees to contribute to their pension benefits reducing the employer provide portion
- The chart below summarizes the value for Metro General Government and Public Safety benefits as compared to peer benefits and the broader public and private sectors.





Immediate Next Steps

1. Validate Scope

2. Define Future State

3. Evaluate Costs/Timing

Objective

- Identify jobs within the scope of the analysis
- Determine the desired position in the market for each job and incumbent
- Calculate costs to bring incumbents to the desired market position

Key activities

- Identify benchmark jobs more than 20% below market (on average)
- Identify related jobs (not benchmarked)
- Identify all incumbents in both benchmark and related jobs
- Verify job matches for benchmarks
- Determine whether additional market pricing for non-benchmarks is needed
- Determine the desired position in the market for each job family
- Questions to consider include:
 - Are there jobs that are more “critical” than others (hard to retain/hard to fill)?
 - What is the desired position for entry-level incumbents versus experienced incumbents?
 - Review each incumbent’s planned adjustment case-by-case
- Calculate variance between the current rate of pay and the expected rate of pay
- Determine budget availability
- Determine timing of adjustment

Key outcomes

- Number of jobs and incumbents whose salaries could be impacted
- Strategy for bringing “below market” jobs/incumbents to a competitive rate based on the organization’s compensation philosophy
- Costs to bring certain jobs/incumbents within a competitive range
- Timing of adjustments

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