FY2025 Classification & Compensation Study

Mayor and Council Special Presentation

Monday, March 17, 2025

Introduction:
Classification & Compensation Study

The city is committed to ensuring that our employees receive fair pay and competitive benefits and that our pay and benefits are competitive within the region.

The city engages in the best practice of regulary evaluating our internal pay practices and benefit offerings, as well as assessing how we compare to similar organizations within our region.

This practice is commonly referred to as a **classification and compensation study.**

What is a classification and compensation study?

A classification and compensation study evaluates positions, pay and benefits to ensure:

- positions are appropriately grouped by similar skills, responsibilities, and duties – this is the position classification process;

- pay is aligned with the region for similar jobs and is fair and consistent compared to similar positions within the city; and

- our benefit offerings are competitive with similar organizations.

Get Into It

Why do we regularly conduct classification and compensation studies?

Over time, job requirements and the job market change.

Using a structured process, a classification and compensation study offers recommendations focused on:

- ensuring that positions within the city are accurately classified;

- pay and benefits are fair and consistent; and

- the city's pay and benefits remain competitive.

Competitive pay and benefits are critical in our efforts to retain and recruitment employees.

Our Classification and Compensation Philosophy

Most organizations have a compensation philosophy that informs their pay practices and benefit offerings.

Our compensation philosophy states that the city will:

> *'provide a competitive total compensation system of salary and benefits that compete at the 60th percentile of the city's recognized peers for qualified employees'*

Adopted by Mayor and Council in 2015.

Our Classification and Compensation Philosophy: What does this mean?

The city aims to pay its employees at a level where their salaries are higher than 60% of recognized peers in the market for similar positions.

The city's compensation philosophy is above average by offering *slightly* more competitive salaries than the market median.

FY2025
Classification and Compensation Study

The city engaged Bolton, an experienced firm, to conduct our current study.

Dan Ripberger, President of Bolton Total Rewards practice, will provide an overview of:

- Study objectives;
- Approach;
- Findings and observations; and
- Recommendations.

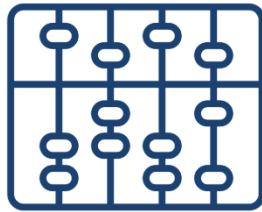Get Into It

Bolton

2024-2025 Classification and Total Compensation Review

Dan Ripberger
President, Bolton Rewards
(513) 290-1770
djripberger@boltonusa.com
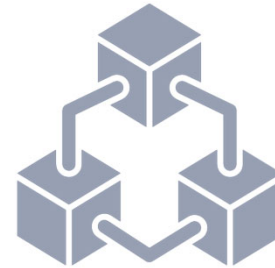
ROCKVILLE · MARYLAND
FOUNDED UPON A ROCK

Council Presentation

March 17, 2025

Study Objectives

Review the classification and total compensation system; recommend changes as needed.

Major program elements:

Compensation philosophy;

Job classification system;

Market total compensation alignment;

Base pay structure(s);

Actual pay analysis; and
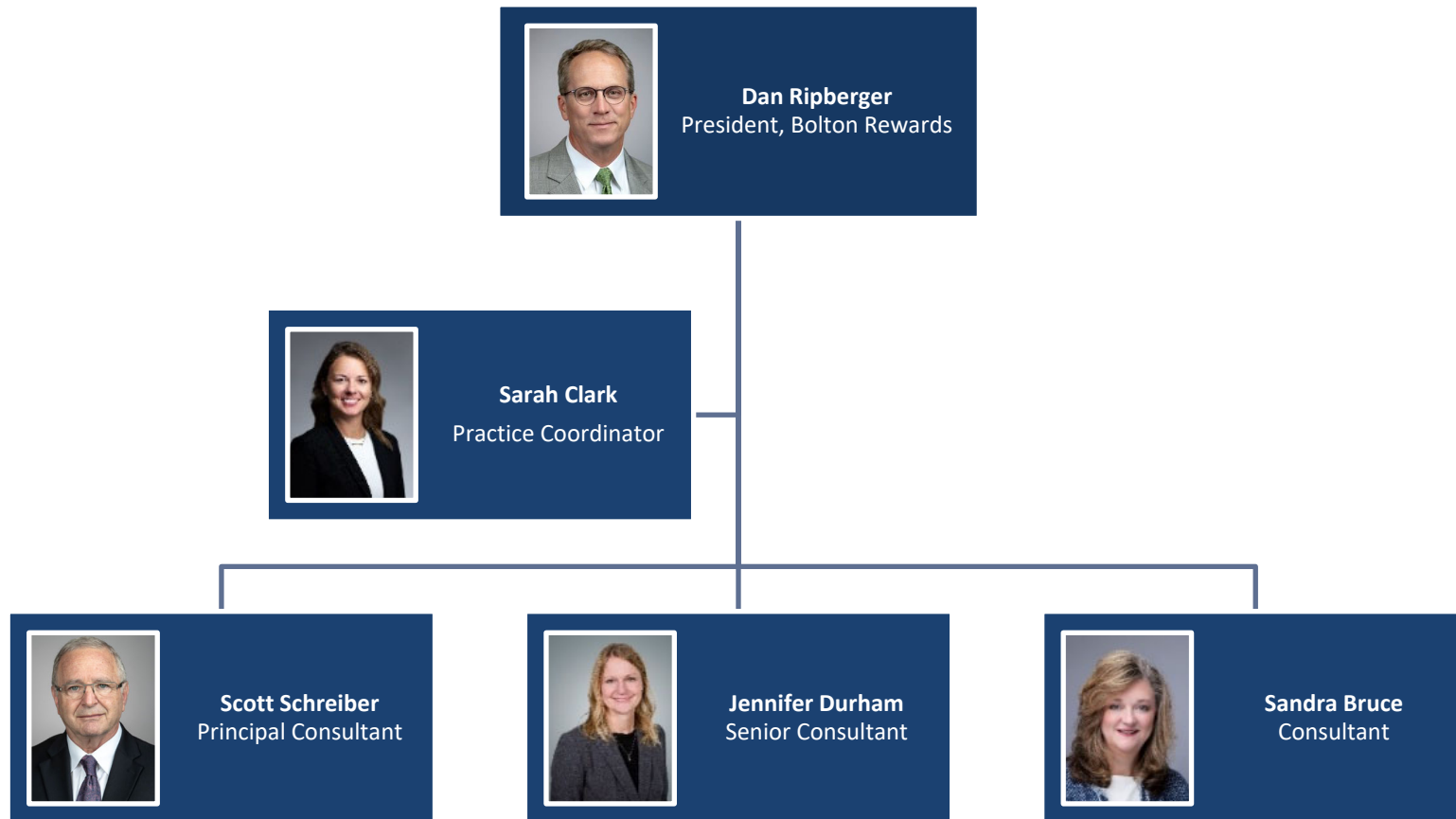
Policies and administration.

Bolton

About Bolton

❑ National full-service consulting firm with over 40 years of experience providing total compensation consulting services.

❑ Headquartered in Towson, Maryland.

❑ Consulting Divisions

- ▪ Retirement

- ▪ Investment

- ▪ Health

- ▪ Rewards

- ▪ Talent

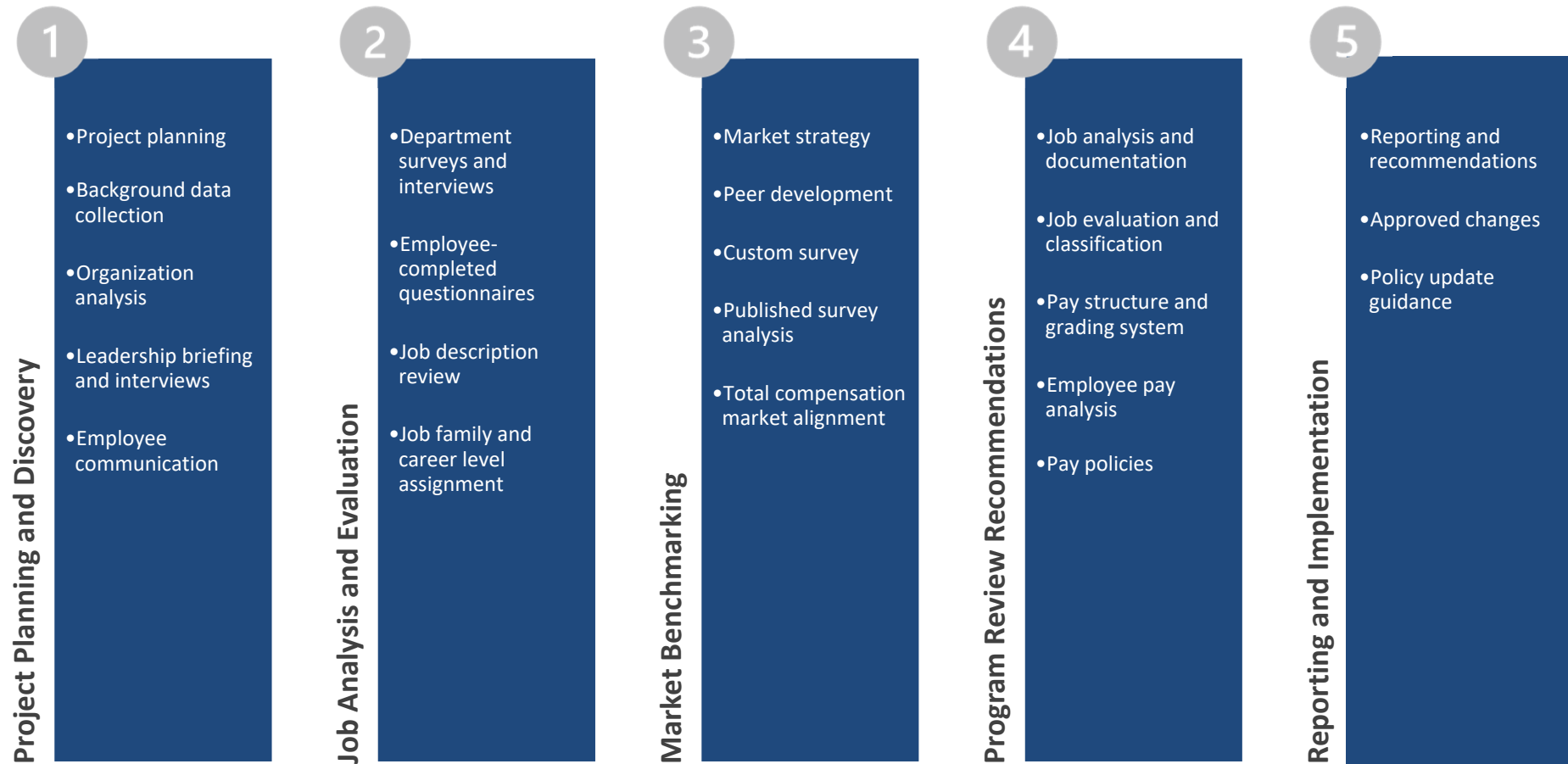❑ Current pension consultant for the City.

Bolton

3
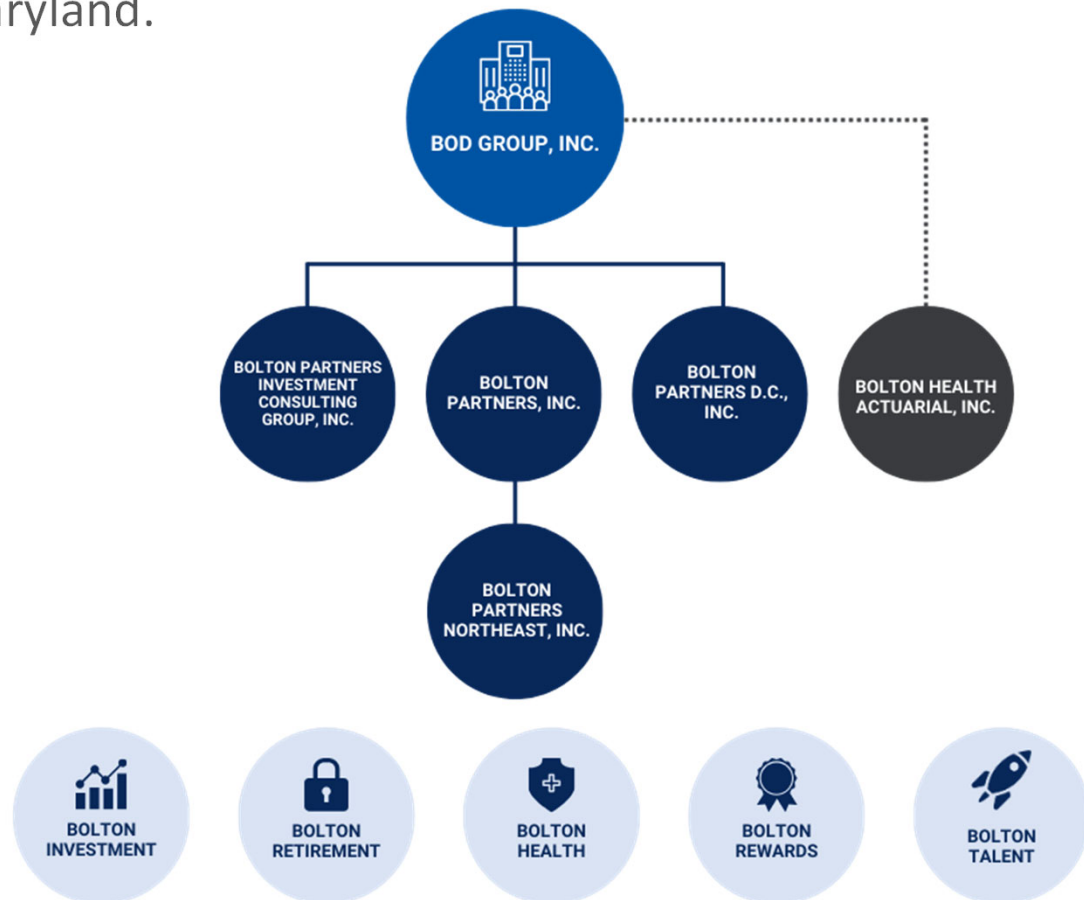
Our Rewards Practice

❑ Bolton Rewards is the reward strategy and compensation consulting and services practice of Bolton.

❑ Our team maintains specific expertise and resources in:

- Organization Performance and Design;

- Employment Value Definition and Communication;

- Total Reward Strategy;

- Executive Performance and Compensation;

- Classification and Compensation;

- Pay Program Management Co-Sourcing; and

- Market Surveys and Research.

Bolton

Our Key Project Team Members

Dan Ripberger
President, Bolton Rewards

Sarah Clark
Practice Coordinator

Scott Schreiber
Principal Consultant

Jennifer Durham
Senior Consultant

Sandra Bruce
Consultant

Bolton

Work Phases and Steps

1

Project Planning and Discovery

- Project planning
- Background data collection
- Organization analysis
- Leadership briefing and interviews
- Employee communication

2

Job Analysis and Evaluation

- Department surveys and interviews
- Employee-completed questionnaires
- Job description review
- Job family and career level assignment

3

Market Benchmarking

- Market strategy
- Peer development
- Custom survey
- Published survey analysis
- Total compensation market alignment

4

Program Review Recommendations

- Job analysis and documentation
- Job evaluation and classification
- Pay structure and grading system
- Employee pay analysis
- Pay policies

5

Reporting and Implementation

- Reporting and recommendations
- Approved changes
- Policy update guidance

Bolton

6

Methodology

Compensation Philosophy

The Mayor and City Council adopted a 60th percentile market posture for total compensation in 2015.

❑ 60th percentile targets above the middle of the market to best reflect the unique location, operational excellence, and subsequent job requirements of the City.

❑ Supports the City's mission and vision to attract and retain a diverse, engaged and highly qualified workforce with the goal of being an employer of choice.

Methodology

Custom Survey

☐ Total compensation survey of local government peers – data received from:

- Arlington County, VA
- City of College Park, MD
- City of Falls Church, VA
- City of Gaithersburg, MD
- City of Hyattsville, MD
- City of Manassas, VA

- City of Takoma Park, MD
- Loudon County, VA
- Montgomery County, MD
- Prince William County, VA
- Town of Herndon, VA
- Town of Leesburg, VA

☐ Peers supplied unidentified incumbent-level data on over 30,000 employees in over 1,200 different jobs.

☐ DOL/FTC price fixing guidelines – we provide data summarized by job in a fashion that will not allow personal or employer identification.

Bolton

Findings and Observations

Overall Market Alignment

ELEMENT	MARKET ALIGNMENT Below · · · · · · · At · · · · · · · Above	COMPETITIVE NOTES
Base Pay Ranges	I · · · · · · ▬▬ · · · · · · · · · · · · I	• Rockville pay ranges are slightly less than the July 1, 2025 60th percentile market at 96.6% overall.
Health Benefits	I · · · · · · · · ▬▬ · · · · · · · · · I	• Fully competitive with many options.
Welfare Benefits	I · · · · · · · ▬▬ · · · · · · · · · · I	• Slightly below due to lower life insurance maximum benefit.
Paid Time Off	I · · · · · · · · · · ▬▬ · · · · · · · I	• More than competitive due to richer sick time carryover.
Retirement	I · · · · · · · · ▬▬ · · · · · · · · · I	• Plans for new hires provide competitive replacement income.
OVERALL	I · · · · · · · ☐ · · · · · · · · · · · I	• Less than competitive due to pay ranges and retirement.

Bolton

Findings and Observations

Pay Ranges

❑ Our review indicates that Rockville's pay range midpoints (i.e., current market targets) are slightly below the City's 60th percentile target at 96.6%, overall.

❑ There is some variance by structure.

Structure	Rockville as % of 60th Percentile Market
Administrative	96.2%
Union	96.7%
Police	95.3%
Senior Management	91.6%

Findings and Observations

Selected Range Target (Midpoint) Market Comparison Examples

Administrative Structure Examples:

JOB TITLE	NO. OF EES	AVERAGE SERVICE	GRADE	MIDPOINT ($)	MARKET BASE 60P ($)	% OF 60P MARKET
Senior Civil Engineer	4	5.2	AD220	107,932	114,275	94.4%
Senior Construction Inspector	6	13.9	AD216	88,796	95,114	93.4%
Water Treatment Plant Operator	5	8.7	AD214	80,541	80,993	99.4%

Police Structure Examples:

JOB TITLE	NO. OF EES	AVERAGE SERVICE	GRADE	MIDPOINT ($)	MARKET BASE 60P ($)	% OF 60P MARKET
Police Officer II	3	3.7	PL111	89,411	87,216	102.5%
Police Sergeant	7	18.6	PPL114	107,282	117,441	91.3%

Bolton

Recommendations and Next Steps

❑ We recommend Rockville adopt a plan to align structures with its compensation philosophy – adjust pay structures to align with the 60th percentile over time.

❑ We also suggest the City address other program enhancements going forward:

  ▪ Communication – expand compensation philosophy to include total rewards and develop employee communications;

  ▪ Job documentation – formalize job documentation approach and continue to update job descriptions;

  ▪ Job classification and grading – adopt Bolton's classification plan and continue to review job grading for internal equity and market alignment; and

  ▪ Pay policies – revise current policies (e.g., pay increase policy) as needed to align with future program changes.

1. The recommended budget includes a 2.5% cost of living adjustment.

2. Those employees who have been identified, via the study, as being under the competitive salary point will also receive an adjustment capped at 7.5%.

3. The estimated total cost for the salary adjustments is approximately $1,000,000.00 (one million).

4. Finally, as recommended, we will review all salary ranges to ensure that they align with the city's compensation philosophy.

Get Into It

Get Into It

Thank you.