

# Bolton

## 2024-2025 Classification and Total Compensation Review

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**Final Report**

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# I. Introduction

## Background

The City of Rockville, MD (Rockville, City) retained Bolton Rewards (Bolton) to review its broad-based pay program and, if needed, recommend changes to enhance the ability to manage pay going forward.

During the conduct of this assignment, Bolton completed the following major tasks:

- ❑ Interviewed leadership to gather information on processes and roles as well as competitive markets;
- ❑ Analyzed existing written job content data (i.e., duties, responsibilities and work requirements) found in existing job descriptions and employee-completed Position Information Forms (PIFs);
- ❑ Conducted a custom total compensation survey of mutually identified peer counties and municipalities;
- ❑ Additionally developed market levels and practices using relevant published surveys;
- ❑ Identified gaps between the Rockville's current compensation levels and practices and the levels and practices that will best align with City people and reward strategies going forward; and
- ❑ Recommended enhancements to close identified gaps in compensation levels and/or compensation practices.

This report provides Bolton's study methodology, market comparisons and program recommendations.

# I. Introduction

## Assessment Approach and Process

We employed our time-tested and systematic approach to review and recommend changes to Rockville's program.



## II. Methodology

### Discovery

Bolton collected and reviewed detailed organizational and pay program data. These data included:

- ❑ Organization policy and other budget and financial documentation;
- ❑ Job descriptions;
- ❑ Pay plan and job grading listings; and
- ❑ Detailed electronic employee data.

We also led and participated in background discovery to fully understand the organization, its operations and its people needs.

- ❑ We employed a combination of direct research, discussions with Administration, and interviews with Division management.
- ❑ Our interviews helped define the work of each department, how it is grouped and how it integrates with other departments across the organization as well as provided background as to the pay program's effectiveness.

## II. Methodology

### Market Data

Bolton consulted with Rockville's management to confirm the desired competitive labor markets for staff pay comparison – Rockville desires to align its compensation with other comparable employers in the state with a particular eye on cities and counties in the local region.

We applied a two-fold approach in gathering market data. We utilized several sources of published data to reflect the City's desired labor markets and conducted a custom survey of peer public sector employers.

The published data sources we consulted included:

- ❑ Mercer, Metropolitan Benchmark Series
- ❑ WTW, Middle Management and Professional Survey
- ❑ DC-SHRM Compensation Survey
- ❑ American Water Works Association Compensation Survey

## II. Methodology

We conducted a custom pay survey of 20 local government agencies identified jointly by Bolton and Rockville. The 12 agencies that submitted usable data include:

- ❑ 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.

- ❑ Bolton calculated summary statistics at the 50th, 60th and 75th percentile levels for each job.
- ❑ We adhere to Department of Labor and Federal Trade Commission safe harbor guidelines on anti-trust and price fixing with respect to salary survey and labor market research. This means that we only provide clients and survey participants with data summarized by job in a fashion that will not allow personal or employer identification.

## II. Methodology

We developed market rates on all Rockville jobs.

- ❑ We updated the reported market base salary data to January 1, 2025 to align with the middle of the current pay plan year.
- ❑ We applied a 3.5% annualized adjustment factor to project the market data to this common reporting date.

The definitions of the reported summary statistics presented in our report are as follows:

- ❑ 50P (50th percentile/median): figure above and below which half of all reported figures occur.
- ❑ 60P (60th percentile): figure below which 60% of all reported figures occur.
- ❑ 75P (75th percentile): figure below which 75% of all reported figures occur.



### III. Findings and Recommendations

#### Job Analysis and Documentation

Our review yields that job descriptions are inconsistently written and formatted. Specific areas where we found deficiencies include:

- ❑ They tend to include too much text and stock compensable factor level terms under the Job Summary and Essential Functions.
- ❑ They do not have sign off as an approved classified job with a department head and human resources signature.

We recommend Rockville place a stronger emphasis on consistent and complete job descriptions going forward.

- ❑ Managers should prepare job descriptions and submit to Human Resources for review, classification and approval.
- ❑ Human Resources should review the job description for clarity and the stated minimum requirements for legal compliance and consistency.

### III. Findings and Recommendations

#### Job Evaluation

Job evaluation is a systematic approach to determining job value relative to other jobs for purposes of pay opportunity determination. Effective job evaluation systems:

- ❑ Reflect organizational values;
- ❑ Help rationalize and deliver internal equity;
- ❑ Should be defined by legally-acceptable compensable factors – not competencies or performance-related behaviors; and
- ❑ Align with the organization's need to recruit and retain qualified staff.

We recommend the City consider an approach to job evaluation by consistently assigning jobs to career levels to better determine job worth and establish pay opportunity. Rockville could adopt our whole-job career levels defined by four primary and legally-defensible compensable factors to help manage employee perception of pay equity.

### III. Findings and Recommendations

We recommend Rockville consider adopting a more formal approach to job classification by implementing Bolton's Career Stream system. Career Stream is a job family and career level matrix to determine job worth and establish pay opportunity.

- ❑ Job Families: Rockville's jobs have been assigned to Career Stream job families – roughly 65 families would be utilized.
- ❑ Career Levels: Our Career Groups and Career Levels use whole-job definitions defined by four primary and legally-defensible compensable factors.

Level Factor	Definition
Contribution	Degree of organizational scope for which a position is generally accountable and the role the position plays in accomplishing objectives.
Impact	Degree that a position's work assignments have on the achievement of the overall mission, goals and objectives. This factor measures positive effects rather than adverse impact resulting from failure.
Discretion/Latitude	Degree of judgment, research, analysis and innovative thinking required to perform the work of the position. Consideration is given to policies and procedures which are provided as reference materials and guides to aid incumbents in performing their position work assignments.
Skill/Knowledge	Degree and type of knowledge, skills and abilities required to satisfactorily perform a position whether acquired through education and/or on the job experience. The level/type of knowledge may be impacted by a position's requirement for a particular skill or job requirement.

# III. Findings and Recommendations

## Base Pay Structures

Rockville utilizes several base pay structures, all effective July 1, 2024, to manage employee pay.

- ❑ Administrative structure with 29 grades with 65.0% range width from minimum to maximum and 5.0% grade progression (percentage difference between consecutive grades);
- ❑ Senior Management structure with five grades with 65.0% range width from minimum to maximum and midpoint progression of 5.0%;
- ❑ Police Structure with six grades with varying grade progressions and utilizes a step progression of 19 steps with an average width of 72.5%; and
- ❑ Union structure with five grades with a 5.0% grade progression and utilizes a step progression of 19 steps with 61.5% width.

The table below provides commonly-accepted relationships between grade progression and range width.

Grade Progression	Range Width	Common Job Types
5.0%	40.0%	Hourly, Non-Exempt Salaried
10.0%	50.0%	Hourly, Salaried Individual Contributor, Management
15.0%	60.0%	Exempt Individual Contributor, Management
20.0%	70.0%	Executive Management

### III. Findings and Recommendations

#### **Base Pay Structure**

We recommend Rockville adopt new pay structures to align with the City's compensation philosophy (see **Exhibits 1A and 1B**).

- ❑ The new structures would be effective July 1, 2025 through June 30, 2026.
- ❑ We maintained the existing midpoint progression and range spreads for each structure, however we suggest Rockville consider reducing the range spread and increasing the grade progressions to improve hiring rates and manage pay once it increases well above market targets.

We increased each 2025 structure as follows to achieve a 60<sup>th</sup> percentile target:

- ❑ Administrative Structure – 1.0%
- ❑ Senior Management Structure – 8.4%
- ❑ Police Structure – 4.7%
- ❑ Union Structure – 2.3%

#### **Job Classification and Grading**

Under our suggested Career Stream evaluation and classification approach, jobs would be graded through the classification process. A Classification is a specified job family and career level that has been analyzed, evaluated, benchmarked and assigned to the pay structure and grade/level.

### III. Findings and Recommendations

#### Actual Pay Alignment

Rockville's overall compa-ratio on the recommended structures is 99.3%.

- ❑ This mean that overall base pay trails market targets by 0.7%.
- ❑ There is also variance of actual base pay within pay ranges.

Range Location (Compa-Ratio)	Competitive Posture	Employee Distribution		
		Avg Service	Number	% of Total
Below 80.0%	Less Than	1.4	46	9.0%
80.0% to 89.9%	Low End	4.7	116	22.7%
90.0% to 99.9%	Competitive Range	9.4	102	20.0%
100.0% to 109.9%		14.8	103	20.2%
110.0% to 120.0%	High End	18.0	92	18.0%
Above 120.0%	More than Competitve	25.2	51	10.0%
<b>Total</b>			<b>510</b>	<b>100.0%</b>

*\*Excludes City Manager, City Clerk/Director of Council Operations, and City Attorney*

### III. Findings and Recommendations

#### Base Pay Delivery

##### Annual Adjustments

- ☐ We recommend that Rockville continue to grant regular annual adjustments at a common point in time each year as is current practice. The size of the annual regular increase budget, if any, should be based on anticipated market movement and the organization's financial condition.

##### Starting Rates

We suggest that Rockville refine its policy on determining rates for new hires to best reflect their job experience.

- ☐ Set at minimum or entry if only minimum job requirements are met.
- ☐ If new hires' experience exceed minimum work requirements, pay should be established in line with other employees' pay and experience.

In addition, the City should consider establishing overall guidelines, *for example*:

- ☐ First Tercile: Less than 7 years job experience.
- ☐ Middle Tercile: 7 to 14 years job experience.
- ☐ Third Tercile or above: More than 14 years.

##### Promotional Increases









- ☐ 50% of difference between current and new grade midpoints. At least to minimum of new range.

### III. Findings and Recommendations

#### Broad-based Benefits

We summarized Peer benefit level and prevalence data and used this information as one input into our assessment of market competitiveness.

Overall, Rockville's broad-based benefits program is more than competitive when compared to Peers and the general market. Our competitive market assessment is summarized below.

BENEFIT TYPE	MARKET ALIGNMENT	COMPETITIVE NOTES
	Below ..... At ..... Above	
Medical	.....  .....	<ul style="list-style-type: none"> <li>Employee premiums, annual deductibles and out of pocket maximums are generally lower than Peers.</li> <li>Many health insurance plans to choose from.</li> </ul>
Dental	.....  .....	<ul style="list-style-type: none"> <li>Lesser employee cost with comparable benefits levels.</li> </ul>
Vision	.....  .....	<ul style="list-style-type: none"> <li>Fully aligned.</li> </ul>
Short-term Disability	.....  .....	<ul style="list-style-type: none"> <li>Competitive with Peers.</li> </ul>
Long-term Disability	.....  .....	<ul style="list-style-type: none"> <li>Slightly richer due to higher benefit maximum compared to Peers.</li> </ul>
Life & AD&D	.....  .....	<ul style="list-style-type: none"> <li>Less than competitive with Peers due to lower benefit maximum.</li> </ul>
Paid Time Off	.....  .....	<ul style="list-style-type: none"> <li>More than competitive due to richer sick time carryover.</li> </ul>
OVERALL	.....  .....	<ul style="list-style-type: none"> <li>Slightly richer than Peers due to medical offerings, dental and sick time carryover.</li> </ul>



### III. Findings and Recommendations

#### Retirement

Bolton projected the retirement income that Rockville's plans will provide after a full 25-year career.

Retirement Plan	Projected Annual Annuity as % of Final Pay		
	Admin	Union	Police
Defined Benefit Plan	27.9%	23.4%	52.8%
Thrift Defined Contribution Plan	8.6%	9.1%	N/A
<b>Total Retirement Benefit</b>	<b>36.5%</b>	<b>32.5%</b>	<b>52.8%</b>

Rockville's retirement plan is competitive overall when compared with its peers.

- ❑ The Admin and Union groups are more closely aligned with the 50<sup>th</sup> percentile of the peer market.
- ❑ However, the Police group is more closely aligned with the 75<sup>th</sup> percentile of the peer market.

Group	Rockville	Projected Annual Annuity as % of Final Pay		
		25P	50P	75P
Admin	36.5%	35.5%	35.9%	41.8%
Union	32.5%	33.5%	35.5%	41.8%
Police	52.8%	36.6%	42.7%	58.2%

## IV. Next Steps and Implementation

### Next Steps

Finalize pay program design and administrative policies.

Create or revise immediate supporting documents and tools:

- ☐ Job descriptions;
- ☐ Pay structures;
- ☐ Job classification and grading; and
- ☐ Pay policies.

Put the program changes into effect.

- ☐ Create an implementation process and plan;
- ☐ Finalize job grading;
- ☐ Transition program design documents, data and tools from Bolton to the College;
- ☐ Further orient management; and
- ☐ Communicate to employees.

## IV. Next Steps and Implementation

### Employee-Level Implementation

We recommend Rockville consider one or more increase types to determine any market equity adjustments needed.

- ❑ Across-the-Board: a consistent percentage or dollar value increase provided to all or most employees. This is sometimes referred to as a general increase or cost-of-living adjustment.
- ❑ Experience-based: increase designed to align experience in a specific job with the position in a range someone is paid.

Rockville should develop guidelines for determining experience-based adjustments.

- ❑ We would expect an employee with 9-12 years of job-specific experience to be paid at or close to the Midpoint.
- ❑ The City should also establish a maximum number years of job-specific experience that will be used to help determine increase amount.

# Bolton

## 2024-2025 Classification and Total Compensation Review



Exhibits

GRADE	BASE PAY RANGES (\$)					GRADE PROGRESSION	RANGE SPREAD
	MARKET RANGE						
	ENTRY	MR POINT 1	TARGET	MR POINT 3	MAXIMUM		
Structure: Administrative Scale FY 2026							
AD229	127,632	155,285	169,112	182,939	210,593	5.0%	65.0%
AD228	121,555	147,891	161,060	174,228	200,565	5.0%	65.0%
AD227	115,766	140,849	153,390	165,932	191,014	5.0%	65.0%
AD226	110,254	134,142	146,085	158,030	181,918	5.0%	65.0%
AD225	105,004	127,754	139,130	150,505	173,255	5.0%	65.0%
AD224	100,003	121,670	132,504	143,338	165,005	5.0%	65.0%
AD223	95,241	115,877	126,194	136,512	157,148	5.0%	65.0%
AD222	90,706	110,359	120,185	130,012	149,665	5.0%	65.0%
AD221	86,386	105,103	114,462	123,820	142,537	5.0%	65.0%
AD220	82,273	100,098	109,011	117,924	135,750	5.0%	65.0%
AD219	78,355	95,332	103,820	112,309	129,286	5.0%	65.0%
AD218	74,624	90,792	98,877	106,961	123,129	5.0%	65.0%
AD217	71,071	86,469	94,168	101,868	117,266	5.0%	65.0%
AD216	67,686	82,351	89,684	97,017	111,682	5.0%	65.0%
AD215	64,463	78,430	85,414	92,397	106,364	5.0%	65.0%
AD214	61,393	74,695	81,346	87,997	101,299	5.0%	65.0%
AD213	58,470	71,138	77,472	83,807	96,475	5.0%	65.0%
AD212	55,685	67,750	73,784	79,816	91,881	5.0%	65.0%
AD211	53,034	64,525	70,270	76,015	87,505	5.0%	65.0%
AD210	50,508	61,452	66,924	72,395	83,339	5.0%	65.0%
AD209	48,103	58,525	63,737	68,948	79,370	5.0%	65.0%
AD208	45,813	55,739	60,702	65,664	75,590	5.0%	65.0%
AD207	43,631	53,084	57,811	62,538	71,991	5.0%	65.0%
AD206	41,553	50,557	55,058	59,560	68,563	5.0%	65.0%
AD205	39,575	48,149	52,437	56,724	65,299	5.0%	65.0%
AD204	37,690	45,856	49,939	54,023	62,189	5.0%	65.0%
AD203	35,895	43,673	47,561	51,450	59,227		65.0%

GRADE	BASE PAY RANGES (\$)					GRADE PROGRESSION	RANGE SPREAD
	MARKET RANGE						
	ENTRY	MR POINT 1	TARGET	MR POINT 3	MAXIMUM		
Structure: Senior Management Scale FY 2026							
SR305	161,267	196,272	213,775	231,277	266,282	5.0%	65.1%
SR304	153,587	186,925	203,595	220,264	253,603	5.0%	65.1%
SR303	146,273	178,024	193,899	209,775	241,526	5.0%	65.1%
SR302	139,308	169,547	184,667	199,786	230,025	5.0%	65.1%
SR301	132,674	161,473	175,872	190,273	219,072		65.1%

GRADE	ANNUAL PAY STRUCTURE STEPS (\$)																		
	STEP01	STEP 02	STEP 03	STEP 04	STEP 05	STEP 06	STEP 07	STEP 08	STEP 09	STEP 10	STEP 11	STEP 12	STEP 13	STEP 14	STEP 15	STEP 16	STEP 17	STEP 18	STEP 19
Structure: Police Scale FY 2026																			
PL11	111,575	115,124	118,789	122,569	126,471	130,496	134,646	138,936	143,357	147,921	152,631	157,489	162,500	167,773	173,008	178,519	184,201	190,064	196,115
PL11	96,381	99,449	102,614	105,881	109,249	112,727	116,315	120,018	123,837	127,779	131,847	136,043	140,373	144,842	149,451	154,211	159,119	164,183	169,410
PL11	87,421	90,204	93,076	96,039	99,094	102,250	105,502	108,861	112,324	115,901	119,589	123,396	127,323	131,375	135,556	139,874	144,327	148,921	153,661
PL11	78,547	80,876	83,274	85,838	88,286	90,904	93,599	96,373	99,233	102,174	105,204	108,323	111,534	114,841	118,246	121,747	125,355	129,071	132,896
PL11	74,100	76,298	78,560	80,889	83,288	85,757	88,299	90,917	93,613	96,388	99,246	102,189	105,218	108,337	111,548	114,856	118,261	121,767	125,377
PL11	69,906	71,979	74,113	76,311	78,573	80,903	83,301	85,771	88,315	90,934	93,631	96,408	99,265	102,208	105,239	108,361	111,567	114,875	118,281
Structure: Union Scale FY 2026																			
UN2	58,142	59,713	61,325	62,980	64,680	66,426	68,221	70,062	71,954	73,897	75,892	77,941	80,046	82,207	84,427	86,706	89,047	91,451	93,921
UN2	55,373	56,869	58,404	59,981	61,600	63,263	64,972	66,725	68,528	70,377	72,277	74,229	76,234	78,292	80,406	82,577	84,806	87,095	89,447
UN2	52,737	54,160	55,623	57,124	58,667	60,251	61,877	63,548	65,264	67,026	68,836	70,694	72,603	74,563	76,577	78,644	80,767	82,948	85,187
UN2	50,225	51,581	52,974	54,404	55,873	57,381	58,931	60,522	62,156	63,834	65,558	67,328	69,146	71,013	72,930	74,899	76,921	78,998	81,131
UN2	47,833	49,124	50,451	51,813	53,212	54,649	56,125	57,640	59,196	60,795	62,436	64,122	65,853	67,631	69,426	71,333	73,258	75,237	77,267