

Budget Questions and Requests for Information
2013-14 Recommended Budget
QUESTION #9

QUESTION:

- a) How often do we calculate the living wage?
- b) The costs of implementing Phase 1 and 2 of the Classification and Compensation Plan were quoted at about \$13K and \$200k. Could you explain what these two numbers represent and how they are part of the current budget.

RESPONDENT: Kenneth C. Pennoyer, Business Management Director

RESPONSE:

- a) In accordance with the Town’s Living Wage Policy, the living wage is calculated on a yearly basis.
- b) Phase one of the classification and compensation plan moves employees currently below Step One in their new pay grade to the first step in that grade. Because employees will receive a 2% increase prior to being slotted into their new pay grades, there are only a few employees (10) whose pay will need to be adjusted under phase 1.

For employees whose current pay plus the 2% adjustment falls in between steps in their new pay grade, Phase two moves them to the next higher step. In other words, their pay will be rounded up to the next highest step. There are about 466 employees who will receive a phase two adjustment.

The cost of the phase one and phase two adjustments are included in the Manager’s Recommended Budget in the non-departmental category of the General Fund (and in the administrative divisions of other funds) along with the associated cost of benefits that are calculated as a percent of salary like payroll taxes and pension contributions. The costs will be allocated to departments for the final budget ordinance. The following table shows the cost of implementing the first two phases of the Classification and Compensation Plan, including the cost of benefits for all funds.

	Salary Adjustment	Benefits	Total
Phase 1	\$ 12,966	\$ 2,557	\$ 15,523
Phase 2	198,087	39,063	237,149
Total	\$ 211,053	\$ 41,620	\$ 252,673

Examples: Employee A currently makes \$30,800 per year. They will receive the 2% pay adjustment, bringing their pay to \$31,416. Based on the Classification and Compensation study, Employee A is placed in Pay Grade 210 (shown below) which has a minimum of \$32,213. Employee A’s salary after the 2% adjustment (\$31,416) is lower than Step 1 for their new pay

grade (\$32,213). In addition to the 2% adjustment, Employee A will receive a Phase One adjustment to bring them to the Step 1 minimum for their grade. In this case, the adjustment would be \$797, the difference between step 1 (\$32,213) and their adjusted pay (\$31,416).

Employee B makes \$32,960 per year and is already above step one in their new pay grade, which is also Grade 210 (shown below), therefore they will not receive a phase one pay adjustment. After the 2% adjustment their salary will be \$33,619. Employee B's salary after the 2% adjustment falls between Steps 3 and 4 in Grade 210. The Phase Two adjustment for Employee B will be to move them to the next higher (step 4). This adjustment will be \$566 or the difference between their adjusted salary (\$33,619) and Step 4 in the new pay plan (\$34,185).

	Employee A	Employee B
Current Pay	\$ 30,800	\$ 32,960
2% Adjustment	616	659
Adjustment Subtotal	\$ 31,416	\$ 33,619
Phase 1 adjustment to Step 1	797	N/A
Phase 2 adjustment up to next step	N/A	566
New Pay Rate	\$ 32,213	\$ 34,185

Pay Grade	210
Step 1	32,213
Step 2	32,858
Step 3	33,515
Step 4	34,185
Step 5	34,869
Step 6	35,567
Step 7	36,278
Step 8	37,003
Step 9	37,744
Step 10	38,498
Step 11	39,268
Step 12	40,054
Step 13	40,855
Step 14	41,672
Step 15	42,505
Open Range	
Maximum	52,186