Smart decisions. Lasting value.™

City of Bloomington Classification and Compensation Strategy

June 30, 2023
Revised Working Draft for Discussion
For Internal City Use Only

Table of Contents

Introduction

The following pages outline the classification and compensation strategy for the City of Bloomington (City). The City's strategy seeks to create classification and compensation practices that are repeatable, equitable, and transparent while also flexible enough to address changing market conditions or specific Department needs as necessary.

The City's overall classification and compensation strategy aims to promote a total compensation package that is:

Market competitive	Internally equitable	Attracts and rewards talent	Rewards professional growth

This document outlines the overall strategy, with a focus on base pay compensation and associated classification matters. We note that other parts of the total compensation package – such as health benefits and paid leave – are not the focus of this strategy.

Compensation Philosophy

The City of Bloomington aims to be an employer of choice in the community by recruiting and retaining well-qualified employees. The City strives to provide a competitive total compensation package, including base pay, certain forms of supplemental pay, health benefits, and other desirable amenities such as flexible hours and a reasonable allowance for working remotely.

Bloomington ensures that each City employee earns a living wage; this serves as the minimum base pay a City employee will earn. The City also values reasonably higher salaries for leadership positions, particularly those leaders with widespread impact on the community, personnel, operations, and resources. The City's pay structure reflects this, with higher salaries for supervisor, manager, director, and other leadership positions. The City also values career development and aims to implement a compensation strategy that appropriately rewards professional growth and tenure while mindful of internal pay equity for individuals performing the same essential responsibilities.

Base Pay

The City generally aims to meet the market for base pay. *For most positions*, the City targets between the 40th and 60th percentile of the relevant market. *For certain positions that are particularly challenged by recruitment and retention issues*, the City may target up to the 60th and 70th percentile of the market for base pay. To determine compensation, the following are considered:

- **Internal Value, as indicated by Position Grade**: This is determined based on the following factors: Complexity, Experience, Knowledge, Direction of Others/Professional Designation, Independent Judgement and Consequence of Errors, Environmental Strain, and External Work Relationships.

- **External Value, as determined by Analysis of Relevant Market**: The relevant market varies based on the type of position.[1] The City, through its Human Resources Department, organizes like positions into job families (such as Administrative, Engineering, etc.) and establishes a defined market that is considered relevant for market analysis for each job family. Periodically and as new positions are created, the City analyzes current base pay ranges from competitor employers and published survey data in the relevant market.

Other Parts of Compensation Package

The City aims to lead the market with components of the compensation package other than base pay.

---

[1] For example, for some positions, competitor employers recruiting for similar talent are concentrated in the greater Bloomington area, while other positions may be competing for talent with employers located in other geographies. Likewise, some positions are likely to compete for talent with other public sector employers, while other positions may compete across industries for similar knowledge, skills, and abilities.
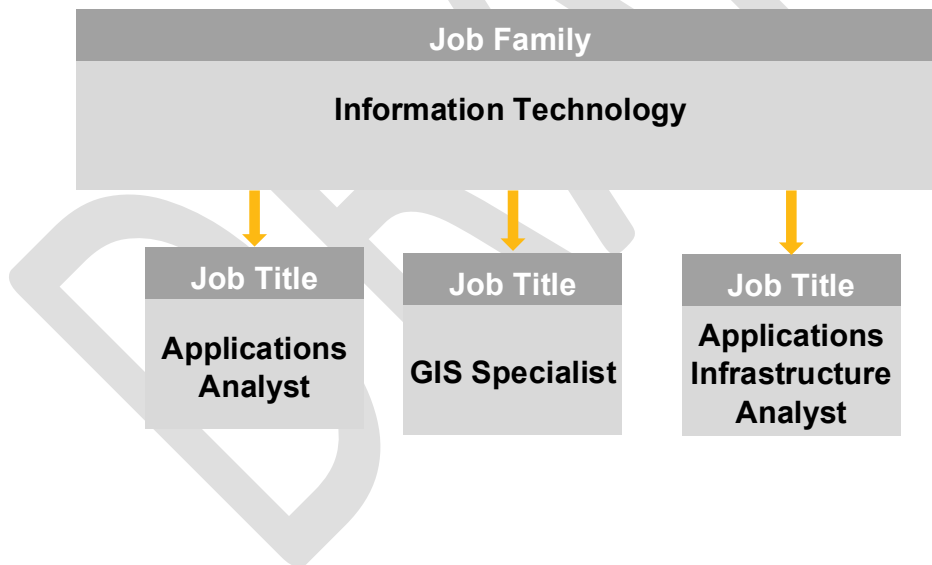
Classification Strategy

The City classifies each job based on similar job functions and essential duties of the job. Job classification promotes transparency, fairness, and equity in employee compensation through setting consistent standards and specifications for each position. This provides employees with a clear understanding of their responsibilities and helps communicate opportunities for career advancement and promotion, as employees are aware of the duties involved in higher level job roles. Job classification also creates an organizational hierarchy and can ensure greater consistency in setting salary ranges for new and existing positions. Important inputs for the City's classification strategy include internal valuation as well as external valuation and market analysis.

A. Job Families

To establish a consistent process for classifying jobs, the City will assign each job position to a **job family**. A job family consists of multiple job titles that have similar essential responsibilities and require comparable training, skills, knowledge, and expertise. Exhibit 1 provides an illustration of the relationship between classification job families and job titles.

Exhibit 1
Job Classification Example

Job Family
Information Technology

Job Title	Job Title	Job Title
Applications Analyst	**GIS Specialist**	**Applications Infrastructure Analyst**

Organizing jobs into **job families** allows the City to categorize and group similar job functions and job titles. Within this system, every job will be associated with a job family. This provides employees and managers with a better understanding of the specific functions within their job families and helps with determining career path progression for advancing to new roles within their family or department. As a result, staff can better evaluate their current skills and develop effective career development plans to enhance knowledge areas required for promotions and become more aware of available career opportunities.

In addition, this classification system also assists in evaluating other internal and external factors that may impact classification and compensation. By grouping jobs into job families, the City can more easily evaluate the responsibilities and duties involves with each job and assign an appropriate value for the role.

Note that job families are not equivalent to City departments or business units. For example, multiple business units may have jobs that are classified in the Community Relations job family.

Exhibit 2 lists the City's job families as of the date of this document. Human Resources will adjust job families as necessary in response to changing circumstances.

Exhibit 2
City of Bloomington Job Families

Job Family	Description
Administration	This group consists of all jobs with duties related to administering, advising, supervising, or performing work involved in supporting the administration of City services. Positions may perform tasks related to the oversight of strategic initiatives, general clerical duties, or administrative support.
Community Relations	This group consists of jobs with duties related to engaging with community members through administering and coordinating programs, providing information on community-based programs and services, and conducting outreach.
Engineering	This group includes all jobs with duties related to advising, administering, supervising, or performing professional or technical work concerned with engineering or architectural projects, structures, systems, processes, equipment, or devices.
Environmental Services	This group consists of positions that are responsible for testing of natural resources, including water quality, and management of associated equipment and facilities.
Executive Leadership	This group consists of positions that are responsible for providing executive level oversight and management of City agency(ies) and departmental operations, including providing leadership and direction at senior levels of City government.
Facilities	This group consists of jobs that are responsible for the maintenance and operations of the City's facilities, including buildings, public spaces, street operations, and parking services.
Finance	This group consists of all jobs that are responsible for the accounting and management of the City's finances. This includes budgetary planning, grant management, accounting, financial planning, and related roles.

Job Family	Description
Human Resources	This group consists of jobs responsible for employee compensation and benefits, recruitment, employee performance management, labor relations, and related matters.
Information Technology	This group consists of all jobs that support the City's information technology systems, including software, hardware, and network infrastructure.
Legal	This group includes jobs that advise on, administer, supervise, support, or perform work in the legal field, including laws and regulations, contracting, labor relations, and related matters.
Procurement	This group includes jobs responsible for the proper procurement, contracting, purchasing, and contract management associated with the City's goods and services.
Program Management	This group consists of jobs that are responsible for overseeing City projects or programs, including both internal projects/programs and public-facing projects/programs.
Public Safety	This group consists of jobs that are responsible for ensuring the safety of the City's residents.
Social Services	This group includes all jobs that advise on, administer, supervise, or perform professional work in social services including, but not limed to social work or in the administration of public programs.

B. Job Titles and Descriptions

Job titles and job descriptions promote consistency and clarity of the City's expectations for employees and job candidates. A **job title** is a designation used to reflect an employee's specific job position. A **job description** is a detailed summary of essential duties and level of responsibilities.

There may be multiple employees assigned to the same job title that may also have the same job description. Clearly defining job titles and descriptions provides City management with the essential requirements and specifications for each job. This also supports other classification and compensation activities, like providing the basis for internal valuation (job grading) and external valuation (market pricing) and is critical to the hiring process.

The City desires a manageable, repeatable, and equitable process for reviewing, updating, and creating new job titles and descriptions. Currently, the Job Evaluation Committee (JEC) reviews all job change requests twice a year.

This includes all the following job and staffing related change requests:

- Positions (new / additional)
- Job titles and job descriptions
- Job grades
- Compensation
- Other classification/compensation changes that may impact budget or internal equity

Below is a high-level overview of the City's approach to implementing its classification strategy. We note that this document is intended to outline the City's overall strategy and is not an implementation plan. Therefore, additional implementation process and procedural documentation may need to be developed.

The Human Resources (HR) department processes changes to job titles and descriptions through the following steps:

1. Department Heads consult with HR to determine whether new or revised job titles and job descriptions are required to fulfill the mission and responsibilities of the department

2. Department Heads submit a Job Change Request form and provide input into the draft job description

3. HR provides feedback and works with the Department to finalize job descriptions

HR will endeavor to review all job titles/descriptions every two years at minimum. In addition, these may be reviewed if necessary if a department requests a new job (see *C. Internal Valuation and Job Grading* section) as part of the annual budgeting process and/or when a vacancy is posted.

C. Internal Valuation and Job Grading

The City uses an internal valuation tool to evaluate the internal contribution of each job to the overall functioning of the City. This process facilitates consistency in the methodology used to evaluate jobs and promotes equitable classification and compensation of jobs across various departments when those jobs are determined to similarly contribute to the City.
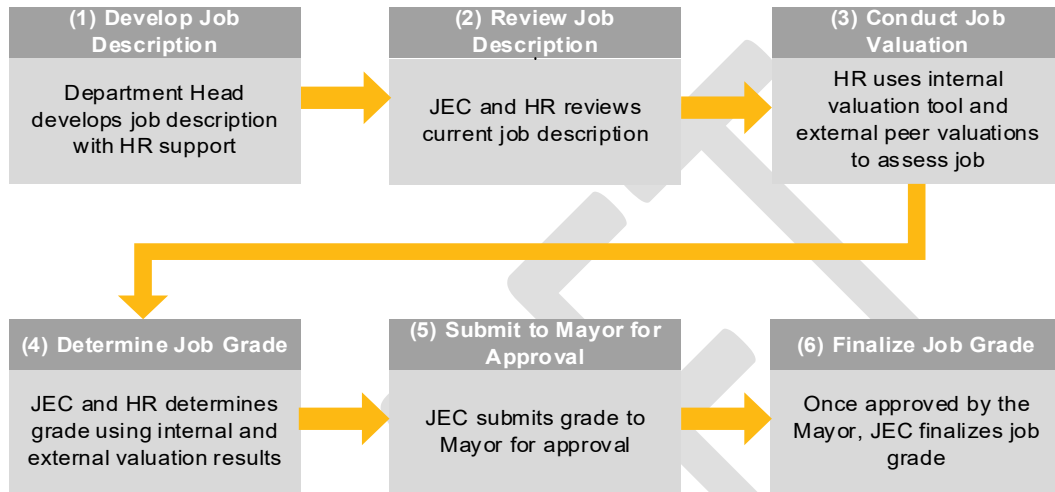
Internal valuation and job grading assess the requirements and responsibilities of jobs and assigns them to a pay grade. When evaluating each job, the City utilizes a **point factor system,** which assesses jobs based on criteria that are perceived to be most important to the effective functioning of the organization. The current criteria include:

1. **Complexity** focuses on the mental effort related to nature of job tasks and analytic ability required

2. **Knowledge** considers the skillsets and fundamental knowledge required to acquire necessary skills

3. **Experience** considers the length of time required to acquire necessary skills

4. **Direction of Others/Professional Designation** evaluates the level of authority and responsibility for other positions

5. **Impact of Actions and Decisions** evaluates to what degree this role's responsibilities influence policy decisions, budgetary actions, costs, internal operations, and/or organizational reputation

6. **Independent Judgement and Consequence of Errors** considers the extent to which the job allows for independent decision making

7. **External Work Relationships** assesses time spend on external work activities and the extent that the job involves relationships outside of the organization

Each of the above criteria are further sorted into degrees, which are then scored to determine the internal valuation score.

Exhibit 3 provides a high-level summary of the internal valuation and job grading process.

Exhibit 3
Summary of Internal Valuation and Job Grading Process

(1) Develop Job Description	(2) Review Job Description	(3) Conduct Job Valuation
Department Head develops job description with HR support	JEC and HR reviews current job description	HR uses internal valuation tool and external peer valuations to assess job

(4) Determine Job Grade	(5) Submit to Mayor for Approval	(6) Finalize Job Grade
JEC and HR determines grade using internal and external valuation results	JEC submits grade to Mayor for approval	Once approved by the Mayor, JEC finalizes job grade

Compensation Strategy

The City strives to execute a compensation strategy that provides a competitive total compensation package to City employees. This section will focus on the base pay components of the City's total compensation package; benefits, supplemental pay, and other aspects of the compensation package are not within the scope of this document, though they are critical elements of the City's overall package to recruit, retain, and compensate employees.

Currently, the City organizes each job position into a pay grade ranging from grade 1 to grade 12. Each job is assigned to a pay grade based on the duties, responsibilities, level of authority, and knowledge and skill level required to complete the job as detailed in the job description.

The following sections outline key activities led by the Human Resources (HR) department to execute the City's compensation strategy with a focus on base pay.

A. External Market Analysis

To support the City's aim of providing competitive base pay, the City completes a periodic external market analysis of base pay. The City endeavors to complete this market analysis approximately every two years.

At a high level, the City's process for the external market analysis is as follows:

1. **Define the market by family.** For each job family, the City defines a relevant market of peers. For example, some jobs / job families have a relevant market of peer employers that is largely limited by geography. These jobs are typically considered less mobile or may have abundant local supply of job candidates. Examples may include certain types of clerical or administrative roles that typically compete for talent locally. Other jobs may be considered more mobile or competitive across a wider geography, such as cybersecurity or certain senior leadership roles. For roles like this, the City may be competing for talent with competitor employers not limited by geography. In these cases, the City may determine that appropriate market peers fall outside of the greater Bloomington area. The City's designated market peers may include both public sector and/or private sector entities depending on the specific job family and the perceived competitors of those roles.

2. **Select benchmark positions.** The City aims to identify 30%-50% of all City positions as benchmark positions to be individually evaluated across selected market peers. Benchmark positions are selected to represent an appropriate cross-section of the City's workforce (representing various levels or pay grade as well as each job function/family) and based on the availability of comparable positions in the market. Benchmark positions are typically those that are expected to be relatively common among market peers; typically, positions that are unique to the City of Bloomington or represent hybrid duties are not selected as benchmarks, as they will unlikely have a large enough sample size among market peers to produce meaningful results.

3. **Analyze benchmark jobs against the market.** Next, the City will collect and analyze data from peer employers and/or published salary surveys. From each peer or survey data source, the City aims to identify the peer market minimum, midpoint, and maximum pay for comparable jobs. The City then uses this information to identify a market composite minimum, midpoint, and maximum for each of the City's benchmark jobs.

4. **Extrapolate results to all positions**. The City will use the composite market results for benchmark jobs to develop a regression and identify reference pay ranges for each City pay grade. The City then undertakes an analytical process to adjust for outliers, smooth pay ranges, and slot all jobs (benchmark and non-benchmark) into the reference pay grades. This results in the updated market-based pay ranges for all City jobs that were included in the scope of the analysis.

5. **Assess the market results in comparison to current incumbent pay.** HR will assess the market analysis results and consider additional contextual factors, such as tenure, other components of the total compensation package, internal equity, positions that are challenged by recruitment/retention, and other information. Based on a wholistic assessment of the many factors, and the City will determine whether any adjustments are warranted for incumbent or new hire compensation.

B. Ad Hoc Market Analysis

In certain circumstances the City may need to assess market pay for certain jobs on an ad hoc basis. Examples where the City may need to assess market pay on an ad hoc basis include recent, substantial change in duties or jobs at the City, or extreme difficulty recruiting or retaining talent in a specific subset of jobs. In these cases, HR may determine it is necessary to complete a market analysis for those jobs to obtain up to date market information. In these situations, HR will determine whether to conduct direct market pricing for all required jobs (omitting the benchmarking and slotting steps described above) or to follow the entire process above for the jobs in question and/or related jobs.

C. Pay Schedules, Grades, and Grade Pay Ranges

HR maintains one or more pay schedules with an established range of grades and corresponding ranges of pay for each grade.

The City currently has one pay schedule with twelve grades for all non-union positions. Beginning in 2023 and as part of current market analysis activities, the City is contemplating whether additional pay schedules may be beneficial to account for market compensation variables for certain types of jobs. Specifically, the City is contemplating creation of specialty schedules for families of jobs that have been particularly challenged by recruitment and retention and whose market pay results may vary significantly from other families within the City.

In general, pay ranges increase as a job's grade increases. In addition, at lower grades, the pay range is relatively narrow (approximately 25-35% range), while at higher grades the pay ranges may be wider (up to 60-70% range) to account for more complex jobs that that may require longer learning curves and greater variation in incumbent proficiency throughout their tenure in the job. Pay ranges typically overlap somewhat, making it possible for employees with significant proficiency in lower grades (who are earning at the top of their pay range) to earn more than employees with less proficiency in higher grades.

The City determines the *starting salaries* for new employees with an emphasis on prior experience. Currently, when advertising for vacant positions, the City sometimes posts the minimum salary and other times posts the budgeted salary of the previous employee who held the position. In some instances, Department Heads may request to post a salary range that is above the range approved by HR; this must be approved by the Controller.

Once a preferred candidate is selected to receive an offer of employment, pay is determined with the following considerations:

- The offered compensation will be within the pay range established for the job grade.
- HR narrows the compensation offer based on analysis of 1) the candidate's total years of relevant experience compared to the experience of other City employees within the same pay grade upon their hiring and 2) other City employees within the same Department. This results in a narrower target for the compensation offer that considers internal pay equity across the City and within the Department.
- HR consults with Department Heads to discuss any other relevant skills and qualifications that may influence the compensation offer within the pay range established for the job grade.

Typically, candidates with significant experience are offered starting salaries above the midpoint of the City's established pay range for the job grade, while candidates with less experience are typically offered starting salaries below or up to the midpoint.

Starting salaries, as determined by the process above, have a significant impact on the compensation an employee may receive over time with increasing tenure. Employees may receive periodic salary increases at the discretion of City leadership during the annual budgeting process. Additionally, Department Heads may request pay adjustments for certain employees by submitting a request to the JEC. The JEC periodically reviews pay grade adjustment requests and initiates other adjustments as needed to resolve issues such as compression and pay inequity. The annual budgeting process and salary ordinance are the preferred mechanism to address pay adjustments; the JEC review process throughout the year is intended to address urgent issues on an exception basis.

Additional Information

For additional information about the City's classification and compensation strategy please contact the Director of Human Resources at hrmail@bloomington.in.gov.

Appendix: Future Considerations

A. Pay Schedules, Grades, and Grade Pay Ranges

At present the City maintains one pay schedule with twelve grades for all non-union positions. Beginning in 2023 and as part of current market analysis activities, the City is contemplating whether additional pay schedules may be beneficial to account for market compensation variables for certain types of jobs. Specifically, the City is contemplating creation of specialty schedules for families of jobs that have been particularly challenged by recruitment and retention and whose market pay results may vary significantly from other families within the City.

In the future, the City may consider alternative approaches to adjusting salaries. For example, the City may apply a *competency-based* approach intended to reward proficiency and professional development in terms of an employee's ability to complete the essential duties of the job, using the following as general guidelines:

First Quartile – *Developmental Stage*: Incumbent is able to complete essential duties at an entry-level or early-career level of proficiency. Incumbent is gaining additional knowledge/skills that will aid incumbent in becoming more proficient. This may be considered an entry stage within the grade. Incumbents may stay in this stage for as long as needed before performance appraisals determine the incumbent has demonstrated the results needed to progress to the Intermediate Stage within this grade.

Second Quartile – *Intermediate Stage*: Incumbent is able to complete essential duties with increasing proficiency, efficiency, and effectiveness. Incumbents may stay in this stage for as long as needed before performance appraisals determine the incumbent has demonstrated the results needed to progress to the Proficiency Stage within this grade.

Third Quartile – *Proficiency Stage*: Incumbent is able to perform all aspects of job effectively and independently. Incumbent consistently exhibits desired competencies and possesses required knowledge and skills. Incumbents may stay in this stage for as long as needed before performance appraisals determine the incumbent has demonstrated the results needed to progress to the Expert Stage within this grade.

Fourth Quartile – *Expert Stage*: Incumbent exhibits expertise in the subject matter and operations of the job. Incumbent is considered the subject matter expert in their position with a depth of knowledge that extends beyond their primary responsibilities.

Exhibit 4 below is an illustrative pay schedule and pay grade ranges that demonstrates the relationship between pay grades and quartile pay ranges.

Exhibit 4
Illustrative Pay Schedule with Pay Ranges
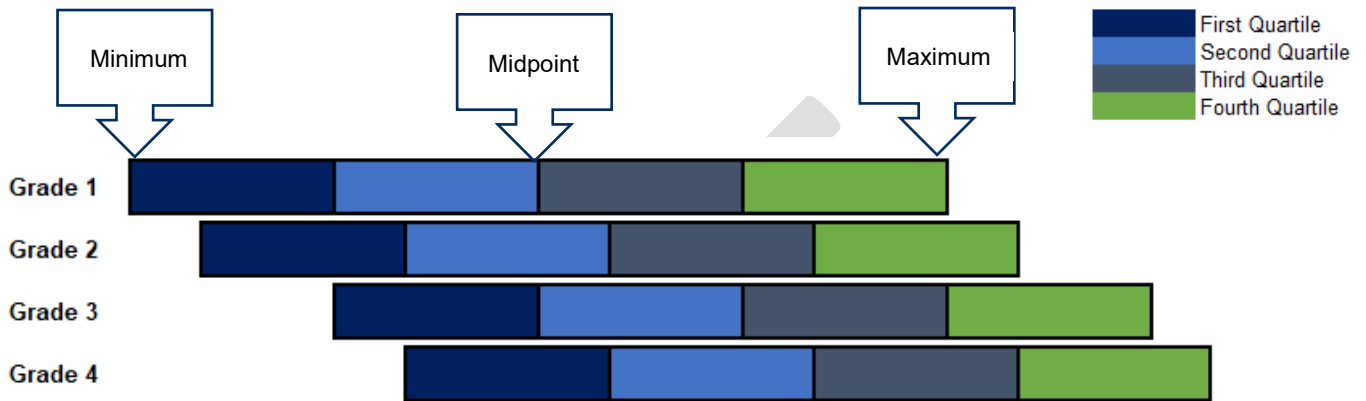
B. Roles and Responsibilities

As part of future activities, the City may consider reassessing roles and responsibilities for key positions involved in City compensation and classification activities. At present, HR coordinates with the Job Evaluation Committee (JEC) to execute multiple classification and compensation related activities. Human Resources (HR) personnel specialize in matters related to job classification, compensation, recruitment, employee relations, and other topics, and as such, may be better situated to evaluate pay grade adjustments, changes to job titles, and job description updates, while ensuring that these decisions are consistent with the overall human resources strategies and policies of the City.

C. Classification Hierarchy for Career Progression

The City may consider developing a job classification system that establishes formal, hierarchical classification levels for each job title. In this system, each job title would correspond to a simplified classification scheme that would be applied consistently across all jobs throughout the City structure (e.g., Accounting Clerk I, Accounting Clerk II, Accounting Clerk III).

This type of classification system provides employees with a better understanding of possible classification levels associated with their position and creates a clearer understanding of possible career progression pathways. It also allows employees to understand the potential for lateral career moves, as employees are aware of other job roles at similar classification levels.

Prior to implementing this, the City should verify that job descriptions and pay grades are updated and consistent with then-current internal valuation criteria, and the City should develop a crosswalk of current job titles to future classifications and levels. The City may need to consult with its labor relations and legal subject matter experts regarding the impact, if any, of classification changes on existing employees and bargaining units.

D. Internal Valuation Point Factors and Weighting

The City currently utilizes an established point factor evaluation system to consistently measure the relative value of each job and determine appropriate pay grade. This process consists of using an established rubric to score jobs based on seven factors: Complexity, Experience, Knowledge, Direction of Others/Professional Designation, Independent Judgement and Consequence of Errors, Environmental Strain, and External Work Relationships. In the future, the City may to choose to review existing factors for opportunities to clarify, modernize, or otherwise update criteria to meet current City priorities and values.

Proposed recommendations for the City's existing factors include:

- **Knowledge** – Knowledge and Experience are currently scored as two separate factors; however, they tend to have overlapping elements. The City may consider combining Knowledge and Experience into one single factor or remove the Knowledge factor to avoid duplication and awarding disproportionate points for these related factors. Alternatively, the City may consider replacing the Knowledge factor with a new **Education and Certifications** factor. An Education and Certifications factor is commonplace among other peer internal valuation methodologies; however, this addition may ultimately not be appropriate for the City based on the City's interest in also rewarding alternate of untraditional education/training.

- **Direction of Others/Professional Designation** – The City may consider updating this factor to "Direction of Others" or "Direction of Others or Resources," as this factor is largely focused on the degree of supervisory responsibilities involved in the job. Alternatively, the City may consider updating this factor to **Supervision of Personnel or Physical/Financial Resources.** This factor could measure the extent to which a job involves supervisory responsibilities of physical resources and financial assets.

- **Environmental Strain** – This factor may be subjective and lend itself to inconsistent interpretation by evaluators considering the extent of mental/visual or physical fatigue involved in performing work tasks. The City should review and consider revising this factor to verify that the definitions and score guidelines are objective and consistently understood by evaluators.

- **External Work Relationships** – The City may consider renaming this factor to "Communication. This factor could assess the degree to which a job involves communication with internal and external stakeholders.

The City may also choose to reassess current factor weighting to determine if the point distribution aligns with a factor's relative importance the City. As an illustrative example, in the City's current methodology, the Independent Judgement and Consequence of Errors factor is worth a maximum 273 points (28% of total points available). This is the largest portion of points across all factors and has a significant impact on the pay grade assigned for a job being scored. The City should review the point distribution and determine whether the current point distribution across all factors aligns with the relative importance/value to the City.

E. Routine Classification and Compensation Activities

In the future, the City will likely continue to refine the timing and frequency of internal and external valuation activities as part of its overall classification and compensation strategy. The timing and frequency of activities will depend on available City resources and competing priorities. As stated in the *A. External Market Analysis* section in this document, the City aims to complete an external market analysis of base pay every two years. The City may also consider incorporating internal evaluation activities in between those cycles. See Exhibit 5 below for an illustration of one possible approach to this sequencing.

Exhibit 5
Sample Sequence