Town of Chapel Hill
Historical Review of Pay Plan

- Previous System Mid 1980s to Early 1990
  - Perceived *Advantages* for Employees
    - Fast salary movement of new employees: salaries increased every 6 months
    - Relatively large increases for employee regardless of ratings:
      - Developmental range – Market annually plus 2 merits
      - Performance range – Above Expected Level rated employee received good raises
  - Perceived *Advantages* for Management
    - Stability – same system in place for a number of years
    - Turnover dropped to 7 – 8%
    - Frequent and good merit served as a good recruitment tool
    - Better performance could be awarded with larger increases
    - Everyone rated for same time period – fiscal year could be tracked and departments didn't risk running out of merit money at the end of the year

  - Perceived *Disadvantages* for Employees
    - Fixed distribution of the number of Above Expected Level rating
    - Unhappy with supervisory evaluations, especially if not rated Above Expected
    - Some unhappiness with October rather than July implementation of increases
  - Perceived *Disadvantages* for Management
    - Fixed distribution of the number of Above Expected Level rating
    - Implementing all pay increases at once was a burden for larger departments
    - Limitation of granting small pay increases to employees who were at the range maximum

- Experimentation with Change-Early to Mid 90's
  - Perceived *Advantages* for Employees
    - Distinction between ratings: Ratings were decreased from 5 to 4 to allow a greater increase percent
    - For employee in lower half of range increases were implemented as a percent of midpoint
    - Later increases were granted as a percentage of salary (to recognize longer term employees)
  - Perceived *Advantages* for Management
    - Ability to recognize performance with greater distance between increase percentage (previously 1% difference)
    - Annual implementation allowed for better tracking of funds

- Perceived Disadvantages for Employees
  - Increases were granted annually versus every 6 months
  - Longer term and middle range employees felt there were over-emphasis on lower paid employees
  - Increases approved in July but not effective until October
- Perceived Disadvantages for Management
  - Pay system difficult to understand
  - 10% cap on number Outstanding ratings allowed

- Review of Process Used to Develop Current Pay Plan-1998-1999
  - Phase I (Implemented 11-1-99)
    - In 1998 Council directed that a review be conducted of the way in which pay increases were granted
    - In 1999 a new pay structure was adopted: steps were established in the pay plan; employees received additional step increases to reduce salary compression
  - Phase II (Implemented 11-1-2000)
    - During 1999-2000 Consultants Condrey and Associates of Athens, GA, hired to conduct a labor market study
    - 2001 New titles and salary grades adopted
    - Pay increases recommended for 2000-2001 based on performance: below job- rate put onto step; at or above job rate – received average increase of 4.5%

- Recent Pay Actions
  - 2001-2002
    - Ranges were increased by 1.5%
    - Eligible employees on step/below job rate received a 3.78% increase November 1, 2001
    - Eligible employees at or Above Job Rate received the following increases based on performance rating: 1.5%, 3.75%, 4.5%.
  - 2002-2003: State withheld funds
    - Ranges did not move
    - 3.78% step increase was implemented December 1, 2002 for employees on step/below the job rate
    - Employees at or above the Job Rate were eligible for 3.78% performance increase implemented December 1, 2002