

BOARD OF MAYOR AND ALDERMEN  
TOWN OF NOLENSVILLE  
POST OFFICE BOX 547  
NOLENSVILLE, TENNESSEE 37135

**RESOLUTION #15-39**

**A RESOLUTION TO IMPLEMENT RECOMMENDATIONS OF BURRIS, THOMPSON & ASSOCIATES FOR EMPLOYEE PAY STRUCTURE AND SALARY ADJUSTMENTS**

**WHEREAS**, the Town of Nolensville wishes to attract, motivate, and retain high caliber employees; and,

**WHEREAS**, the development of a wage and salary administration plan will establish the Town's pay practices as both competitive and within budgetary parameters; and,

**WHEREAS**, on July 9, 2015, the Board of Mayor and Aldermen agreed to engage the services of Burris, Thompson & Associates, to perform a compensation study; and,

**WHEREAS**, Burris, Thompson & Associates completed the study, submitted the findings and recommends an employee pay structure with certain pay adjustments as summarized in the attached document; and,

**NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF NOLENSVILLE, TENNESSEE, AS FOLLOWS:**

Section 1. The recommended step pay structure and step pay plan will be implemented as proposed in the attached Town of Nolensville Compensation Study Findings and Recommendations document prepared by Burris, Thompson & Associates.

Section 2. Step one to be implemented on January 1, 2016 (\$26,095.00 total) with step two to be implemented July 1, 2016 (\$21,028.00 total).

Section 3. The summary is attached to and made part of this resolution.

**RESOLVED** this 5<sup>th</sup> day of November, 2015.

\_\_\_\_\_  
Jimmy Alexander, Mayor

\_\_\_\_\_  
Kali Mogul, Town Recorder

Passed: \_\_\_\_\_

# Town of Nolensville

## Compensation Study Findings and Recommendations

October 28, 2015

### I. Methodology

#### A. Employee Job Questionnaires

Burris, Thompson & Associates developed a job content questionnaire that was distributed to all employees to complete. The questionnaire solicited information concerning job duties, decision making, skill requirements, and required qualifications.

#### B. Updated Job Descriptions

Burris, Thompson & Associates reviewed the completed employee job questionnaires and job descriptions provided by the Town. We drafted new job descriptions for all positions. Employees or supervisors reviewed the job description drafts and provided feedback. We made some slight revisions as needed.

#### C. Compiled Benefits Data

Burris, Thompson & Associates compiled benefits data from the selected Town benchmark local government employers (see Appendix I), supplemented by data from our larger public sector database for data not available from the benchmark public sector employers. Town of Nolensville benefits offerings were then compared to market practice.

#### D. Compiled Salary Survey Data

Burris, Thompson & Associates compiled labor market salary data for all Town jobs from the following:

- Burris, Thompson & Associates 2014 Public Sector Wage and Salary Survey. Data were compiled from selected Town benchmark local government employers (see Appendix I).
- Economic Research Institute Salary Assessor – an automated database we subscribe to that contains data for more than 4,000 job titles for many different industries. We used data for general business and industry in the Nolensville area.

Town of Nolensville jobs were matched to survey database jobs based on the newly completed job descriptions (not job titles) to ensure valid comparisons to market. The market **median** for each survey job was identified as the 'target' market position for the Town. (The results of the benefits review did not suggest that a higher or lower target market position for salaries would be appropriate.) All data were aged forward to January 1, 2016.

A **Market Rate** was determined for each Town job comprised of the weighted average of the median public sector salary and the median general business/industry salary, where the public sector data were weighted twice as much as the private sector data. Note that each **Market**

**Rate** represents the median salary of the typical incumbent with typical job tenure (approximately 7-9 years in the job) in the market. The **Market Rate**, then, is the desired market position **for the job**, not each individual incumbent. Recent hires will appropriately be paid less than the **Market Rate** for their job while employees with many years of service may be paid a salary above the **Market Rate** (though employers generally limit this to 115% to 120% of the Market Rate). Market data for all jobs are shown in Appendix II.

## **II. Findings**

### **A. Employee Benefits**

Employee benefits are an important part of total compensation. Some cities may choose to offer a very generous employee benefits package while positioning wages and salaries relatively conservatively in the labor market. Other cities may offer below average employee benefits and pay relatively higher wages and salaries. Small employers (notably in the construction industry) often provide few employee benefits.

Town of Nolensville provided benefits are compared to typical practices of other employers below.

#### **1. Holidays**

The Town recognizes twelve paid holidays. Most public sector employers recognize 9 to 12 holidays so Nolensville’s practice matches typical practice.

#### **2. Vacation**

The Town’s vacation policy would be viewed by most to be slightly more generous than the average (See Table A).

<b>Table A - Vacation Leave</b>		
<b>Vacation Days Granted or Earned</b>	<b>Years of Service Required</b>	
	Typical Market Practice	Town of Nolensville
5 days	6 months	N/A
10 days	1.6 years	1 year
15 days	6.5 years	5 years
20 days	13.0 years	10 years
25 days	16.8 years	Not Available

#### **3. Health Insurance**

Data for health insurance coverage comparing the Town of Nolensville to typical coverage provided by other employers are summarized in Table B below.

Recent trends in healthcare costs have led to rising health insurance premiums for employers who have little choice but to pass on at least some of the cost increase to employees in the form

of larger employee contributions. This situation is expected to continue for the foreseeable future. Another trend is increasing prevalence of high deductible (\$2,000 and up) health plans, often offered in conjunction with Health Savings Accounts (HSAs).

The core benefits of the Town of Nolensville’s health insurance are similar to or better than typical market practice. The cost of family coverage to employees is much greater than is typical practice.

<b>Table B - Health and Dental Insurance Comparison of Town of Nolensville to Market Practice</b>		
	<b>Market Practice</b>	<b>Town of Nolensville</b>
<b>Health Insurance</b>		
<b>Employee Premium Cost for Employee Only Coverage</b>	\$43 per mo. avg.	\$0 per month
<b>Employee Premium Cost for Family Coverage</b>	\$367 per mo. avg.	\$1,144 per month
<b>Health Plan Provisions</b>	<u>PPO</u>	<u>PPO</u>
<b>Waiting Period</b>	70 days	30 days
<b>Office Co-pay</b>	\$20	\$25
<b>Deductible*</b>	\$1,277 (median = \$500)	\$450
<b>Co-insurance (Hospitalization)</b>	16%	10%
<i>*Individual</i>		
<b>Dental Coverage</b>		
<b>Employee premium for Employee Only Dental Coverage</b>	\$12.00 per month average	0\$ per month (included in health premium)
<b>Employee premium for Family Dental Coverage</b>	\$41.92 per month	0\$ per month (included in health premium)
<b>Procedures Covered</b>	Routine exams and cleaning: 100%; basic procedures: 80%; major procedures: 50%.	Limited to major procedures, dental surgery, etc. (90/10 coinsurance)
<b>Maximum Annual Benefit Per person</b>	Avg. = \$1,355	None (plan deductible applies)

**4. Sick/Personal Leave**

Public sector employers typically provide 10 to 15 sick days per year – private sector employers offer fewer days. Sick leave policies vary considerably concerning accumulation of unused sick days. Many private sector employers do not provide for any accumulation of unused sick days

– they are lost if not used or perhaps are paid out at the end of the year (usually employers pay for only half of the unused days). Most public sector and a few private sector employers allow employees to accumulate unused sick days and carry them forward. Usually there is some limit to the total number of days that can be accumulated. Sixty, ninety or 180 day limits are not unusual. Some Tennessee municipalities take advantage of the option of allowing unused sick days to be rolled into the TCRS retirement plan upon retirement. Each 20 days of accumulated sick leave will result in one additional month of credited service. Some private sector employers combine personal leave (usually 2 to 5 days per year to attend children’s parent-teacher conferences, take care of banking and real estate transactions, or handle other personal business) with sick leave into one policy – others keep personal days separate.

The Town of Nolensville provides for accrual of one day of sick leave every month after one month of employment – with a maximum accrued balance of 90 days. The accrual of sick days matches typical practice while the maximum carry forward balance is a little less than typical practice among public sector employers.

### **5. Short Term Disability**

Seventy-eight percent of area private sector employers provide this coverage with 68% funding benefits through short-term disability insurance and the remaining 32% self-funding via salary continuation. Local government, especially smaller population municipalities and counties, typically does not provide STD.

The Town of Nolensville does not provide short term disability income protection other than allowing use of accrued sick days.

### **6. Long Term Disability**

Eighty-four percent of area employers provide this coverage. Most (65%) employers pay all costs, for 25% of employers the employee pays the full cost, and 10% of employers share the cost with employees.

The vast majority of long-term disability plans have elimination periods of 90 or 180 days. Most employers’ disability programs provide benefits equal to 60% of salary (45% of employers) or 70% of salary (40% of employers).

Local government, especially smaller population municipalities and counties, typically does not provide LTD.

The Town of Nolensville does not provide long term disability income protection other than allowing use of accrued sick days.

The ordinary disability retirement TCRS benefit is equal to 90% of the monthly retirement benefit calculated as if the employee had 20 years of service (though not to exceed the years of service the employee could have attained at age 60 if not disabled). TCRS benefits for an accidental disability retirement (accident must have occurred on the job) are equal to 50% of final compensation (33% after age 62 or eligibility for SSI disability payments). In both cases the employee must be unable to perform any gainful employment activity.

## **7. Life Insurance**

The Town provides life insurance coverage of \$25,000 at no cost to employees. This matches typical public sector employer practice – \$15,000 to \$25,000 coverage is common. Private sector employers typically provide a similar flat policy amount or coverage equal to one times salary.

## **8. Retirement Programs**

The Town of Nolensville participates in the Tennessee Consolidated Retirement System (TCRS) defined benefit plan. Employees contribute 5% of pay to the cost of funding TCRS retirement benefits. The Town also provides the opportunity to participate in 401(a) and 457(b) plans though the Town does not contribute anything toward those plans.

While most *private* employers provide some matching in a defined contribution plan, matching provisions in municipalities are uncommon, though more are offering 401(a) defined contribution plans with some level of matching employer contributions. Ninety-two percent of Middle Tennessee employers provide defined contribution plans to employees such as 401k, 403b, etc. Seventy-seven percent of these employers match employee contributions with an average match of 55% of the employee's contribution and a contribution cap of 5% of pay. However, for the majority of employers, the defined contribution plan is the *only* retirement benefit plan made available to employees. Competitive municipalities sometimes provide both defined benefit and defined contribution retirement plans, but usually do not provide matching funds for 403b and 457 type plans.

Sixty percent of municipalities provide TCRS or similar defined benefit plan at no cost to employees, while 33% share the cost of finding the plan and 7% charge the full cost to employees.

The Town of Nolensville's retirement benefit matches typical practice among local government employers.

## **9. Other Benefits**

As is true of most smaller municipalities, the Town of Nolensville does not provide any extra benefits.

## **10. Overall Benefits Evaluation**

Overall, Town of Nolensville employee benefits offerings are competitive. The competitiveness of the Town's benefits package can be summarized in Table C below.

On balance, the Town of Nolensville's benefits package is slightly better than typical market practice. Employee only healthcare coverage and vacation are strengths. Family health insurance (due to its excessive cost to employees) and sick leave/disability coverage are slightly below average.

Note that dental, vision care, and disability coverages are available through participation in 100% employee funded voluntary insurance plans made available to employees.

<b>Table C – Town of Nolensville Benefits Program Rating</b>			
Benefit rated on 1 to 9 scale with 5 indicating comparable to typical employer, 1 = one of the least generous employers, and 9 = one of the most generous employers.			
Benefit	Rating	Benefit	Rating
	Town		Town
Health Insurance	6	Short Term Disability	4
Dental Insurance	4	Long Term Disability	4
Holidays	5	Retirement	5
Vacation	6	Life Insurance	5
Sick leave	4	Extra Benefits*	4
		<b>Overall</b>	<b>6</b>

\* For example, Vision Care, Medical Flexible Spending Account, Tuition Reimbursement, Dependent Care Assistance Plan, On-Site Child Care.

## B. Employee Salaries

Overall current Town of Nolensville employee salaries are at 91.8% of the market rates for their jobs. Half of the Town’s employees have salaries between 88.3% and 99.5% of market. Twenty-five percent of the Town’s employees have salaries below 88.3% of market, which would be considered fairly low unless they are recent hires (time in job of 3 years or less). Three of these employees’ salaries are less than 83% of market which would be considered very low relative to the market. Five employees have salaries above 100% of market. They have significant tenure with the Town and/or had extensive experience prior to employment with the Town. Overall, Town of Nolensville salaries are competitive though somewhat below market.

## III. Recommendations

### A. Proposed Pay Structure

Appendix III shows proposed pay grade assignments and proposed pay ranges for all jobs. The pay ranges were developed based on the market data. There are 15 pay grades with 11.5% difference from pay range midpoint to midpoint. Pay range minimums and maximums are the pay range midpoints plus or minus 15%. All jobs were assigned to the pay grade for which the pay range midpoint most closely matches the market rate for the job.

Appendix IV shows a pay step based pay structure alternative. It was designed to mirror the proposed pay ranges as close as possible with 2.25% steps. Each Step 8 is exactly the same as the corresponding pay range midpoint. Each Step 1 is slightly greater than the corresponding pay range minimum and each Step 15 is slightly higher than the corresponding pay range maximum.

### B. Proposed Pay Adjustments

Implementation of a step based structure requires adjustment of all employees’ salaries to the step closest to but not less than each employee’s current salary. Such adjustments would total \$26,095 and could be implemented January 1, 2016. An additional increase of one step (2.25% or \$21,028) for all employees could follow on July 1, 2016. Total increases are \$47,123. The

Town could wait to implement the step plan July 1, 2016 – all increases (to the closest step and then one full step) would be effective July 1, 2016, thus ‘saving’ six months of the cost of the \$21,028 adjustments during fiscal 2016.

After these adjustments, the Town’s overall market index would be 96.6%.

Pay ranges provide more flexibility in managing pay. The only pay increases dictated by the pay structure upon implementation would be the adjustment of salaries of four employees to the pay range minimums for their jobs. These adjustments logically would be made first – possibly in December 2016 and would total \$12,806. Any other increases would be at the discretion of management. One alternative that would have approximately the same cost impact as the implementation of the step plan described above would be to adjust all employees’ salaries 3.7% on July 1, 2016 – the cost of these adjustments would be \$34,087. The total adjustments equal \$46,894. After all of these adjustments, the Town’s salary market index would be 96.6%.

Many variations of either the pay range based structure or step based structure are possible. The primary variables with the step based approach are the size and number of the steps. Once these are established, the total cost of any pay adjustments is fixed, though timing could vary. With the pay range approach the ranges could be broader or narrower than the ones suggested but other than that the Town can fine tune the size and timing of implementation costs as it deems appropriate. The Town could choose any percent for the all employee adjustments instead of 3.7%.

## Appendix I

### Town of Nolensville Benchmark Public Sector Employers

City County	Population
Brentwood, TN	39,012
Columbia, TN	34,901
Cookeville, TN	31,010
Dickson, TN	14,858
Farragut, TN	21,126
Franklin, TN	66,280
LaVergne, TN	33,777
Lebanon, TN	27,710
Lewisburg, TN	11,210
Metro Nashville, TN	624,496
Mt. Juliet, TN	26,870
Murfreesboro, TN	114,038
Smyrna, TN	41,705
Rutherford County, TN	
Sparta, TN	5,047
Thompson's Station	2,600
Waverly, TN	4,131
Williamson County, TN	
	<b>City Median = 29,360</b>

## Appendix III Town of Nolensville Proposed Pay Structure (Pay Ranges)

Title	1-Jan-16	Proposed	--- Proposed Pay Range ---		
	Market Rate	Pay Grade	Minimum	Midpoint	Maximim
Town Administrator	\$ 103,125	15	\$ 89,400	<b>\$ 105,177</b>	\$ 120,954
Town Engineer	\$ 84,874	13	\$ 71,910	<b>\$ 84,600</b>	\$ 97,290
Police Chief	\$ 72,474	12	\$ 64,494	<b>\$ 75,875</b>	\$ 87,256
Planning Director	\$ 67,882	11	\$ 57,842	<b>\$ 68,049</b>	\$ 78,256
Bldg Official	\$ 65,411	11	\$ 57,842	<b>\$ 68,049</b>	\$ 78,256
PW Director	\$ 63,344	10	\$ 51,876	<b>\$ 61,030</b>	\$ 70,185
Police Captain	\$ 60,778	10	\$ 51,876	<b>\$ 61,030</b>	\$ 70,185
Finance/Human Resource Director	\$ 62,050	10	\$ 51,876	<b>\$ 61,030</b>	\$ 70,185
Town Recorder/Planning Administrator	\$ 43,738	7	\$ 37,423	<b>\$ 44,027</b>	\$ 50,631
Officer	\$ 41,168	6	\$ 33,563	<b>\$ 39,486</b>	\$ 45,409
Court Clerk	\$ 39,122	6	\$ 33,563	<b>\$ 39,486</b>	\$ 45,409
Officer	\$ 41,168	6	\$ 33,563	<b>\$ 39,486</b>	\$ 45,409
Permit Specialist	\$ 33,766	5	\$ 30,102	<b>\$ 35,414</b>	\$ 40,726
Asst Court Clerk	\$ 18,946	4	\$ 16,873	<b>\$ 19,851</b>	\$ 22,828
Public Works Worker I	\$ 26,662	2	\$ 21,715	<b>\$ 25,547</b>	\$ 29,379

Note: Grade 4 range annualized @ 1300 hrs.