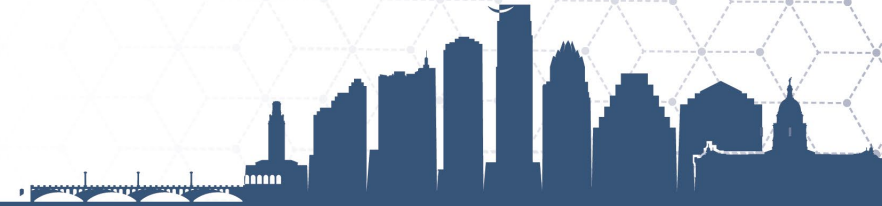




HRD | HUMAN
RESOURCES
DEPARTMENT



Living Wage Investment – FY23

August 2022

Overview



- Living Wage \$18, \$19, and \$20 estimates for all funds
- Explanation of Ranges
- Compression
- Other methodologies to address pay equity
- Stipend scenario
- Hard to fill positions

Compression



- Compression happens for various reasons, when:
 - There is little difference in pay between employees and their supervisors.
 - There is a minimum wage increase where pay scales are impacted, and levels converge.
 - The market rate of a job increases, and employers bring in new employees close to or higher than what the manager earns.
 - The market rate for starting salaries increases faster than the organization can afford to give raises to existing employees.

\$18 Living Wage – City Manager Recommendation



This is included in the FY23 Budget

- Temporaries move to \$18 per hour
- Regular employees move to the entry of the pay grade (if below), then receive 4% ATB (if eligible)
- Costs

	General Fund	Enterprise	City Wide
\$18/hr LW	\$3.7M	\$1.9M	\$5.5M
4% ATB	\$8.7M	\$26.1M	\$34.8M
Total Costs	\$12.4M	\$27.9M	\$40.3M

\$19 Living Wage



- Temporaries move to \$19 per hour – a 27% increase
- Regular employees move to the entry of the pay grade (if below), then receive 4% ATB (if eligible)
- Additional Costs needed over base FY23 budget

General Fund	Enterprise	City Wide
\$2.6M - \$6.7M	\$1.5M - \$2.3M	\$4.1M - \$9.0M

\$19 LW Pros/Cons

○ Pros

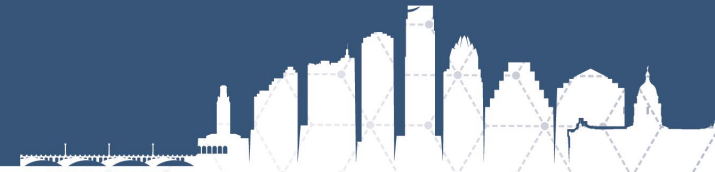
- Closer to \$22/hour (Desired Living Wage)
- Provides additional compensation for those at the lower end of the pay scales

○ Cons

- Less than the Living Wage Task Force recommendation and Resolution 20220616-050
- Pay scales altered more to accommodate increased LW, resulting in more employees making the same amount
 - Removes 3 pay grades
- More concerns and cost to rezone employees
- Less opportunity to see if other labor interventions (ex. Recruitment strategies) work to reduce vacancies
- Increases in pay are at the lower level of the pay scales, resulting in inequitable outcomes



\$20 Living Wage



- Temporaries move to \$20 per hour – a 33% increase
- Regular employees move to the entry of the pay grade (if below), then receive 4% ATB (if eligible)
- Additional Costs needed over base FY23 budget

General Fund	Enterprise	City Wide
\$5.5M - \$10.7M	\$2.8M - \$3.8M	\$8.3M - \$14.5M

\$20 LW Pros/Cons

○ Pros

- Closer to \$22/hour (Desired Living wage)
- Provides additional compensation for those at the lower end of the pay scales

○ Cons

- Less than the Living Wage Task Force recommendation and Resolution 20220616-050
- Pay scales altered more to accommodate increased LW, resulting in more employees making the same amount
 - Removes 4 pay grades
- More concerns and cost to rezone employees
- Less opportunity to see if other labor interventions (ex. Recruitment strategies) work to reduce vacancies
- Increases in pay are at the lower level of the pay scales, resulting in inequitable outcomes



Explanation of Ranges in Assumptions for \$19 & \$20/hr



- Pay scale impacts
 - Dropping pay grades and spreading out the impact
 - Higher entry amount for certain pay grades
- Employees Compensation
 - Moving to a new grade or to higher entry of current grade
 - Higher living wage results in greater ATB (4% on \$20 is more than \$18)
- Temporary Workforce
 - Annualized hours for a temporary employee vary
 - Assumptions include variable hours based on historical trends
- Vacancy Rate
 - As the vacancy rate decreases, labor costs will increase

\$3 Flat Increase



- Temporaries move to \$18 per hour
- All regular employees are increased by \$3
- Additional Costs (This scenario replaces the 4% ATB with the flat \$3 increase)

General Fund	Enterprise	City Wide
\$11M	\$25M	\$36M

\$3 Flat Increase Pros/Cons

○ Pros

- Retains flat-dollar differential between pay at all levels
- Easy to explain; intuitive solution
- Those making less see a significant increase at bottom of pay (20%), very modest at very top (1.6%)
- Zoning placement retains a similar structure

○ Cons

- Very expensive
- Unsustainable in future years
- Not a best practice or methodology that is seen in the market



20% Flat Increase



- Temporaries move to \$18 per hour
- Regular employees are increased by 20%
- Additional Costs (This scenario replaces the 4% ATB with the flat 20% increase)

General Fund	Enterprise	City Wide
\$34M	\$103M	\$137M

20% Flat Increase Pros/Cons

○ Pros

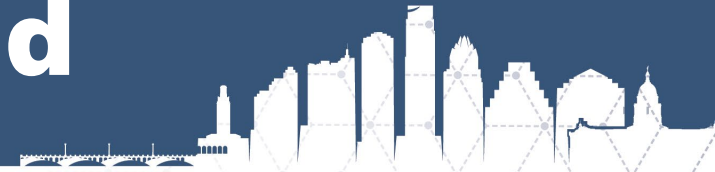
- Retains percentage differential between pay at all levels
- Easy to explain
- Eliminate need for market study in FY23
- Zoning remains the same in every pay grade

○ Cons

- Most expensive
- Benefits the highest earners the most
- Places almost all positions significantly out of the market



\$18 Living Wage with Stipend



- Temporaries move to \$18 per hour
- Regular employees move up to entry of pay grade, then 4% (if eligible)

Stipend for regular employees

- \$1/hour; bi-weekly stipend of \$80
- \$2/hour; bi-weekly stipend of \$160 for employees in **hard-to-fill positions**
- Costs

	General Fund	Enterprise	City Wide
\$80 BW stipend	\$6.4M	\$14.9M	\$21.3M
\$160 BW stipend	\$1.7M	\$4.0M	\$5.7M
Additional Funds needed for FY23			
	\$8.1M	\$19.0M	\$27.1M

\$18 LW with Stipend Pros/Cons

○ Pros

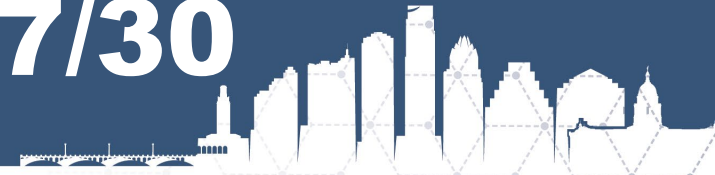
- Keeps the \$18 LW already announced
- Analysis done on this assumption
- Doesn't skew the market
- Doesn't obligate future budgets
- Provides a separation from Temps and Regular employees
- Can determine if the \$1 - \$2/hour assists with hiring and retention
 - Can provide additional funds toward hard-to-fill positions
- Market can be evaluated for the next budget cycle to roll into base pay or continue with the stipend

○ Cons

- Costs slightly more than the \$20/hour living wage, but all employees will see additional compensation
- Less than the \$3 flat increase
- Stipend does not count toward retirement
- Higher cost for enterprise fund departments



Hard to Fill Positions – as of 7/30



Title	Count of Vacancies	Pay Grade	Entry	Proposed Entry
911 Call Taker	44	10	\$19.26	\$ 21.90
Administrative Specialist	41	11	\$19.82	\$ 22.63
AW Treatment O & M Tech Sr	34	14	\$22.95	\$ 24.96
Austin Rsc Recovery Operator	30	8	\$18.09	\$ 20.51
Security Guard	30	3	\$15.48	\$ 18.00
Building & Grounds Assistant	28	4	\$15.97	\$ 18.00
Fleet Equipment Technician III	28	14	\$22.95	\$ 24.96
AW Pipeline Technician Sr	26	13	\$21.85	\$ 24.16
Engineer C	26	23	\$37.30	\$ 38.78
Library Associate	26	6	\$17.00	\$ 19.22
Project Coord	22	18	\$28.15	\$ 29.86

Hard to Fill Positions



Title	Count of Vacancies	Pay Grade	Entry	Proposed Entry
Business Process Spec	21	17	\$26.55	\$ 28.44
Customer Service Rep	21	9	\$18.67	\$ 21.20
Police Dispatcher	21	12	\$20.81	\$ 23.38
Airport Operations Specialist	16	12	\$20.81	\$ 23.38
Business Process Consultant	16	20	\$31.62	\$ 32.98
Distribution Electrician III	16	21	\$33.52	\$ 34.86
Parks Grounds Assistant	16	2	\$15.00	\$ 18.00
IT Business Systems Analyst Sr	15	21	\$33.52	\$ 34.86
IT Systems Consultant	15	23	\$37.30	\$ 38.78
Street & Bridge Ops Tech III	15	11	\$19.82	\$ 22.63
Court Clerk Assistant	14	8	\$18.09	\$ 20.51
Drainage Ops & Maint II	13	8	\$18.09	\$ 20.51

Hard to Fill Positions



Title	Count of Vacancies	Pay Grade	Entry	Proposed Entry
Power System Engineer Sr	13	25	\$42.71	\$ 44.40
Appt Facil Rep	12	5	\$16.47	\$ 18.60
AW Electrician II	12	17	\$26.55	\$ 28.44
Contract Mngmt Specialist III	12	15	\$24.10	\$ 25.79
Appt Facil Spec	11	6	\$17.00	\$ 19.22
Forestry Technician	11	4	\$15.97	\$ 18.00
Human Resources Advisor Sr	11	18	\$28.15	\$ 29.86
Public Event Worker	11	2	\$15.00	\$ 18.00
Coord, Appt Facil	10	12	\$20.81	\$ 23.38
Guest Svcs Spec Sr	10	12	\$20.81	\$ 23.38
Inventory Control Spec II	10	5	\$16.47	\$ 18.60
Ofcr, Transp Mblty Svc I	10	7	\$17.54	\$ 19.85

Summary of Options



Increases needed for FY23 Budget

Scenario	General Fund	Enterprise Fund	City Wide
\$18/hour LW	Included in FY23 Budget		
\$18 to \$19/hour LW	\$2.6M - \$6.7M	\$1.5M - \$2.3M	\$4.1M - \$9.0M
\$18 to \$20/hour LW	\$5.5M - \$10.7M	\$2.8M - \$3.8M	\$8.3M - \$14.5M
\$3 flat increase	\$11M	\$25M	\$36M
20% flat increase	\$34M	\$103M	\$137M
\$18/hour w/Stipend	\$8.1M	\$19.0M	\$27.1M