



Compensation and Classification Study Executive Report – Non Union

for

Codington County
South Dakota

May 2021



Codington County
South Dakota



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Introduction

McGrath Human Resources Group, Inc., an organization that specializes in public sector consulting, was commissioned by Codington County to conduct a comprehensive Compensation and Benefits Study. All positions within the County – appointed and elected department heads – were the focus of the study.

The purpose of this Study is to:

Compensation Component

- ✓ Guide the County in confirming or developing your organization's **compensation** philosophy including your desired position in the market, recognition of tenure, recruitment and retention priorities, usage of performance-based pay, and other aspects of a sound compensation philosophy.
- ✓ Develop a cooperative plan of action utilizing the basic methodology outlined in this proposal but tailored to your specific project.
- ✓ Meet with stakeholders in each department to gain information regarding any recruitment and retention challenges and/or changes in position assignments and expectations since the last study.
- ✓ Complete an analysis of the existing salary schedule and employee movement through their respective ranges to identify any existing issues to be addressed during project.
- ✓ Determine comparable organizations that are an accurate reflection of the County's location and current market.
- ✓ Obtain and establish compensation position within the external market through a survey of mutually identified, comparable entities.
- ✓ Conduct a Total Compensation Analysis with top competitors to include key benefits and salary.
- ✓ Provide a Benefit Comparative Overview of employer-provided benefits (optional).

Classification Component

- ✓ Obtain information on each position for the job audit, which assists in position placement for internal equity, through position description questionnaires, existing positions descriptions and interviews as needed.
- ✓ Examine and/or create career ladder/promotional opportunities, as appropriate, for job families.

McGrath 360Comp Integration

- ✓ Integrate the data from the external market, internal market, and job audit to update the current compensation system, or develop a tailored classification and compensation system if a new system is recommended.
- ✓ Prepare budget impact projections for proposed changes for both immediate implementation and strategize phased implementation options as needed.
- ✓ Support implementation of approved changes to the compensation systems.
- ✓ Review and recommend compensation policy and procedure changes that will assure consistent implementation and application of the compensation system.
- ✓ Provide a plan for on-going maintenance of the system, in accordance with all applicable compensation practices by the County.
- ✓ Analyze positions to designate proper FLSA exemption status.

- ✓ Develop final reports and documents; and present final recommendations to governing body.
- ✓ Provide training to the administrative professional(s) for maintaining the compensation system.

The Consultants would like to extend appreciation to the County Commissioners, Auditor, Payroll Administrator, Department Heads, Human Resources Director, and employees for their time, cooperation, and sharing of information and perceptions with McGrath Human Resources Group.

Methodology

Data Collection

The project involved several steps: collection of data, interviews, and data analysis. The first step of this Study involved the gathering of data that pertains to current compensation practices within Codington County. The Consultants received information relating to current salaries, specific policies, and current job descriptions.

Interviews were conducted with two County Commissioners, the Human Resources Director (contractor), County Auditor and all department directors/designee. The purpose of these meetings was first, to gain an understanding of the County's current compensation practices and philosophy; second, to solicit ideas and input from these stakeholders for future compensation methodologies and practices; and finally, to determine if there were any positions within the County that were difficult to recruit, retain, or were otherwise unique in the position's responsibilities. Employees were then asked to complete a Position Questionnaire (PQ) which provided extensive information about the positions. The Consultants utilized the Position Questionnaires completed by the employees, which had been reviewed by supervisory employees, to gain a better understanding of the job responsibilities, skills, and various competencies of the position.

Labor Market

In order to gain information from the external market, through interviews with the Department Heads, HR Director, and County Commissioners, a list of comparable organizations was established. Each of the comparable organizations were contacted initially via telephone and email requesting all collective bargaining agreements, non-represented salary schedules, and salaries for current incumbents. However, voluntary participation from the comparable organizations was impacted by operational demands due to COVID-19. The following comparable organizations were contacted:

Table 1: Comparable Organizations

County	
Beadle	DNP
Brookings	
Brown	
Clay	
Davison	
Hughes	
Grant	
Lawrence	
Lincoln	
Meade	
Minnehaha	
Pennington	
Yankton	DNP
Cities	
Aberdeen	
Brookings	
Watertown	
Private	
Terex Corp (Watertown location)	DNP
Other Public	
State Highway Patrol	DNP
Watertown School District	
DNP= Did Not Participate	

Market Data Solicited

The Consultant’s surveyed 62 benchmark positions. Some positions were given alternative titles, as the County’s titles may not align with identically. Data had to be received from a minimum of three (3) organizations in order to be considered for analysis.

The market survey gathered the following information: 2021 Minimum, Midpoint, and Maximum salary for the positions as well as the average salary of the incumbents within the County. Upon examination, salaries were eliminated if statistically too high or too low as to not skew the average (typically within one-two standard deviations). Then, a new percentile amount was calculated with the remaining salaries. There was a great deal of time spent in the data analysis to ensure that each position was examined based on the data available and how the responsibilities of each position align within the County. Finally, in addition to compensation data, the Consultants solicited data for employer-provided benefits.

Market Analysis

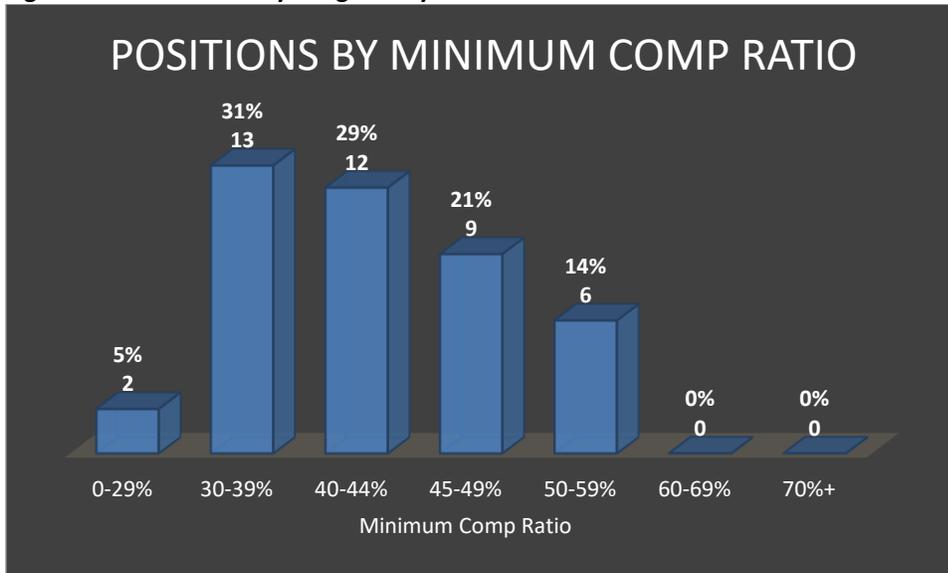
It is standard compensation practice to establish a range around the Market Rate to determine if employee compensation is in line with the comparable market. Employees can mistakenly assume that if the average Market Rate is \$25,000, then their salary should align to the Market Rate, not realizing many factors attribute to being above or below a Market Rate. Compensation practices look at a range around the average Market Rate where an employee should be by the time the employee is fully functioning within his/her position. Traditionally, organizations establish a 5%-10% range around the Market Rate. Thus, if an employee is making between 40%-60% of the Market Rate, the employee is considered fairly compensated. In order to analyze the salaries, a Comp Ratio is used. This is a ratio of the County's salary in relation to the external market data. A 50% Comp Ratio would mean that it is in line with the external Market. Again, the 10% range is utilized. Thus, if a Ratio is within 40%-60% the salary is within an acceptable range.

Minimum Salary Comparison

The analysis of the Minimum Salary Range gives the initial indication if starting salaries are within an acceptable Market Range. When building a salary schedule, consultation of this information will ensure the County's Minimums are within an acceptable range to the average Market Minimum., This analysis is only the beginning in the development of a Compensation Schedule.

When analyzing the starting salary, approximately 42% of the benchmarked job titles are below the average Market Minimums. There are an additional 24% of the positions that are in the lower 40% Comp Ratio that is still within the acceptable range; however, are at risk of falling below the market in the near future. Overall, 58% of the positions are within the acceptable average Market Minimum. Thus, the Salary Schedule Minimums have not been consistently maintained with the external Market. As a result, it would appear the majority of the County's minimum hiring salaries need adjustment – which is consistent to what the Consultant's heard from the County personnel. The Figure below provides a summary of findings.

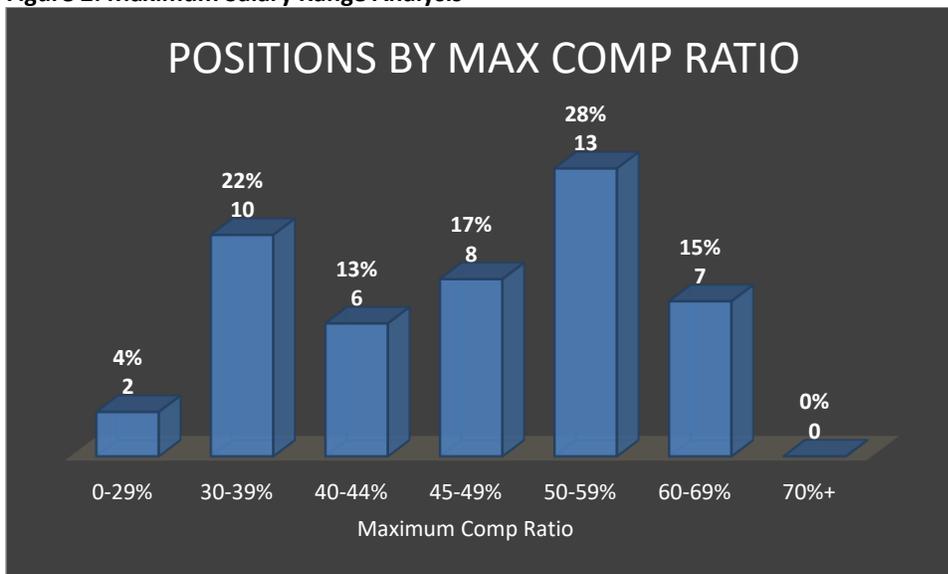
Figure 1: Minimum Salary Range Analysis



Maximum Salary Analysis

The Consultants then compared the County's Salary Range Maximum to the average Market Maximum. However, due to various types of salary range construction, one must always consider this may not be an exact comparison. Also, for the County, the maximum does not reflect a true salary range maximum, rather the top pay for employees with longer tenure.

Figure 2: Maximum Salary Range Analysis

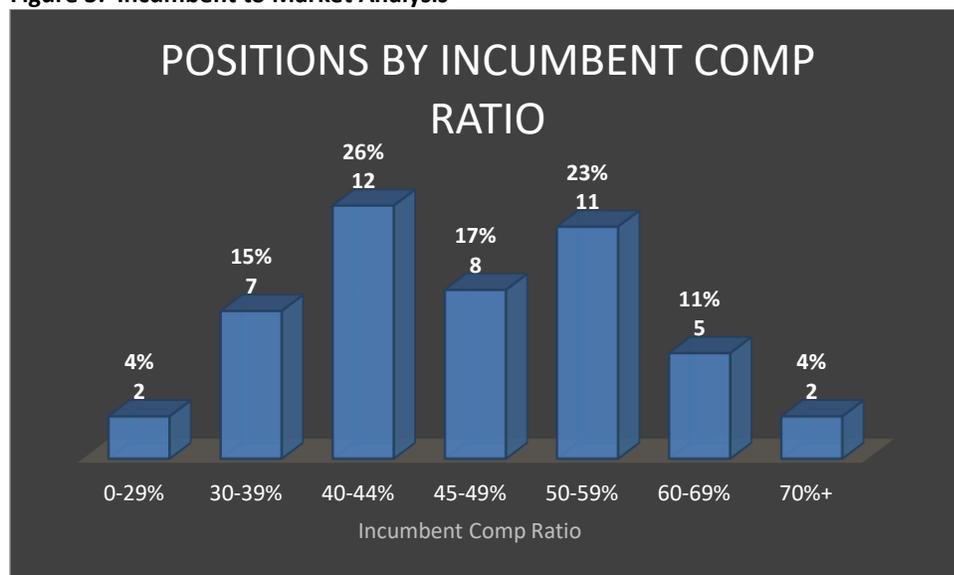


It is not surprising to see 26% of the maximum's are below an average salary range maximum. Thirteen percent (13%) are within the acceptable range; however, without making some adjustments, they will fall below. If the steps were actually representative of a salary range, 74% are within an acceptable range.

Average Market Salary Analysis

The next step is to compare the current incumbent's salaries to the average Market Rate to assess how competitive incumbent wages are within the market. For this purpose, positions where there is more than one (1) incumbent, an *average* of the current employees is utilized. Overall, 19% of the positions are below the average Market Rate. There are another 23% of positions that are in the lower 40% Comp Ratio that is within the acceptable range; however, are at risk of falling below the market in the near future. In total, 81% of the positions within the County are at or above the average Market Rate. In summary, the County has fared well when employee salaries are compared to the average Market Rate of employee salaries. Keep in mind, that one needs to consider tenure of employees as the salary may be below market due to a shorter tenure within the County. The Figure below provides a summary of findings.

Figure 3: Incumbent to Market Analysis



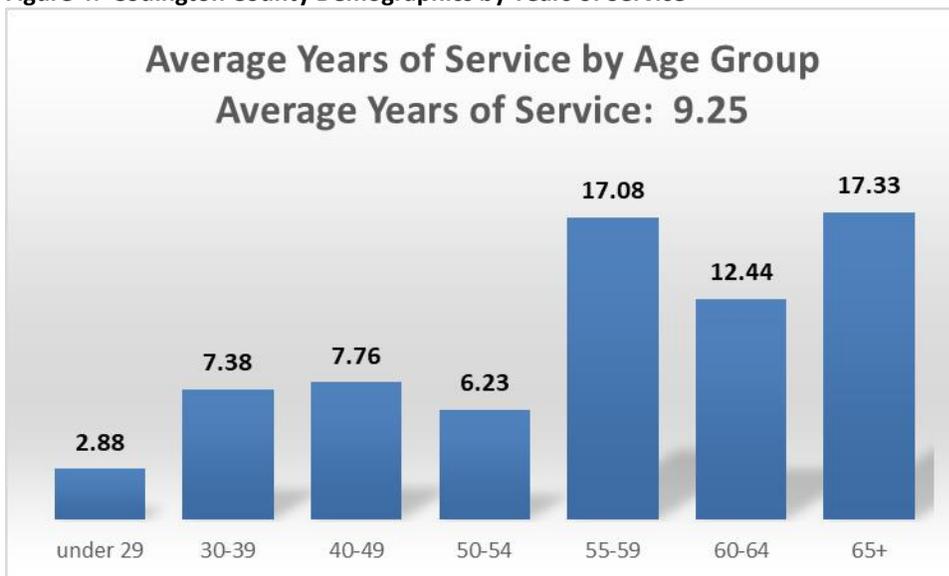
Summary

When evaluating the starting rates to the average market, the County needs to develop a more competitive salary range. With that said, the County has done a good job in ensuring employee's salary is in alignment with the external market, requiring only some adjustments to ensure market competitiveness.

County Demographics

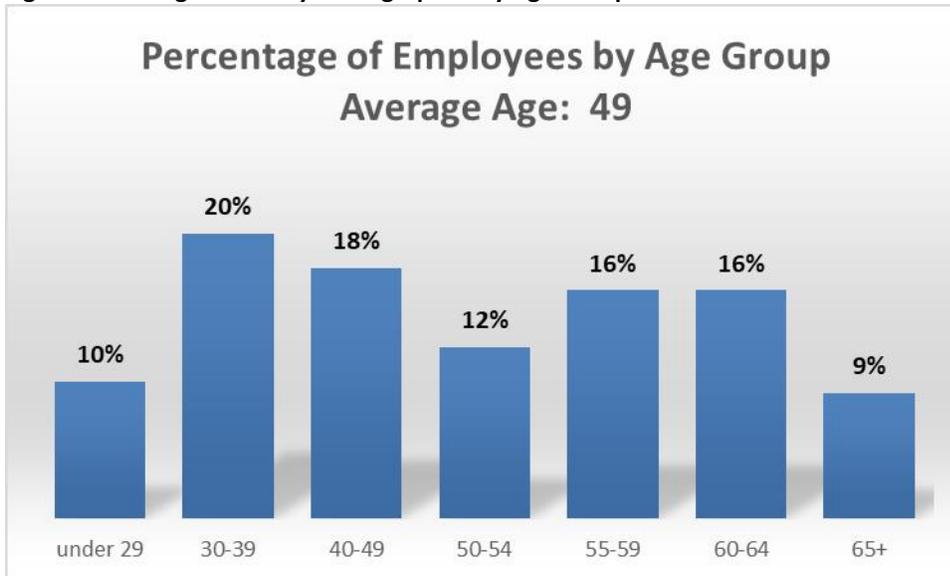
In reviewing the County’s employee demographics for positions covered in the Study, the reported tenure of the organization ranges from new hire – 30 years. This analysis was based on available information. The overall tenure average of employees is 9.25 years. The current national average in the public sector is currently 6.6 years (*Local Government-Bureau of Labor Statistics, January 2020*), showing the County is above average in overall tenure, which is very positive. However, in order to have a full picture of Codington County, one needs to explore those demographics further. These findings are found in the following Figures.

Figure 4: Codington County Demographics by Years of Service



**Employees with no hire date provided were excluded.*

Figure 5: Codington County Demographics by Age Group



The above Figures show those in age groups 55 and over have the longest tenure of the organization and represent 41% of all employees. The Figures also show the organization has an even cross-section of ages across all generations, so the County should expect ongoing steady turnover simply due to retirements over the next decade. A turnover ‘spike’ may be an indication of a decline in job satisfaction, or a wage/benefit issue, so this data should be monitored at least annually. The Figures also show that tenure is developing in younger generations, which could be in indication that when employees are hired, they stay for a period of time, so turnover is not likely a major concern with most positions.

The County’s demographics also illustrate that 30% of the workforce is *under* the age of 40. This is likely the cross-section of employees who are seen as more mobile in today’s workforce, who focus heavily on work/life balance, consider non-compensatory benefits for the purposes of retention, and change jobs quickly because it results in earning higher wages as opposed to remaining with one organization for a longer period of time. This is only notable for the under 29 age category, with 2.88 years of service.

The County is recommended to monitor its demographics periodically to properly respond to shifts within the organization as needed. In order to ensure competitive recruitment/retention, the County is recommended to follow the compensation philosophy of average market compensation to ensure Codington County can stay competitive to continue to support retaining its personnel as long as possible.

Current Compensation Systems

The County has two compensation systems broken into 43 separate schedules. The vast majority of the salary schedules have 14 steps. The second type of schedule has 7 steps. For both step systems, the step amount is inconsistent and ranges for a 1.22% step increase to 4.22%. The number of steps has evolved over the years as employees reach the top step – more steps are added to the system. There is no indication within the 14 steps as to which one represents the average market rate. Further, as the schedules expanded, overlap of the pay schedules has occurred, and in a number of positions compression has occurred.

There are several types of compression. Compression can be caused by the salary schedule design. When this occurs, it can stifle promotions as movement to a higher-level position as it is a pay decrease, or as in the case of the County's schedule, placement is almost to the top of the salary range. This can be demonstrated as the consultant integrated all of the separate salary schedules and aligned them in order by Step 1 (or step 8).

It is interesting to note, that several of the pay series have the same salary range. For example, the Lead Building Maintenance – pay schedule B; Weed Supervisor – pay schedule C; and Victims Assistance Coordinator – pay schedule F have the same salary range.

Finally, if one were to view the schedules in a hierarchical order, there is little difference between some of the pay schedules. For example, there is a \$0.01-\$0.04 difference between the F pay series to the A pay series. It begs the question; does one need two different pay schedules with they are basically the same?

In summary, the County is in need of a compensation schedule overhaul. The compensation structure, combined with the external market data, indicates it's time for an update.

Recommended Salary Schedule

The recommended compensation system is a 12-step schedule (Appendix A-non-union). The percent between Steps is 2.5%. The schedule is built off the 50th percentile of the market, which is at Step 6 of the recommended salary schedule. The distance between paygrades varies to minimize compression between superior and subordinate positions.

To assist the County, pay grades AA – CC have been developed to assist in the compensation of part-time or seasonal employees. There is \$0.25 difference between steps to reward individuals who return to the County the next season.

Position Placement

Positions have been placed into the recommended compensation based on four (4) factors:

- Point factor analysis
- Minimum and market analysis
- Consideration of compression
- Internal equity

The Point Factor System is a system that evaluates a position based on 13 competencies. The System evaluates a position on the following criteria:

- Education
- Licenses / Certifications
- Procedures/Guidelines
- Job Complexity
- Consequence of Errors
- Confidential Information
- Contact with Others
- Equipment, Machinery, Tools
- Use / Type of Technology
- Financial
- Leadership / Supervision
- Work Environment
- Physical Requirements

This Point Factor System will remain confidential. Often when supervisors and employees know the Point Factor System, an objective evaluation of the position becomes suspect, as the position questionnaire is written to the points rather than the true responsibilities of the position.

The County must understand that it is the combination of the minimum salary, market salary, points, and maintaining a sufficient spread between positions that makes up the recommended compensation plan – it is not just one factor.

For purposes of implementation, employees currently below minimum of the new pay range Step 1 will be placed on Step 1. Employees above Step 1 are placed on the step closest to their current salary without a decrease. This may not be a significant increase and should only be viewed as a wage

adjustment to move onto the new salary schedule. It is not considered how the employee is valued within the County; rather it is a re-set of the salary schedule.

Position Appeals

Non-Union Employees within this new Compensation System may appeal their Pay Grade in writing and request review of their initial pay grade placement to Human Resources Consultant within 14 days of the opening of the Appeal Process (TBD). Employees and/or supervisors can appeal the Job Title or Pay Grade. Placement, or the step, *cannot* be appealed as that is a fiscal decision. The appealing person completes an appeal form (Appendix E). The person's supervisor and/or Department Director need to review and agree and/or disagree with the appeal and submit to Human Resources for collection.

The Consultant will review all appeal requests and provide a recommendation to the County for any necessary adjustments. In the event a Pay Grade change is warranted, the employee's current salary should be considered in relation to the new Salary Range and adjusted if necessary.

Position Considerations

During the course of the study, the Consultant recommended title changes to either reflect what is current within the industry, or consistent nomenclature within the County.

Correction / Sheriff Deputy

The Consultant is working on a program for the Deputy and Correction positions that will allow a stipend to be paid for individuals that take on additional duties needed in the department. Employees would be eligible for an extra amount per hour during the time period of the special assignment. This program will need to be a part of contract negotiations; thus, will be presented at that time.

Education Incentive

The County provides all employees a \$0.10 addition to base salary for achievement of a degree. It is recommended that this incentive be eliminated. Positions that require a degree are placed in a pay range that is commensurate with this requirement. Further, many commented that the degree, although nice to have, may not have any relevance to the position the employee holds. Thus, for placement into the

compensation system, employees who received the \$0.10 have had that amount added to the base salary and placement on the step closest to this revised rate.

General Operational Guidelines

It is important for the County to have a standardized procedure to adjust the general Salary Schedule for consistency and for budgetary forecasting. It is the Consultant's recommendation that on a set date each year - January 1st has been the practice and recommendation to continue – the Salary Schedule be increased by an amount close to the national Consumer Price Index – Urban (CPI -U) percentage. For example, since budgeting is done at approximately the same time each year, the County should establish a specific month during the budgeting period in which to capture the average of the previous twelve (12) months of the selected economic indicator for a recommended adjustment. In addition, since the County has several unions, the increase to the salary schedule should be similar to that negotiated with the unions. The County will still maintain control if conditions and finances fluctuate in a specific year. It is recommended the adjustment to the Salary Schedule be done on a date other than the step increases, so employees understand there are two (2) separate adjustments per year.

This also holds true for all bargained Salary Schedules. Each negotiation should include what percentage the Salary Schedule is to be increased. The structure itself – the number of steps, and percentage between steps – remains constant until such time the County conducts another Compensation Study. Thus, no one exceeds the number of steps in each respective Schedule.

It is prudent to increase the Schedule by the CPI-U or other established economic indicator. It is not wise to consistently increase the Schedule by less than an established indicator, because over time, the Salary Schedule will fall behind the external Market, and the Schedule becomes obsolete, requiring more financial resources to put it back in line with the external Market.

Maintaining the salary ranges is a critical component in a compensation structure. The structure maintains the competitiveness of positions to the external market. Failure to maintain the Salary Schedule will result in non-competitive wages, higher turnover, and spending substantial financial resources in another compensation study to make salaries competitive again.

Employees move to the next step in the schedule based upon acceptable performance. It is recommended that the step increase occurs in the first pay period of July; rather than the anniversary date. A simple performance evaluation form, along with training should be developed and conducted in the months prior to June. Acceptable performance would then designate a step increase.

Employees hired within three (3) months of the July step increase, will have their step increase delayed to the following year. All new hires, regardless of hire date, will be eligible for the January 1st increase to the salary schedule.

Part-time employees must reach 900 working hours between the dates of May 1 – April 30th. If the required hours are met, then the employee moves up to the next step in July. Those that do not meet the required hours, must earn another 900 hours during the time period to be eligible for the step increase. All part-time employees will receive the January 1st increase to the salary schedule.

Compensation Policy Recommendations

With the updated Salary Schedule, the County now has a competitive Compensation System for recruitment and retention purposes. A comprehensive summary of recommended compensation guidelines has been provided to the Human Resources Director. In order to minimize employment claims, it is the recommendation of the Consultants to consistently utilize structured guidelines when determining compensation. Human Resources, in conjunction with Commissioners are recommended to follow these established guidelines and update the County's compensation policy updates accordingly.

Changes recommended to the compensation system provide the Human Resource Consultant, in collaboration with the department head, the ability to determine placement into the Salary Schedule for new hires. The Human Resources Director can place individuals between Steps 2 – 5 of the Salary Schedule. Placement higher than Step 5 requires the approval of the County Commissioners.

Any changes in pay grades, title changes, or movement within the steps will be the responsibility of the Human Resources Director, as long as the changes are within budget parameters. Any new positions, or changes that require a change in the budget, will continue to need approval of the County Commissioners.

Market Updates

One of the main concerns in any Salary Schedule is the ability to keep it current. Often, an organization spends time and resources to review and reevaluate their Salary Schedule, resulting in providing employees or Pay Grades significant increases because either the positions or the Schedule is not in line with the external market. A Salary Schedule has a typical life span of three (3) to five (5) years, at which time market conditions typically necessitate a review. The County can strive to prolong the life of their Schedule if it continues to commit to maintaining its competitiveness with the external market by ensuring market updates occur every three (3) to five (5) years. In addition, maintaining metrics should help indicate if an external market update is required even sooner.

Benefit Analysis

In addition to compensation, the County asked that a review of benefits be completed. The following is a summary of these comparisons. It should be noted the recommendations contained in the Benefit Analysis will take time to evaluate with a benefits broker, and most cannot be quickly changed and will need to be negotiated with union groups.

Health Insurance

Plan Design Overview

The County currently offers three (3) plan design options to allow the employees the opportunity to select from the coverage that best matches their personal situation. The health plans are summarized as follows:

Table 2: 2021 Health Plan Summary

	DEDUCTIBLE AMOUNTS	OUT OF POCKET MAXIMUMS	EMPLOYEE PREMIUM % CONTRIBUTION (SINGLE)	EMPLOYEE PREMIUM % CONTRIBUTION (FAMILY)	EMPLOYEE PREMIUM CONTRIBUTION (FAMILY)
Plan 1	\$1,000/\$2,000	\$2,000/\$4,000	0%	50%	\$971.75
Plan 2	\$2,000/\$4,000	\$4,000/\$8,000	0%	45%	\$789.90
Plan 3	\$3,000/\$6,000	\$6,000/\$12,000	0%	41%	\$685.12

The Expected annual risk to employees was calculated based on premium and deductible limits, whereas the maximum employee risk was calculated based upon premiums and out of pocket maximums for each Plan. Employees are financially better off enrolling in Plan 1 if they utilize the Plan, because it is the lowest cost between premium and insurance cost combined.

Because the County covers the employee premium at 100%, employees are financially better off under Plan 1, which is the lowest out of pocket option. It is expected employees will only take Plan 2 or Plan 3 for family coverage needs.

The Consultants compared Codington County's health plan to comparable organizations that voluntarily provided benefit information. It was found that 100% coverage for single plan coverage is consistent in the region, but not necessarily for all health plan options. Some organizations reported single contribution rates between 8%-12% when multiple plan options were offered. These same organizations reported family contribution rates between 19%-50%, which puts the County's insurance plan on the lower end of the market, so changes to enhance the family plan contribution could be made, if fiscally feasible.

One option the County could consider is to introduce a Health Savings Account (HSA) model to start offering a High Deductible Health Plan (HDHP). It is common for municipalities to have no employer contribution amounts for HDHP's. Employees should then be enrolling in a HDHP to save on monthly premium costs, which then shifts their financial responsibilities from that of a guaranteed monthly premium deduction, to an actual expense should they need to use the health plan while being a good consumer of health care. With that said, moving to a HDHP can often times be unnerving for employees because they have to be better consumers of their health care, and manage the expenses as they occur, so the County could offer the option of a portable Health Savings Account (HSA) to provide for a financial cushion to the employee. This account is portable, meaning it goes with the employee upon separation from employment, which is a mechanism for employees to build an account for medical expenses for retirement. Employees do not always know what an HSA is, and how it benefits them, so education is a key component to driving effective health care consumerism. The County would need to develop an education program on the overall health insurance program offered by the County, so employees understand the direct link between utilization of the Plan and the correlation to annual premiums. With that said, there needs to be enough of a distinguishing difference between the plans in terms of premium savings for more employees to assume the risk of a high deductible design plan, so lower deductible plans that are non-HDHP should be attached an employee contribution.

Eligibility

The County is recommended to discuss with their insurance broker eligibility of insurance for part time, seasonal, and even temporary positions that may not meet the eligibility for insurance based on expected hours (less than 30 hours per week) but may reach federal qualification based on actual hours worked. Generally speaking, positions working 30 hours per week or greater must be offered health insurance.

Wellness Opportunities

The County currently offers a gym membership reimbursement on a monthly based upon an attendance review which must be conducted by a staff member, which can be administratively taxing. One of the biggest problems with gym reimbursement programs is the paperwork. Unless the organization is willing to take your employee's word that a membership has been purchased and is being utilized, the County will need to continue to ask for verification.

A Wellness Program is an effective method to promote health and wellness amongst employees and spouse/dependents. Programs can be developed to encourage awareness of health-related issues, improve productivity and morale, decrease absenteeism and injury, and may at times reduce cost of healthcare. The County could look to expand their program to include other activities such as:

❖ Gym, fitness center/studio, health club, swim & tennis club memberships and fees	❖ Fitness and nutrition counseling
❖ Fitness and sports classes/lessons	❖ Personal trainer sessions
❖ Martial arts instruction	❖ Sports league or team fees
❖ Weight loss and smoking cessation programs, including memberships	❖ Yoga, Pilates, and meditation classes

Expanding the options will capture other health and wellness options that employees may wish to take advantage of in lieu of a gym. Regardless, if this type of a program were expanded, the County would benefit from utilizing a third-party vendor to manage reimbursements. The County may also wish to speak with their insurance provider, as most insurance options now come with a volunteer wellness program option, which could result in premium savings. Utilizing a TPA to assist with this process is highly recommended to remove County personnel from added administrative duties and ensures all program rules are in compliance with federal regulations associated with wellness programs.

Time Off Benefits

Sick Time

The County accumulates sick time at the equivalent rate of 1 day per month, or 12 days per year, to a maximum of 150 days. This is a standard accrual in the public sector, including among comparable organizations, with comparable organizations reporting maximum balances between 480-1440 hours. The County has a current policy to provide for a 10% payout for up to 120 hours at time of retirement. Some comparable organizations reported up to a 25% payout of sick time, although some organizations reported no payout options. There are no recommendations for the sick time benefit.

Holiday

The County currently has ten (10) observed Holidays plus all other days proclaimed as legal non-working days by the President of the United States or the State Governor. Participating comparable organizations

reported a range of holidays/personal days between 8 days – 12 days. The County is comparable with the average market regarding observed holidays.

Vacation

The County’s vacation schedule consists of four (4) levels of accrual that increase based upon years of service. Accruals range from the minimum of four (4) hours per month during the first year, up to a maximum accrual of 14 hours per month in in the 20th year and beyond (168 hours annually). The vacation schedule is consistent across collective bargaining agreements as well. The Consultants received feedback on the concern that new employees have difficulty with time off in the first year. The Personnel Policy - Trial Period Policy indicates new hires cannot use vacation, whereas the Vacation Policy states employees will be allowed to use their accrued vacation at the discretion of their department head during the first six months of employment. Not having sufficient paid time during the first year of employment can be a rigid obstacle for most new employees, especially since newer generations in the workforce are looking for work/life balance and flexibility. Eligibility of vacation time should start after time has been accrued. This is a small but impactful change identifying the County as a more flexible employer.

The current vacation schedule is as follows:

Table 3: Current Vacation Schedule

First year	4.0 hours per month	48 hours per year
2- 10 years	8.0 hours per month	96 hours per year
11-19 years	12.0 hours per month	144 hours per year
20+ years	14.0 hours per month	168 hours per year

The County has a lower vacation accrual in the first year, which can occur in the event of turnover, which the County does not have. Employees must then work their second through tenth year of service with 2 weeks plus two days’ vacation, which is lower than would be expected. There is a justifiable concern of the amount of time between accrual changes in the, so a closer analysis was conducted.

When looking at the County’s vacation accrual benchmarks in comparison to the comparables, it was found that at least half will allow an accrual adjustment to 120 hours of vacation between years 5-7, and maximum accruals will reach up to 200 hours or greater annually. This would indicate the County’s vacation schedule is behind in the market.

Paid Time Off

Considering work-life balance and the need for greater flexibility with employees, paid time off topics are becoming more important to the total compensation package. Because the vacation schedule needs updating, the County should explore adjusting its entire paid time program to shift away from traditional vacation/sick leave programs to a more flexible program called Paid Time Off (PTO).

The County currently has vacation, sick, and bereavement programs, as well as other basic time off policies, in which there are various rules for the use of each type of leave category. Having the rules and variations may be confusing and frustrating for employees and managers, and it is highly likely a significant administrative burden to the administrative staff who setup and monitor the use of these forms of leave. Many organizations add stringent rules for the use of benefits to help the employees manage their personal situations, but that often makes programs more difficult to manage.

Paid Time Off (PTO) is a single bank of time off, which is then used for sick, vacation, and bereavement time, instead of having different banks of time for different purposes. Some organizations include holidays into this program, while others do not. Generally, PTO has a larger overall rate than vacation, but less than vacation and sick time combined as a tradeoff for the increased flexibility provided under a PTO program, and there is an overall payout on the benefit. The benefit has administrative ease, simplification, and new flexibility for employees. Often times the biggest challenge is transitioning accumulated sick and vacation hours into a new program, but this can be done successfully. Organizations that have done this are satisfied with the end result, once the transition is complete. Although few of the County's comparable organizations identify PTO as a program they offer, the County should consider the concept of PTO, as the County future turnover in the next decade simply from retirements will be attracting a generation of employees who prefer flexibility within their benefits.

Typically, when an organization transitions to a PTO program, there is discussion of what to do with the current banks of time. It is customary for vacation to be rolled over into the PTO program so employees start with a balance of time. It is the recommendation of the Consultants to roll the available sick time into an Extended Leave Bank, in which employees may utilize this bank for major illness/accident events and FMLA qualifying events. This way, all sick time the employee has already accumulated is still available for significant events in their personal life. Because these hours have been earned and are vested, the current payout formula should be carried over for these banks so there is no loss to the employee. The

banks simply do not accumulate new hours. Extended Leave Banks would be a grandfathered provision for current employees with sick time, so new employees would not be eligible.

When considering a PTO program, the County should include competitive level vacation with some consideration of sick time and bereavement time. The County can exclude holidays, although the County should be careful when studying other PTO programs, because some do include holiday time.

The County should also include the following in their PTO program:

- PTO accrual should be calculated based on regular hours only, excluding all overtime and premium overtime.
- PTO should be available to new hires to immediately use after accrual, to be viewed as a more flexible employer.
- The program should allow for Human Resources to negotiate a PTO balance or higher accrual upon hire.
- The County should establish a maximum cap to allow for a 12-week absence, which covers the duration of a full Family Medical Leave (FMLA). This is typically between 480-500 hours.
- Annually, the County may introduce a buy-back option for employees with higher years of service to pay out a portion of PTO, up to 80 hours.
- PTO accrued should be paid out at 100% unless there are written parameters for no payout due to discharge for misconduct or failure to provide and work through a 2-week notice period for resignation. Alternatively, the County may establish a vesting schedule, in which a higher level of payout occurs with higher years of service.

PTO versus Vacation

Currently the County has multiple program options between Vacation and PTO. They are summarized as follows:

- Discontinue the vacation benefit and move all employees to PTO.
- Maintain the current vacation schedule in current form and offer PTO, to run two (2) simultaneous programs. The current vacation program will then be grandfathered, so this is no longer offered to new employees, and any current employee who wishes to move to PTO may do so, with an irrevocable election to PTO, meaning they may not revert back to vacation once PTO is elected. This option may be appealing as it gives employees time to understand how PTO works, see how successful the program is, and how they will benefit from being on PTO. However, this option comes at an administrative cost, as there are two (2) plans to administer until attrition occurs.

Because PTO is the preferred plan, no further changes to the vacation schedule should occur with this option, to encourage employees to move to the PTO plan.

- Do not offer PTO but maintain a vacation only schedule. If this is the option the County wishes to utilize, the County is recommended to adjust its vacation schedule to provide for higher accruals with less service than the current schedule. An alternative vacation schedule has been provided to the Human Resource Consultant.

Payout Provisions

Currently, the County's payout provisions for vacation and sick are in the form of cash. This payment is then considered taxable to the employee, and the County pays related federal and state employment taxes on these amounts. Further, these payments need to be recorded as liabilities on the County's financial statements. The County could consider enhancing the payout provisions in a way that will assist employees with their future health care needs since the main reason employees choose not to retire is because they financially are not able to or cannot afford to continue health care coverage. These payouts could be developed to create a post-employment medical trust for the employee in which deposits are tax free for both the employee and employer, is not considered income to the employee, and is to be used for medical expenses by the employee/qualified beneficiaries. The County could also use a deferred compensation 457(b) program, in which the payouts can be placed into a qualified tax deferred retirement plan for the employee. Although this is an alternative option to cash payouts, the Consultants caution this last option may be restrictive since the IRS provides for annual contribution limits on individual deferred compensation accounts, and larger payouts may exceed annual IRS limits.

Appendix A: Recommended Salary Schedule (Non-union)

New Pay Grade	Current Title	Recommended Title	Dept./Div.	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6M	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12
AA	Seasonal Weed Sprayer	Seasonal Weed Sprayer	Weed Control	\$15.00	\$15.25	\$15.50	\$15.75	\$16.00	\$16.25						
AA	Seasonal Memorial Park	Seasonal Memorial Park - Custodian	County Park												
AA	Seasonal - Dept	Seasonal	Weed/Park												
BB	Seasonal Memorial Park	Seasonal Memorial Park - Technician	County Park	\$16.64	\$16.89	\$17.14	\$17.39	\$17.64	\$17.89						
CC	Matron	Matron		\$18.52	\$18.77	\$19.02	\$19.27	\$19.52	\$19.77						
10															
				\$15.00	\$15.38	\$15.76	\$16.15	\$16.56	\$16.97	\$17.40	\$17.83	\$18.28	\$18.73	\$19.20	\$19.68
				\$31,320	\$32,103	\$32,906	\$33,728	\$34,571	\$35,436	\$36,322	\$37,230	\$38,160	\$39,114	\$40,092	\$41,095
10	Custodian	Custodian	Maintenance												
15															
				\$16.20	\$16.61	\$17.02	\$17.45	\$17.88	\$18.33	\$18.79	\$19.26	\$19.74	\$20.23	\$20.74	\$21.26
				\$33,826	\$34,671	\$35,538	\$36,426	\$37,337	\$38,271	\$39,227	\$40,208	\$41,213	\$42,244	\$43,300	\$44,382
15	Cook	Cook	Sheriff/Corrections												
15	Building Maintenance	Facilities Technician I	Maintenance												
15	Maintenance I	Highway Maintenance Tech I	Highway												
20															
				\$17.50	\$17.93	\$18.38	\$18.84	\$19.31	\$19.80	\$20.29	\$20.80	\$21.32	\$21.85	\$22.40	\$22.96
				\$36,532	\$37,445	\$38,381	\$39,341	\$40,324	\$41,332	\$42,366	\$43,425	\$44,510	\$45,623	\$46,764	\$47,933
20	Clerk	Administrative Support	Auditor												
20	Secretary (PT)/Clerk	Administrative Support	States Attorney												
20	Clerk	Administrative Support	Treasurer												
20	Building Maintenance	Facilities Technician II	Maintenance												
20	Office Coordinator	Health Administrative Tech	Health												
20	Criminal/Civil Support Coordinator	Public Safety Support Tech	Sheriff/Corrections												
20	Deputy Office Coord	W.I.C. Administrative Tech	W.I.C.												
25															
				\$19.25	\$19.73	\$20.22	\$20.73	\$21.24	\$21.77	\$22.32	\$22.88	\$23.45	\$24.04	\$24.64	\$25.25
				\$40,185	\$41,189	\$42,219	\$43,275	\$44,357	\$45,465	\$46,602	\$47,767	\$48,961	\$50,185	\$51,440	\$52,726
25	Clerk	Administrative Assistant	Equalization												
25	Lead Maintenance	Facilities Technician - Lead	Maintenance												
25	Clerk (A/P)	Financial Assistant	Auditor												
25	Maintenance II	Highway Maintenance Tech II	Highway												

New Pay Grade	Current Title	Recommended Title	Dept./Div.	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6M	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12
30				\$20.21	\$20.71	\$21.23	\$21.76	\$22.31	\$22.86	\$23.43	\$24.02	\$24.62	\$25.24	\$25.87	\$26.51
				\$42,194	\$43,249	\$44,330	\$45,438	\$46,574	\$47,739	\$48,932	\$50,155	\$51,409	\$52,695	\$54,012	\$55,362
30	Secretary	Administrative Specialist - Emerg Mgmt	Emergency Mgmt												
30	Office Coordinator	Administrative Specialist - Equalization	Equalization												
30	Deputy Office Coordinator	Administrative Specialist - Extension	Extension												
30	Clerk	Administrative Specialist - ROD	Register of Deeds												
30	Legal Secretary	Administrative Specialist - SA	States Attorney												
30	Secretary (VSO Assistant)	Administrative Specialist - Veterans	Veterans												
30	Clerk (PT)	Administrative Specialist - Welfare	Welfare												
30	Appraiser I	Appraiser I	Equalization												
30	New	Mechanic	Highway												
30	Second Deputy	Second Deputy - Treasurer	Treasurer												
35				\$22.23	\$22.78	\$23.35	\$23.94	\$24.54	\$25.15	\$25.78	\$26.42	\$27.08	\$27.76	\$28.45	\$29.17
				\$46,413	\$47,574	\$48,763	\$49,982	\$51,232	\$52,513	\$53,825	\$55,171	\$56,550	\$57,964	\$59,413	\$60,898
35	Correctional Officer	Correctional Officer	Sheriff/Corrections												
35	PT Jailer	Correctional Officer (PT)	Sheriff/Corrections												
35	Court Security	Court Security	Sheriff												
35	Transport	Deputy Transport	Sheriff												
35	Maintenance III	Highway Maintenance Tech III	Highway												
35	Criminal Records Manager	Legal Records Specialist	States Attorney												
35	Payroll Officer	Payroll Specialist	Auditor												
35	Records Manager	Records Administrator	Sheriff												
35	Office Coordinator	Sr Administrative Specialist	Extension												
35	Office Coordinator	Sr Administrative Specialist	Highway												
40				\$24.67	\$25.29	\$25.92	\$26.57	\$27.24	\$27.92	\$28.61	\$29.33	\$30.06	\$30.81	\$31.58	\$32.37
				\$51,519	\$52,807	\$54,127	\$55,480	\$56,867	\$58,289	\$59,746	\$61,240	\$62,771	\$64,340	\$65,949	\$67,597
40	Appraiser II	Appraiser II	Equalization												
40	Deputy Sheriff	Deputy Sheriff	Sheriff												
40	Deputy Register of Deeds	First Deputy Register of Deeds	Register of Deeds												
40	First Deputy Treasurer	First Deputy Treasurer	Treasurer												

New Pay Grade	Current Title	Recommended Title	Dept./Div.	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6M	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12
40	Mechanic	Shop Foreman Mechanic	Highway												
40	Deputy Maintenance Supervisor	Sr Maintenance Tech	Maintenance/Jail												
45				\$25.91	\$26.56	\$27.22	\$27.90	\$28.60	\$29.31	\$30.04	\$30.80	\$31.57	\$32.35	\$33.16	\$33.99
				\$54,095	\$55,447	\$56,833	\$58,254	\$59,711	\$61,203	\$62,733	\$64,302	\$65,909	\$67,557	\$69,246	\$70,977
45	Equalization Data Base Coord	Equalization Data Base Coord	Equalization												
45	Corrections Sergeant	Correctional Sergeant	Sheriff/Corrections												
45	Victim Assistance Coord	Victim Witness Services Coordinator	States Attorney												
50				\$28.50	\$29.21	\$29.94	\$30.69	\$31.46	\$32.24	\$33.05	\$33.88	\$34.72	\$35.59	\$36.48	\$37.39
				\$59,504	\$60,992	\$62,517	\$64,080	\$65,682	\$67,324	\$69,007	\$70,732	\$72,500	\$74,313	\$76,171	\$78,075
50	Assistant Superintendent	Assistant Highway Superintendent	Highway												
50	Deputy Sergeant	Sergeant - Sheriff	Sheriff												
55				\$29.92	\$30.67	\$31.44	\$32.22	\$33.03	\$33.86	\$34.70	\$35.57	\$36.46	\$37.37	\$38.30	\$39.26
				\$62,480	\$64,042	\$65,643	\$67,284	\$68,966	\$70,690	\$72,457	\$74,269	\$76,125	\$78,028	\$79,979	\$81,979
55	Veterans Service Officer	Veterans Services Director	Veterans												
55	Welfare Director	Welfare Director	Welfare												
60				\$31.42	\$32.20	\$33.01	\$33.84	\$34.68	\$35.55	\$36.44	\$37.35	\$38.28	\$39.24	\$40.22	\$41.22
				\$65,604	\$67,244	\$68,925	\$70,648	\$72,414	\$74,224	\$76,080	\$77,982	\$79,932	\$81,930	\$83,978	\$86,078
60	Chief Deputy	Chief Deputy	Sheriff												
60	Chief Corrections Officer	Chief of Corrections	Sheriff/Corrections												
60	Facilities Manager	Director of Facilities	Maintenance												
60	Emergency Management Director	Director of Emergency Management	Emergency Mgmt												
65				\$34.56	\$35.43	\$36.31	\$37.22	\$38.15	\$39.10	\$40.08	\$41.08	\$42.11	\$43.16	\$44.24	\$45.35
				\$72,164	\$73,968	\$75,817	\$77,713	\$79,655	\$81,647	\$83,688	\$85,780	\$87,925	\$90,123	\$92,376	\$94,685
65E	Auditor	County Auditor	Auditor												
65E	County Treasurer	County Treasurer	Treasurer												
65	Deputy States Attorney	Deputy States Attorney	States Attorney												
65	Equalization Director	Director of Equalization	Equalization												
65E	Register of Deeds	Register of Deeds	Register of Deeds												

New Pay Grade	Current Title	Recommended Title	Dept./Div.	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6M	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12
				\$36.29	\$37.20	\$38.13	\$39.08	\$40.06	\$41.06	\$42.08	\$43.14	\$44.22	\$45.32	\$46.45	\$47.61
				\$75,772	\$77,666	\$79,608	\$81,598	\$83,638	\$85,729	\$87,872	\$90,069	\$92,321	\$94,629	\$96,995	\$99,420
70	Highway Superintendent	Highway Superintendent	Highway												
				\$43.37	\$44.45	\$45.56	\$46.70	\$47.87	\$49.06	\$50.29	\$51.55	\$52.84	\$54.16	\$55.51	\$56.90
				\$90,548	\$92,811	\$95,132	\$97,510	\$99,948	\$102,446	\$105,008	\$107,633	\$110,324	\$113,082	\$115,909	\$118,806
75E	Sheriff	Sheriff	Sheriff												
80															
				\$48.57	\$49.78	\$51.03	\$52.30	\$53.61	\$54.95	\$56.33	\$57.73	\$59.18	\$60.66	\$62.17	\$63.73
				\$101,413	\$103,949	\$106,547	\$109,211	\$111,941	\$114,740	\$117,608	\$120,549	\$123,562	\$126,651	\$129,818	\$133,063
80E	States Attorney	States Attorney	States Attorney												

Appendix B: Appeal Form

Codington County, SD Compensation Study Appeal Form Non-Union

This form must be filled out completely and must have all required signatures prior to submittal. This form, along with any supporting documentation, must be submitted to the Human Resources Director by _____ for consideration.

I. Employee Information		
Employee Name:	Employee Signature:	Date:
Department/Division, if applicable:	New Classification Title and Pay Grade:	
Supervisor's Name:	Supervisor's Title:	

II. Type of Appeal (Please mark what is being appealed)

- Title Change Appeal (Complete Sections I, II, & III and Submit to Supervisor for completion of Section V)
 Pay Grade Appeal (Complete Sections I, II, & IV and Submit to Supervisor for completion of Section V)

III. Title Change Appeal (All areas must be thoroughly completed)

Job Title Prior to Compensation Study:
Newly Recommended Job Title:
Explain Reason for Recommended Title Change:

IV. Pay Grade Appeal (Attach Documents as Necessary)

New Pay Grade Placement:	Proposed Pay Grade Placement (Must be Completed):
Explain Reason for Recommended Pay Grade Change (Include if the employee's job has changed significantly since the original Position Questionnaire (PQ) was completed, or if the employee left out critical information in their Position Questionnaire):	

IV. Pay Grade Appeal (Attach Documents as Necessary)

Other Internal Positions You Believe Perform the Same or Similar Work as the Proposed Position:

Other Information that May Be Helpful to Determine Position Responsibilities and Pay Grade Placement:

V. Supervisor (and Department Director, if applicable) Review

Supervisor's Comments (Including Agreement/Disagreement and Why):

Supervisor Signature:

Date:

Department Director's Comments (Including Agreement/Disagreement and Why):

Department Director Signature:

Date:

Human Resources Comments (Including Agreement/Disagreement and Why):

Human Resources Director Signature:

Date:

Appendix C: Definitions

The following are definitions that helped guide the development of the Compensation System for Codington County.

Benchmark Position: A job that is commonly found and defined, used to make pay comparisons, either within the organization or to comparable jobs outside the organization.

Classifications: Job titles.

Compensation System: A system developed to compensate employees. This system includes a balance between internal equity and external competitiveness.

Compensation Data: Data derived from information regarding the salary range and the rate of pay of the incumbent(s) holding a benchmark position of the identified labor market.

Comp Ratio: The ratio of an actual pay range to the established position point (or average market rate). The Comp Ratio is used to measure and monitor an individual's actual rate of pay to the Position Point of the established pay range.

Compression: Pay differentials too small to be considered equitable. The term may apply to differences between (1) the pay of supervisors and subordinates; (2) the pay of experienced and newly hired personnel of the same job; and (3) pay range midpoints in successive job grades or related grades across pay structures.

CPI-U: Consumer Price Index – Urban: A measure of the average change over time in the prices paid by urban consumers for a market of consumer goods and services. It reflects the spending pattern for three population groups: all urban consumers, urban wage earners, and clerical workers. This group represents approximately 87% of the total U.S. population.

Demotion: The (re)assignment of an employee to a position in a lower pay grade or range in the organization's salary structure.

Labor Market: A location where labor is exchanged for wages. These locations are identified and defined by a combination of the following factors: geography; industry; education, experience and licensing or certification required; and job responsibilities.

Market Data: The technique of creating the financial value of a position based on the "going rate" for benchmark positions in the relevant labor markets.

Minimum Salary Range (Minimum): The minimum amount of compensation the organization has deemed appropriate for a position.

Maximum Salary Range (Maximum): The highest amount of compensation the organization has deemed appropriate for a position.

Market Average: Employee pay based upon the 'average' market rate; or the 'average' prevailing wage rate in the external market.

Market Rate (Market): The organization's best estimate of the wage rate that is prevailing in the external market for a given position.

Market Average Range: A pay range in which the minimum and maximum of the range is established around the Average Market Rate.

Pay Grade: The grade, or placement of a position, within the salary structure.

Pay Grade Evaluation: The (re)assignment of a job to a higher or lower pay grade or pay range in the salary structure due to a job content (re)evaluation and/or significant change in the average market rate in the external labor market.

Promotion: The (re)assignment of an employee to a position in a higher pay grade or range in the organization's salary structure.

Red Circle: The freezing of a rate of pay until such time that the salary schedule catches up to the pay rate. This is commonly used when implementing a new pay schedule when a tenured employee is above the range maximum or when an employee is placed on a lower pay grade that is not related to performance issues.

Salary Schedule Adjustment: An adjustment to the salary structure; the increase or decrease of a pay range, minimum – maximum. This is a method to maintain the salary range in relation to external market conditions.

Salary Schedule: The hierarchy of job grades and pay ranges established within an organization.

Step Increase: The progressive steps across a salary range that an employee may move to with satisfactory performance and progress within their job.

Step Schedule: Standardized progression pay rates that are established within a pay range. To move to the next step, one must have met acceptable performance standards.